HENRY GROUP HOLDINGS LIMITED
鎮科集團控股有限公司

LIFE of STYLE

RETAIL

REALTY

ANNUAL REPORT 2010/11

CONTENTS

LIFE

STYLE

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive directors

Mr. Ng Chun For, Henry *(Chairman)*
Mr. Ng Ian
(Deputy Chairman and Chief Executive Officer)
Mr. Lee Kwan Yee, Herrick
(Appointment effective on 1 April 2010)

Non-executive director

Mr. Mak Wah Chi

Independent non-executive directors

Mr. Li Kit Chee
Mr. Chu Tak Sum
Mr. Chan Kam Man

COMPANY SECRETARY

Mr. Lee Pui Lam

AUTHORISED REPRESENTATIVES

Mr. Lee Kwan Yee, Herrick
Mr. Lee Pui Lam

AUDIT COMMITTEE

Mr. Li Kit Chee *(Committee Chairman)*
Mr. Mak Wah Chi
Mr. Chan Kam Man

REMUNERATION COMMITTEE

Mr. Li Kit Chee *(Committee Chairman)*
Mr. Mak Wah Chi
Mr. Chu Tak Sum

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

AUDITORS

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

PRINCIPAL PLACE OF BUSINESS

Suite 1711 Tower 2
Times Square 1 Matheson Street
Causeway Bay
Hong Kong

PRINCIPAL BANKERS

Hong Kong

The Hongkong and Shanghai Banking Corporation Limited
Dah Sing Bank, Limited

Mainland China

Bank of Shanghai

LEGAL ADVISERS

as to Hong Kong law:
Cheung, Tong & Rosa

as to PRC law:
King and Wood

as to Bermuda law:
Conyers Dill & Pearman

FINANCIAL ADVISER

Quam Capital Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Corporate Services (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke HM08
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

WEBSITE

www.henrygroup.hk

INVESTOR AND MEDIA RELATIONS

Strategic Financial Relations Limited

STOCK CODE

859

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Director(s)"), I would like to present the annual report of Henry Group Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 March 2011.

BUSINESS REVIEW

During the financial year ended 31 March 2011, the Group, utilising its core competence in building and tenant mix management as its strategic differentiation, continued to foster its quality retail property assets in the popular shopping Causeway Bay area in Hong Kong for long-term growth. During the year, Jardine Center and L'hart remained the key pillars of the Group's recurring income base and contributed a combined valuation gain for the year amounting to HK$188,710,000. Capitalising on their prime location advantage in Causeway Bay, they continued to perform well in terms of percentage of leasing at about 100% for Jardine Center and 93% for L'hart. The rental growth rate for Jardine Center and L'hart was about 3.96% and 22.1% respectively.

Their success is attributable to the following factors i) its upmarket ginza-style shopping venue featuring a tailor-made retail floor plan perfectly suitable for tenants whose mode of operation and business is rendering upscale plus privileged beauty services and beverage cuisine; ii) the Group had dedicated considerable effort into the customer relationship management programme among tenants; iii) due care in formulating a diverse and balanced retail tenant mix conducive to directing the traffic flow of the building vertically that adheres with the Group's business mission to create the right platform for its tenant's biz to grow. The strong promotion campaigns *"Wonderful Moments@Jardine Center"* and *"Desire@L'hart"*, together with other regular programmes launched during the year also contributed to the success of Jardine Center and L'hart.

With an influx of numerous fashionable international brands and their flagship stores, the Group's marketplace based in Causeway Bay is rapidly emerging as a new trendy up-and-coming shopping zone. These brands are aggressively competing for a limited supply of prime ground floor and first-tier street level shops creating multiple rental increases reaching record highs. This phenomenon has a strong positive impact on the Group's properties located at its neighboring streets. During the year, the Group acquired a street shop within close proximity to Jardine Center ("Acquisition") for securing added retail space and enhancing our competitiveness in the market place. For details of the Acquisition, please refer to the discloseable transaction announced on 6 January 2011.

Joint-Venture Development Project in Shanghai

As part of the Group's business strategy to broaden its business in the People's Republic of China (the "PRC"), the Group indirectly acquired a 30% interest in development rights of a land parcel in Shanghai through a 30:25:45 joint venture of which including a reputable US-based real estate fund (25%) and the balance in the hands of Premium Assets Development Limited (being the substantial shareholder of the Company) ("JV Project"). The JV Project is located in the heart of Jingan District of Shanghai in close proximity to grade-A office developments and hotels ensuring the spending power of the target customers of the development is among the top among shopping malls in China. It envisages a total gross floor area of approximately 74,600 square metres, inter alias 18-storey high rise tower, retail podium and car park basements as well as a public transport interchange ("PTI"). The incorporated PTI and tunnels directly link unrivalled transportation facilities to the JV Project to secure strong pedestrian flows for the retail operators concerned. With its remarkable façade designed by renowned architects, and situated in a prime location, the project promises to be a multi-dimensional "must visit" shopping destination catering for the increasingly stylish lifestyle of Shanghai's residents.

The construction work is proceeding on schedule while the topping out of the JV Project has been completed in April 2011 and is moving closer to our target milestone of the completion by second quarter of 2012. Prestigious retail brands have already indicated interest in renting and committing to space in the shopping complex.

PROSPECTS

Going forward, the Board holds an optimistic view about the Hong Kong economy with sustainable growth underpinned by an anticipated increase in inbound visitors and tourism spending, as well as rising local demand. Hong Kong should also benefit from favourable policies such as the Twelfth Five-Year Plan rolled out by the PRC Government that will cushion Hong Kong against the impact of potential global uncertainties and turbulence.

The Board is confident about the prospects of its quality properties in prime locations in Hong Kong serving as a solid foundation for its revenue base and growth. The rental growth of the Group properties in Hong Kong for the next twelve months will be driven by a majority of the leases due for renewal in 2011 to take place in first half interim of financial year ending March 2012. The renewals are generally expected to be reversionary neutral to positive since the prevailing trend of luxury goods street retailers dominating first-tier streets in Causeway Bay leading to record high rental increases thereby local retailers are forced to seek space in second-tier streets and moving their businesses to upper level retail platforms at prime locations.

In terms of Mainland China front, the latest PRC Government policies inclined to promote commercial properties thereby inducing major international and local property investors placing a higher priority on commercial properties as compared with residential properties for their investment portfolio. A greater number of major foreign investment transactions within the commercial sectors in Shanghai have been observed during the last 12 months. Coupled with the high popularity of Expo Shanghai 2010 and the completion of the remarkable infrastructure of Shanghai, more international retailers have accelerated their expansion programmes of locating flagships stores in Shanghai. The JV project not only extends the Group's business reach in the Mainland China to its most glamourous market but also enables the Group to entrench its presence to capture the rapid economic growth in competitive consumer markets.

APPRECIATION

On behalf of the Board of Directors, I would like to thank fellow directors and all staff for their commitment. I also wish to extend my sincere gratitude to our shareholders, anchor tenants, principal banks and joint venture partners for their valuable support in the past year.

Ng Chun For, Henry
Chairman
Hong Kong, 13 June 2011

FINANCIAL REVIEW

During the financial year ended 31 March 2011, the Group recorded a consolidated turnover of HK$33,461,000 that represented a slight decrease by 1.7% as compared to the same of the corresponding period of the previous year. The decrease was mainly due to the property agency business segment recorded a nil turnover for the year (2010: HK$3,508,000). It also recorded a profit for the year attributable to owners of the Company amounted to HK$147,709,000 that represented a substantial increase of 272% as compared the same of the corresponding period of the previous year. The substantial increase in profit was mainly attributable to the significant net gain in fair value of investment properties in Hong Kong after offset with sharing 30% attributable to the Group of loss in fair value of investment properties under construction in the PRC amounted to approximately (net of deferred tax) HK$164,856,000. If the aforesaid net gain were to be excluded, the loss for the year attributable to owners of the Company would be approximately HK$17,147,000 (2010: HK$16,825,000).

The Board does not recommend the payment of a dividend for the year (2010: HK$ Nil).

LIQUIDITY AND FINANCIAL RESOURCES

During the year, the Group's operation was financed by internal financial resources, loans from shareholders, amounts due to non-controlling shareholders, convertible notes and banking facilities. The Board is of the view that, after taking into account these available resources, the Group has sufficient financial resources to satisfy its commitments, capital expenditure and working capital requirements.

As at 31 March 2011, the Group's bank borrowings amounted to approximately HK$1,256,158,000 (2010: HK$902,833,000). Cash and bank balances amounted to approximately HK$143,069,000 (2010: HK$124,990,000). The increase in bank borrowings was primarily attributable to the financing of investment properties under construction in the Mainland China.

Whilst the Group's bank borrowings bear interest at prevailing market floating rates, the Group entered into interest rate swap arrangements denominated in Hong Kong dollars with a bank for an aggregate notional amount of HK$240 million (2010: HK$240 million) to mitigate the risk of interest rate upward trends.

The Group's bank borrowings as at 31 March 2011 were summarised as follows:

Currency of bank loans	Total HK$ million	Due within one year HK$ million	Due more than one year but not exceeding two years HK$ million	Due more than two years but not exceeding five years HK$ million	Due after five years HK$ million
RMB	546.2	—	—	65.3	480.9
HK$	710.0	73.6	4.4	60.8	571.2
	1,256.2	73.6	4.4	126.1	1,052.1

The Group's gearing ratio, expressed as total liabilities over total assets, has been slightly increased from 65.8% in 2010 to 66.9% in 2011.

As at 31 March 2011, the net assets attributable to owners of the Company amounted to approximately HK$858,145,000 (2010: HK$698,367,000), representing an increase of approximately HK$159,778,000 or 22.9% when compared to last year. With the total number of ordinary shares in issue of 636,376,710 as at 31 March 2011, the net assets value per share was approximately HK$1.35 (2010: HK$1.09).

CHARGES ON GROUP ASSETS

At 31 March 2011, the Group has pledged the followings:

a. Investment properties and property held for sale as part of securities for general banking facilities amounted to approximately HK$713.5 million in Hong Kong granted from several banks to its subsidiaries; and

b. Investment properties under construction in the PRC as security for general banking facilities amounted to approximately RMB710 million from a bank in the PRC to its subsidiary for meeting their local capital expenditures needs. As of 31 March 2011 the subsidiary utilised approximately RMB460 million (2010: RMB284 million).

CONTINGENT LIABILITIES/FINANCIAL GUARANTEES

As at the end of the reporting period, the Company had given corporate guarantees to the extent of approximately HK$763.5 million (2010: HK$700 million) in favor of several banks for credit facilities granted to its certain subsidiaries. The Company has not recognised any liability in respect of the guarantees given as their fair value cannot be reliably measured.

CAPITAL COMMITMENTS

Capital commitments outstanding at the end of reporting period not provided for in the consolidated financial statements were as follows:

	The Group	
	2011	2010
	HK$'000	HK$'000
Construction cost of investment properties, contracted for	**182,589**	201,575

Save as aforesaid, the Group did not have any material commitment at the end of reporting period.

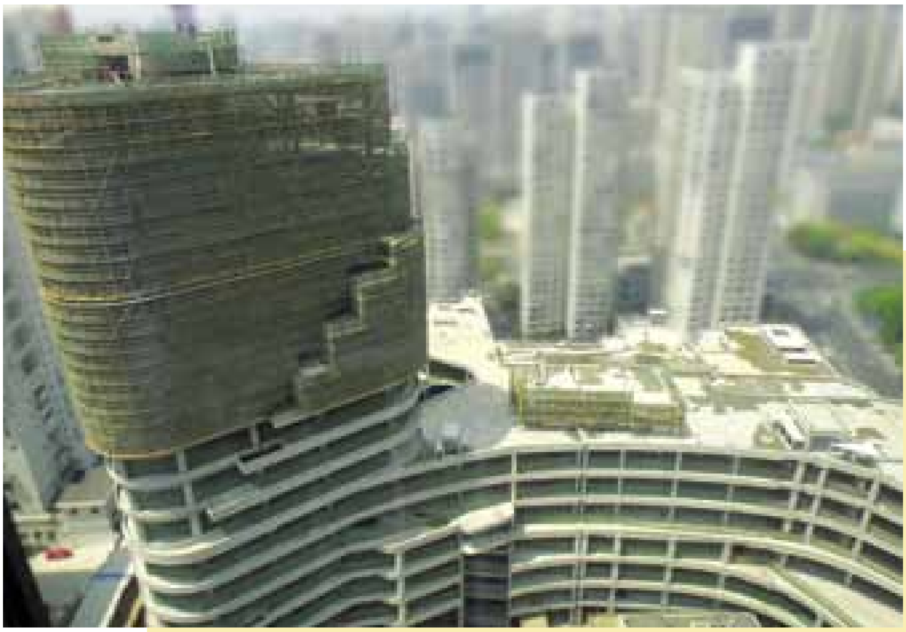
SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

Apart from the Acquisition and the investment properties as set out in note 15 to the consolidated financial statements, the Group did not have any significant investments, material acquisitions or disposals during the year under review.

EMPLOYEES AND REMUNERATION POLICY

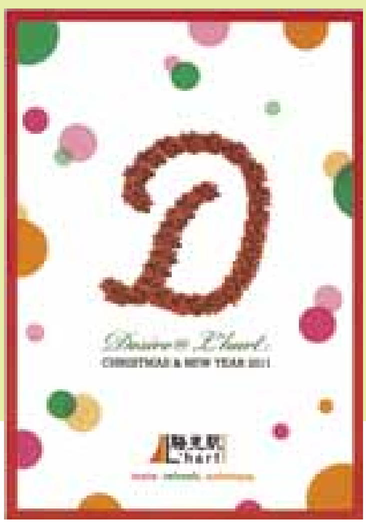
As at 31 March 2011, the Group had about 24 employees based in Hong Kong and Mainland China. The remuneration of each staff member was determined on the basis of his/her qualification, performance and experience. The Group also provides other benefits including medical insurance and contributions to Mandatory Provident Fund Schemes. A share option scheme was adopted by the Company on 3 September 2003 to enable the Directors to grant share options to staff and Directors as incentive.

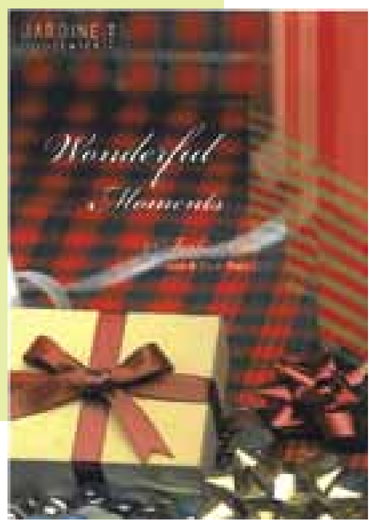
OUR MAJOR ACTIONS DURING THE YEAR



> “JV Shanghai Project is on schedule Q2 2012 Completion”

> “We formed closer relationships with our tenants to promote their business”





REPORT OF THE DIRECTORS

The directors of the Company ("Directors") are pleased to present their annual report together with the audited consolidated financial statements of the Group for the year ended 31 March 2011.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of its subsidiaries are set out in note 38 to the consolidated financial statements on pages 91 to 93 of this annual report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2011 and the state of affairs of the Group and the Company at that date are set out in the consolidated financial statements on pages 28 to 93 of this annual report.

No interim dividend was declared for the year and the Directors do not recommend the payment of a final dividend for the year.

RESERVES

Movements in reserves of the Group and the Company during the year are set out on page 32 and 77 to 78 of this annual report respectively.

INVESTMENT PROPERTIES

The Group's investment properties at 31 March 2011 were revalued by independent firm of professional properties valuers on an open market value basis. Details of movements in the investment properties of the Group during the year are set out in note 15 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the year are set out in note 14 to the consolidated financial statements.

INTEREST CAPITALISED

Interest of approximately HK$60 million (2010: HK$55 million) was capitalised during the year in respect of the Group's investment properties under construction.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the year are set out in note 25 to the consolidated financial statements.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the past five financial years is set out on pages 94 to 95 of this annual report.

DIRECTORS

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

Executive Directors

Mr. Ng Chun For, Henry *(Chairman)*
Mr. Ng Ian *(Deputy Chairman and Chief Executive Officer)*
Mr. Lee Kwan Yee, Herrick *(Appointment effective on 1 April 2010)*

Non-executive Director

Mr. Mak Wah Chi

Independent non-executive Directors

Mr. Li Kit Chee
Mr. Chu Tak Sum
Mr. Chan Kam Man

In accordance with the Company's Bye-laws and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), Mr. Mak Wah Chi, Mr. Chan Kam Man, Mr. Li Kit Chee and Mr. Chu Tak Sum, who will retire from office at the forthcoming annual general meeting being eligible, will offer themselves for re-election.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of directors and senior management as at the date of this report are set out on pages 18 to 20 of this annual report.

DIRECTORS' SERVICE CONTRACTS

Save as Mr. Lee Kwan Yee, Herrick has entered into a service contract with the Company for a term of two years commencing from 1 April 2010, none of the Directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE

Details of the connected transactions and related party transactions are set out on page 11 and 84 to 85 respectively of this annual report.

Save for the above, no contract of significance to which the Company, its holding company, any of its subsidiaries or fellow subsidiaries was a party and in which any Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year and up to the date of this report, the following Directors (not being the independent non-executive Directors) are considered to have interests in the business which compete or are likely to compete with the business of the Group ("Competing Business") pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as set out below:

Name/Entity	Competing Entity	Nature of Interest	Competing Business
Mr. Ng Chun For, Henry, Director ("Mr. Ng") and his associates	Certain private companies owned by Mr. Ng and his family	Shareholder/director	Commercial property development and investment
Mr. Ng Ian, Director and his associates	Certain private companies owned by Mr. Ng Ian and his family	Shareholder/director	Commercial property development and investment

As the Board of the Company operates independently of the boards of the competing entities owned by Mr. Ng and Mr. Ng Ian and the independent non-executive Directors of the Company would assist in monitoring the operation of the Group, the Group is therefore capable of carrying on its business independently of, and at an arm's length from the Competing Business.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the aggregate turnover attributable to the Group's five largest customers was approximately 44.3% of the Group's total turnover and the Group's largest customer accounted for approximately 19.7% of the Group's total turnover.

The Group had no major suppliers due to the nature of the principal activities of the Group.

None of the Directors, their associates or any shareholders of the Company (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had an interest in major customers or suppliers noted above.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTION

During the year, the Group had the following connected transactions of the Listing Rules:

Connected Transactions exempted from independent shareholders approval

On 28 September 2007, Henry Group Management Limited ("HGML"), a wholly-owned subsidiary of the Company entered into a loan agreement ("Loan Agreement") with Uni-Land Property Consultants Limited ("Uni-Land") whereby HGML agreed to lend HK$3 million to Uni-Land bearing an interest rate of 7.3% per annum and repayable on demand with 7 days prior written notice. As of 31 March 2011, the outstanding principal was approximately HK$2.1 million.

The Loan Agreement constitutes a connected transaction of financial assistance for the Company under Rule 14A.13(2)(a)(i) and 14A.66(2) of the Listing Rules and is thus exempted from independent shareholders' approval requirement but is subject to the reporting and announcement requirements set out in Rules 14A.45 and 14A.46 of the Listing Rules. For details of the Loan Agreement, please refer to the Company's announcement dated 2 October 2007.

Continuing Connected Transaction subject to reporting, announcement and independent shareholders approval

High Fly Investments Limited ("High Fly"), being a lender, arranged for financing of the development project in Shanghai in form of shareholder's loan to its subsidiary, Grandyear Estate Limited ("Grandyear") as borrower, with annual caps ("Annual Caps") for 7 financial years ending 31 March 2015 of HK$600 million (the "HF Loan"). The HF loan is secured by a share charge given by High Luck International Limited (being an intermediate holding company of Grandyear) to High Fly over all of its interest in Grandyear. On 6 May 2009, High Fly entered into a supplementary agreement with Grandyear pursuant to which High Fly will provide additional shareholder's loan to Grandyear by HK$44.15 million from HK$600 million to HK$644.15 million. As a result, the Company revised the Annual Caps from HK$600 million to HK$650 million ("Revised Annual Caps") which constitutes a continuing connected transaction of the Company required reporting, announcement, independent shareholders' approval and annual review pursuant to the Listing Rules. The Revised Annual Caps was approved by the independent shareholders of the Company at the special general meeting held on 10 June 2009.

The Board engaged the auditors of the Company to perform certain agreed upon procedures in respect of the continuing connected transaction to assist the Board to evaluate if the continuing connected transaction is in accordance with the requirements of 14A.38 of the Listing Rules. The auditors have reported their factual findings on these procedures to the Board. The Independent Non-executive Directors have reviewed the continuing connected transaction and confirmed that the continuing connected transaction has been entered into:

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

(ii) on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties and on arm's length basis;

(iii) in accordance with the relevant agreement governing them;

(iv) on terms that are fair and reasonable and in the interest of the shareholders as a whole; and

(v) without exceeding the Revised Annual Caps disclosed in previous relevant announcements.

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

As at 31 March 2011, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules as adopted by the Company, to be notified to the Company and the Stock Exchange, were as follows:

(I) Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company

(a) Long positions in ordinary shares of HK$0.1 each of the Company

Name of Director	Capacity and nature of interest	Number of issued ordinary shares held	Approximate percentage of issued share capital of the Company
Mr. Ng Chun For, Henry ("Mr. Ng")	Personal	33,274,587	5.23%
	Interest of controlled corporations	304,552,533 *(Notes 1 and 2)*	47.86%
Mr. Ng Ian	Personal	4,601,227	0.72%

Note 1: Henry Jewellery Holdings Limited ("HJHL"), a company incorporated in the British Virgin Islands, owned 137,356,200 shares of the Company. Mr. Ng is entitled to exercise or control the exercise of 80%, more than one-third, of the voting rights of HJHL so he is deemed to be interested in all shares held by HJHL by virtue of the SFO.

Note 2: Jumbo Step International Limited ("Jumbo Step"), a company incorporated in the British Virgin Islands, owned 167,196,333 shares of the Company, is wholly-owned by Mr. Ng. Mr. Ng is entitled to exercise or control the exercise of 100% of the voting rights of Jumbo Step.

(b) Long positions in underlying shares of the Company

As at 31 March 2011, the Directors had personal interests in share options of the Company granted under the share option scheme adopted on 3 September 2003 as follows:

Name of Director	Option grant date	Exercise period	Exercise price HK$	Number of share options outstanding	Approximate percentage of interest in issued share capital
Mr. Ng	28 October 2005	28 October 2005 to 27 October 2015	0.676	2,000,000	0.31%
	2 April 2007	2 April 2007 to 1 April 2017	0.686	2,000,000	0.31%
	31 August 2007	31 August 2007 to 30 August 2017	1.156	1,000,000	0.16%
	24 March 2010	24 March 2010 to 23 March 2020	0.45	6,300,000	0.99%
	30 March 2011	30 March 2011 to 29 March 2021	0.56	6,300,000	0.99%
Mr. Ng Ian	28 October 2005	28 October 2005 to 27 October 2015	0.676	2,000,000	0.31%
	2 April 2007	2 April 2007 to 1 April 2017	0.686	2,000,000	0.31%
	31 August 2007	31 August 2007 to 30 August 2017	1.156	1,000,000	0.16%
	24 March 2010	24 March 2010 to 23 March 2020	0.45	6,300,000	0.99%
	30 March 2011	30 March 2011 to 29 March 2021	0.56	6,300,000	0.99%
Mr. Lee Kwan Yee, Herrick	13 April 2010	13 April 2010 to 12 April 2020	0.48	4,770,000	0.75%
Mr. Mak Wah Chi	2 April 2007	2 April 2007 to 1 April 2017	0.686	2,000,000	0.31%
				41,970,000	6.58%

(II) Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Associated Corporations of the Company

Long positions in the shares of the associated corporation of the Company:

Name of Director	Name of associated corporation	Capacity and nature of interest	Number of issued ordinary shares held	Approximately percentage of issued share capital of the associated corporation
Mr. Ng	HJHL *(Note 1)*	Personal beneficial owner	80	80%
Mr. Ng Ian	HJHL *(Note 1)*	Personal beneficial owner	10	10%
Mr. Ng	Jumbo Step *(Note 2)*	Personal beneficial owner	1	100%

Save as disclosed above, as at 31 March 2011, none of the Directors or chief executives of the Company and their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS

So far as is known to any Directors or chief executives of the Company, as at 31 March 2011, shareholders who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO or had otherwise notified to the Company and the Stock Exchange were as follows:

Long positions in ordinary shares of HK$0.1 each of the Company

Name of shareholder	Capacity and nature of interest	Number of issued ordinary shares held	Approximate percentage of issued share capital of the Company
Mr. Ng	Personal *(Note 3)*	50,874,587	8%
Mr. Ng	Interest of controlled corporations *(Notes 1 and 4)*	477,277,192	75%
HJHL	Beneficial owner *(Note 1)*	137,356,200	21.5%
Jumbo Step	Beneficial owner *(Note 4)*	339,920,992	53.42%
Premium Assets Development Limited ("Premium Assets")	Interest of controlled corporation *(Note 5)*	97,056,441	15.25%
Well Garden Limited	Interest of controlled corporation	61,895,826	9.73%
Mr. Chung Toi Chiu, Steven	Beneficial owner *(Note 5)*	97,056,441	15.25%
Euphoria Limited	Beneficial owner	51,600,000	8.1%
Asset Managers (Asia) Company Limited	Interest of controlled corporation	51,600,000	8.1%
Asset Managers Holdings Co., Ltd.	Interest of controlled corporation	51,600,000	8.1%
Inchigo Asset Management International, Pte. Ltd.	Interest of controlled corporation	51,600,000	8.1%

Note 3: Please refer to section regarding interest and short positions in shares, underlying shares and debentures of the Company on pages 12 to 14.

Note 4: Mr. Ng owns 167,196,333 shares and 172,724,659 shares by virtue of Convertible Notes of the Company through HJHL and Jumbo Step. Mr. Ng is entitled to exercise or control the exercise of 80%, more than one-third, of the voting rights of HJHL so he is deemed to be interested in all shares held by HJHL by virtue of the SFO. Mr. Ng, a Director, is also a director of Jumbo Step and HJHL. Mr. Ng Ian is also a director of HJHL.

Note 5: Mr. Chung Toi Chiu, Steven ("Mr. Chung") owns 87,656,441 shares and 9,400,000 shares by virtue of the convertible notes through Premium Assets. Mr. Chung is entitled to exercise or control of the exercise of 73.83%, more than one-third, of the voting rights of Premium Assets so he is deemed to be interested in all shares held by Premium Assets by virtue of the SFO.

Save as disclosed above, as at 31 March 2011, the Company had not been notified by any person who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO or as otherwise notified to the Company and the Stock Exchange.

SHARE OPTIONS

Particulars of the Company's share option schemes are set out in note 30 to the consolidated financial statements.

The following table discloses details of share options outstanding under the Company's 2003 share option scheme adopted on 3 September 2003 and movement during the year:

				Number of share options				
	Note	Date of grant of share options	Exercise price HK$	Outstanding at beginning of the year	Granted during the year	Lapsed/ cancelled during the year	Exercised during the year	Outstanding at end of the year
Name of Grantee								
Mr. Ng Chun For,	(1)	28 October 2005	0.676	2,000,000	—	—	—	2,000,000
Henry *(Director)*	(2)	2 April 2007	0.686	2,000,000	—	—	—	2,000,000
	(3)	31 August 2007	1.156	1,000,000	—	—	—	1,000,000
	(4)	24 March 2010	0.45	6,300,000	—	—	—	6,300,000
	(6)	30 March 2011	0.56	—	6,300,000	—	—	6,300,000
Mr. Ng Ian	(1)	28 October 2005	0.676	2,000,000	—	—	—	2,000,000
(Director)	(2)	2 April 2007	0.686	2,000,000	—	—	—	2,000,000
	(3)	31 August 2007	1.156	1,000,000	—	—	—	1,000,000
	(4)	24 March 2010	0.45	6,300,000	—	—	—	6,300,000
	(6)	30 March 2011	0.56	—	6,300,000	—	—	6,300,000
Mr. Lee Kwan Yee, Herrick *(Director)*	(5)	13 April 2010	0.48	—	4,770,000	—	—	4,770,000
Mr. Mak Wah Chi *(Director)*	(2)	2 April 2007	0.686	2,000,000	—	—	—	2,000,000
Eligible persons	(1)	28 October 2005	0.676	640,000	—	—	—	640,000
	(2)	2 April 2007	0.686	2,000,000	—	—	—	2,000,000
	(3)	31 August 2007	1.156	1,000,000	—	—	—	1,000,000
	(4)	24 March 2010	0.45	6,300,000	—	—	—	6,300,000
	(6)	30 March 2011	0.56	—	6,300,000	—	—	6,300,000
Employees	(2)	2 April 2007	0.686	500,000	—	—	—	500,000
				35,040,000	23,670,000	—	—	58,710,000

Notes:

(1) The exercise period is from 28 October 2005 to 27 October 2015 (both dates inclusive).

(2) The exercise period is from 2 April 2007 to 1 April 2017 (both dates inclusive).

(3) The exercise period is from 31 August 2007 to 30 August 2017 (both dates inclusive).

(4) The exercise period is from 24 March 2010 to 23 March 2020 (both dates inclusive).

(5) The exercise period is from 13 April 2010 to 12 April 2020 (both dates inclusive).

(6) The exercise period is from 30 March 2011 to 29 March 2021 (both dates inclusive).

Apart from the foregoing, at no time during the year was the Company, its holding Company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

PRE-EMPTIVE RIGHTS

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

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float as required under the Listing Rules during the year.

EVENT AFTER THE REPORTING PERIOD

Details of significant events occurring after the end of reporting period are set out in note 34 to the consolidated financial statements.

AUDITORS

The consolidated financial statements for the year ended 31 March 2011 have been audited by HLB Hodgson Impey Cheng, who will retire and, being eligible, offer themselves for re-appointment. A resolution will be proposed at the 2011 Annual General Meeting to re-appoint HLB Hodgson Impey Cheng as the Company's auditors.

On behalf of the Board

Ng Ian
Deputy Chairman and Chief Executive Officer
Hong Kong, 13 June 2011

DIRECTORS AND SENIOR MANAGEMENT PROFILE

DIRECTORS

Executive Directors

Ng Chun For, Henry (Aged 74)

Mr. Henry Ng has been appointed as an executive Director of the Company since 30 April 2005 and became the Chairman on 21 May 2005. Mr. Henry Ng founded a high-end jeweler in Hong Kong under the brand name of "Henry Jewelry" in 1976. In 1992, Mr. Henry Ng joined force with his son, Mr. Ng Ian, and founded Just Gold Company Limited which subsequently built the brand names now known as "Just Gold" and "Just Diamond" to venture into the contemporary jewelry market. The "Just Gold" and "Just Diamond" brands now operate in aggregate about 25 retail shops in Hong Kong and Taiwan. Mr. Henry Ng has made investments in the real estate market in Hong Kong and Macau Special Administrative Region of the PRC which included sale and purchase and development of real estate properties. Mr. Henry Ng is responsible for the overall strategic planning of the Group.

Ng Ian (Aged 45)

Mr. Ng Ian has been appointed as an executive Director of the Company since 30 April 2005 and became the Chief Executive Officer and Deputy Chairman on 21 May 2005 and 11 July 2005 respectively. Mr. Ng Ian graduated from University of California, Los Angeles in the United States of America with a Bachelor of Arts Degree in Psychology with a specialisation in Business Administration and is a member of American Institute of Certified Public Accountant. With a vision to revolutionise the traditional golden jewelry retail market, Mr. Ng Ian joined force with his father, Mr. Henry Ng, and founded Just Gold Company Limited and later became its President. In about 1994, Mr. Ng Ian diversified the business of Just Gold Company Limited and launched a new brand name known as "Just Diamond" which focuses on diamond jewelry. Mr. Ng Ian was honored one of the Ten Outstanding Young Persons in 1997 for his personal achievement in the jewelry industry. Mr. Ng Ian is currently a voting member of Diamond Federation of Hong Kong, a voting member of Hong Kong Diamond Importers Association, a Friends Committee Member of Hong Kong Design Centre and a member of Ten Outstanding Young Persons Association. Mr. Ng Ian is responsible for the supervision of the operation of the Group with focus on the accounting affairs and financial control of the Group.

Lee Kwan Yee, Herrick (Aged 45)

Mr. Lee has been appointed as an executive Director of the Company since 1 April 2010. Mr. Lee is a Chartered Surveyor and has more than 21 years of experience in real estate investments having advised local and international investors on various types of projects. Mr. Lee holds a Professional Diploma of Estate Management from the Hong Kong Polytechnic University (formerly known as Hong Kong Polytechnic). Mr. Lee is also a member of The Royal Institution of Chartered Surveyors and The Hong Kong Institute of Surveyors.

Mr. Lee was the deputy head of group property division of CSI Properties Limited, a company listed in Hong Kong. Mr. Lee was a director of Colliers International in Hong Kong and worked for a number of international surveying firms before joining the Group. Mr. Lee is responsible for implementation of business plans of the Group.

Non-executive Director

Mak Wah Chi (Aged 58)

Mr. Mak has been appointed as a non-executive Director of the Company since 1 May 2005. Mr. Mak is currently in full time practice as Certified Public Accountant in Hong Kong. Mr. Mak is a fellow member of The Association of Chartered Certified Accountants and an associate member of The Hong Kong Institute of Certified Public Accountants and has over 25 years of experience in accounting and finance.

Independent non-executive Directors

Li Kit Chee (Aged 56)

Mr. Li has been appointed as an independent non-executive Director of the Company since 4 April 2007. Mr. Li is a Certified public accountant and has been practising in Hong Kong since 1989. Mr. Li is a fellow member of both the Hong Kong Institute of Certified Public Accountants and Association of Chartered Certified Accountants. Mr. Li is currently the managing director of Arthur Li, Yau & Lee C.P.A. Limited.

Chan Kam Man (Aged 48)

Mr. Chan has been appointed as an independent non-executive Director of the Company since 19 February 2010. Mr. Chan is a certified public accountant and has been practising in Hong Kong since 1995. Mr. Chan is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants and has over 25 years of experience in accounting and finance. Mr. Chan is currently the managing director of CL Partners CPA Limited and a director of Eastern Empire Investments Limited and Venture Strategic Advisory Limited. Mr. Chan was also an independent non-executive director of Sinobest Technology Holdings Limited from December 2007 to May 2009 whose shares are listed on the Singapore Stock Exchange.

Chu Tak Sum (Aged 64)

Mr. Chu has been appointed as an independent non-executive Director of the Company since 19 February 2010. Mr. Chu is a registered architect in Hong Kong under the provisions of the Architects Registration Ordinance and has been engaged as an architect for about 30 years. Mr. Chu holds a Bachelor degree in Architecture from The University of Hong Kong. He is also a fellow member of the Hong Kong Institute of Architects and holds Class 1 Registered Architect qualification of the People's Republic of China. Mr. Chu is currently the managing director of T.S. Chu Architects Limited.

SENIOR MANAGEMENT

Lee Pui Lam (Aged 40)

Mr. Lee has been the Financial Controller and Company Secretary of the Company since 1 January 2006. Mr. Lee holds a Master Degree in Professional Accounting from The Hong Kong Polytechnic University and is a fellow member of The Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. Prior to joining the Company, Mr. Lee worked for a number of main board and GEM board listed companies in Hong Kong and has extensive professional experience in auditing, accounting and financial management. Mr. Lee has been promoted to Chief Financial Officer since 1 April 2011.

Yang Ki Kit (Aged 32)

Mr. Yang joined the Company since 30 December 2008 and promoted to Senior Accounting Manager in September 2010. Mr. Yang holds a Master Degree in Corporate Governance from The Hong Kong Polytechnic University. Mr. Yang is a fellow member of The Association of Chartered Certified Accountants and an associate member of The Hong Kong Institute of Certified Public Accountants and The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. Prior to joining the Company, Mr. Yang worked for a number of audit firms and a listed company and has extensive experience in auditing and accounting.

CORPORATE GOVERNANCE PRACTICES

The Board of Directors of the Company ("Board") is committed to maintaining and achieving the highest standards of corporate governance practices with an emphasis on a quality board, better transparency and effective accountability system in order to safeguard the interests of the shareholders and enhance the performance of the Group.

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as its own code and has complied with the Code throughout the year ended 31 March 2011.

DIRECTORS' SECURITIES TRANSACTIONS

The Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules (as amended from time to time) as its own code. All Directors have confirmed, following specific enquiry by the Company, that they fully complied with the required standards as set out in the Model Code throughout the year ended 31 March 2011.

BOARD OF DIRECTORS

The Board currently comprises seven Directors, including three executive Directors, a non-executive Director and three independent non-executive Directors. The Company has three independent non-executive Directors, representing one-third of the Board. At least one of the independent non-executive Directors has appropriate professional qualifications, or accounting or related financial management expertise. Biographical details of the Directors are set out on pages 18 and 19 of this annual report.

The principal duty of the Board is to ensure that the Company is properly managed in the interests of the shareholders. The Board is responsible for the formulation of strategies and policies, including an oversight of the management. The management team is responsible for the day-to-day operations of the Group under the leadership of the executive Directors.

The Company has arranged appropriate insurance coverage on directors' and officers' liabilities in respect of legal actions against Directors and senior management arising out of corporate activities.

The Board held 13 meetings during the financial year ended 31 March 2011. The record of attendance of each Director is as follows:

Name of Director	Regular Board Meeting Attended/Eligible to Attend (7)	Special Board Meeting Attended/Eligible to Attend (8)
Executive Directors		
Mr. Ng Chun For, Henry *(Chairman)*	4/4	4/4
Mr. Ng Ian *(Deputy Chairman and Chief Executive Officer)*(1)(2)	4/4	7/7
Mr. Lee Kwan Yee, Herrick(4)	4/4	7/7
Non-executive Director		
Mr. Mak Wah Chi	4/4	2/2
Independent non-executive Directors		
Mr. Li Kit Chee	4/4	2/2
Mr. Chu Tak Sum(3)	4/4	2/2
Mr. Chan Kam Man(3)	4/4	2/2

Notes:

(1) Appointed as Deputy Chairman on 11 July 2005.

(2) Save as Mr. Ng Ian being son of Mr. Ng Chun For, Henry, there is no relationship, including financial, business, family or other material relevant relationship, among the members of the Board.

(3) Appointed as independent non-executive Director on 19 February 2010.

(4) Appointed as executive Director on 1 April 2010.

(5) Regular Board Meetings are attended by a majority of the Directors in person or through other electronic means of communication.

(6) Special Board Meetings are convened from time to time for the Board to discuss major matters that require the Board's timely attention. Since the Special Board Meetings mainly concern the day-to-day management of the Company which often requires prompt decisions, usually only the executive Directors will attend.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

For the year under review, Mr. Henry Ng and Mr. Ng Ian continued to hold the positions as the Group's Chairman and Chief Executive Officer respectively, with a view to maintaining an effective segregation of duties in respect of the management of the Board and the day-to-day management of the Group's business.

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. No independent non-executive Director has served the Group for more than nine years.

NON-EXECUTIVE DIRECTORS' TERM OF OFFICE

Code provision A.4.1 of the Code stipulates that non-executive Directors should be appointed for a specific term, subject to re-election. The non-executive Director Mr. Mak Wah Chi and the independent non-executive Directors Mr. Li Kit Chee, Mr. Chu Tak Sum and Mr. Chan Kam Man, at the annual general meeting held on 2 September 2010 ("AGM 10"), were re-elected to hold office until the conclusion of the next annual general meeting of the Company. As such, since the conclusion of the AGM 10, all non-executive Directors including the independent non-executive Directors have been appointed for a specific term, and accordingly the Company has been in compliance with the code provision A.4.1.

REMUNERATION COMMITTEE

The Remuneration Committee was established on 20 May 2005 with written terms of reference. The Remuneration Committee now comprises a non-executive Director and two independent non-executive Directors, namely, Mr. Mak Wah Chi, Mr. Li Kit Chee (Committee Chairman) and Mr. Chu Tak Sum.

The Remuneration Committee will assist the Board to develop and administer fair and transparent procedures for setting policies on the remuneration of Directors and senior management of the Company and for determining their remuneration packages and it is also responsible for the administration of the share option schemes adopted by the Company. The terms of reference of the Remuneration Committee are disclosed on the website of the Company (www.henrygroup.hk).

During the year under review, the Remuneration Committee concurred to approve the remuneration for granting of share options to executive Directors and a consultant as well as reviewing staff appraisal report.

Details of Directors' emoluments on named basis for the year ended 31 March 2011 are set out in note 10 to the consolidated financial statements.

The Remuneration Committee held two meetings during the year under review and the record of attendance of its members is as follows:

Name of member	Attended/ Eligible to Attend
Mr. Li Kit Chee *(Independent Non-executive Director and the Chairman of Remuneration Committee)*	2/2
Mr. Mak Wah Chi *(Non-executive Director)*	2/2
Mr. Chu Tak Sum *(Independent Non-executive Director)*	2/2

NOMINATION OF DIRECTORS

The Board has not established a nomination committee for the time being. According to the Bye-laws of the Company, the Board is empowered from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. The Board reviews the structure, size and composition of the Board from time to time and makes recommendation on the appointment of Directors based on the background, experience and other business interests of the candidate (independence status in the case of an independent non-executive Director).

AUDITORS' REMUNERATION

The amount of fees charged by the auditors generally depends on the scope and volume of the auditors' work. For the year under review, the remuneration paid for audit services and non-audit services provided by the auditors amounted to approximately HK$550,000.

AUDIT COMMITTEE

The Company has established the Audit Committee and adopted written terms of reference on 23 May 2000 and revised on 25 March 2009. The Audit Committee now comprises a non-executive Director and two independent non-executive Directors, namely, Mr. Mak Wah Chi, Mr. Li Kit Chee (Committee Chairman) and Mr. Chan Kam Man.

The terms of reference of the Audit Committee are disclosed on the Company's website (www.henrygroup.hk). The principal duties of the Audit Committee include, among other things, oversight of the relationship with external auditors, review of the Group's financial information and oversight of the Group's financial reporting system, review of connected transactions of the Company as defined in the Listing Rules, if any and monitoring of the internal control system.

During the year under review, the Audit Committee had reviewed the annual report for the year ended 31 March 2010, appointment of external auditors, internal control report, and the interim report for the six months ended 30 September 2010.

The Audit Committee held two committee meetings during the year under review and the record of attendance of its members is as follows:

Name of member	Attendance/ Number of meetings
Mr. Li Kit Chee *(Independent Non-executive Director and Chairman of Audit Committee)*	2/2
Mr. Mak Wah Chi *(Non-executive Director)*	2/2
Mr. Chan Kam Man *(Independent Non-executive Director)*	2/2

INTERNAL CONTROL

Internal control system, being an integral part of the Group's operations, is a process effected by the Board and management team to provide reasonable assurance on the effectiveness and efficiency of operations in achieving the established corporate objectives, safeguarding assets of the Group, enabling reliable financial reporting, and complying with applicable laws and regulations.

The Board is responsible for making appropriate recommendations on the adequacy of internal controls over financial reporting and the effectiveness of disclosure controls and procedures. Through the Audit Committee, it regularly reviews the effectiveness of the system.

DIRECTORS' RESPONSIBILITY FOR PREPARING FINANCIAL STATEMENTS

The Directors acknowledge their responsibility to prepare consolidated financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group.

AUDITORS' REPORTING RESPONSIBILITIES

The reporting responsibilities of HLB Hodgson Impey Cheng, the Auditors, are stated in the Independent Auditors' Report on pages 26 to 27 of the annual report.

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

The Company has established a range of communication channels between itself and its shareholders, investors and other stakeholders. These include the annual general meeting, special general meeting, the annual and interim reports, notices, announcements and circulars, the Company's website (www.henrygroup.hk) and meetings with investors and analysts.

INDEPENDENT AUDITORS' REPORT

HLB 國衛會計師事務所
Hodgson Impey Cheng

Chartered Accountants
Certified Public Accountants

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

TO THE SHAREHOLDERS OF
HENRY GROUP HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Henry Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 28 to 93, which comprise the consolidated and Company's statements of financial position as at 31 March 2011, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' 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 auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2011 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

Hong Kong, 13 June 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
Turnover	5	**33,461**	34,023
Other income and gains	7	**4,683**	2,267
Net gain/(loss) in fair value of investment properties	15	**119,985**	(47,022)
Staff costs	8	**(18,610)**	(17,650)
Depreciation for property, plant and equipment	14	**(613)**	(754)
Other operating expenses		**(15,613)**	(19,473)
Profit/(loss) from operations	8	**123,293**	(48,609)
Finance costs	9	**(37,622)**	(37,845)
Gain on disposal of jointly-controlled entities		**—**	15,592
Share of losses on jointly-controlled entities		**—**	(12,115)
Profit/(loss) before taxation		**85,671**	(82,977)
Taxation	12	**(12,921)**	19,770
Profit/(loss) for the year		**72,750**	(63,207)
Other comprehensive income/(loss)			
Recognition of hedge reserve of derivative financial instruments		**(1,746)**	2,257
Exchange difference arising on translation foreign operations		**21,883**	2,652
Other comprehensive income for the year, net of tax		**20,137**	4,909
		92,887	(58,298)
Profit/(loss) for the year attributable to:			
Owners of the Company		**147,709**	39,695
Non-controlling interests		**(74,959)**	(102,902)
		72,750	(63,207)
Total comprehensive income/(loss) attributable to:			
Owners of the Company		**152,541**	42,750
Non-controlling interests		**(59,654)**	(101,048)
		92,887	(58,298)
EARNINGS PER SHARE			
— Basic (in HK cents)	13	**23.21**	6.24
— Diluted (in HK cents)	13	**19.87**	6.24

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
ASSETS AND LIABILITIES			
NON-CURRENT ASSETS			
Property, plant and equipment	14	**1,617**	1,997
Investment properties	15	**3,848,060**	3,504,848
Amount due from a non-controlling shareholder	32(a)	**25,094**	22,977
Deferred tax assets	24	**5,397**	5,231
		3,880,168	3,535,053
CURRENT ASSETS			
Trade and other receivables	17	**8,556**	27,900
Available-for-sale financial assets	19	**74**	74
Cash and bank balances	27	**143,069**	124,990
		151,699	152,964
Assets classified as held for sale	18	**79,000**	—
		230,699	152,964
CURRENT LIABILITIES			
Other payables, rental deposits received and accruals	20	**26,301**	21,044
Bank borrowings, current portion (secured)	21	**73,600**	2,800
Convertible notes	22	**16,759**	—
Amount due to a related party	32(b)	**342**	342
Tax payable		**464**	72
		117,466	24,258
Liabilities directly associated with assets classified as held for sale	18	**323**	—
		117,789	24,258
NET CURRENT ASSETS		**112,910**	128,706
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,993,078**	3,663,759

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2011

	Notes	**2011 HK$'000**	2010 HK$'000
NON-CURRENT LIABILITIES			
Other payable and rental deposits received	20	**5,656**	73,778
Bank borrowings, non-current portion (secured)	21	**1,182,558**	900,033
Convertible notes	22	**160,533**	158,125
Derivative financial instruments	23	**12,784**	10,691
Loans from related parties	32(c)	**47,625**	41,923
Amounts due to non-controlling shareholders	32(d)	**534,597**	513,445
Loans from shareholders	32(e)	**192,446**	221,175
Deferred tax liabilities	24	**494,464**	482,298
		2,630,663	2,401,468
NET ASSETS		**1,362,415**	1,262,291
CAPITAL AND RESERVES			
Share capital	25	**63,638**	63,638
Reserves		**794,507**	634,729
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**858,145**	698,367
Non-controlling interests		**504,270**	563,924
TOTAL EQUITY		**1,362,415**	1,262,291

These consolidated financial statements were approved and authorised for issue by the Board of Directors on 13 June 2011 and are signed on its behalf by:

Ng Ian	**Lee Kwan Yee, Herrick**
Director	*Director*

The accompanying notes form part of these consolidated financial statements.

STATEMENT OF FINANCIAL POSITION

At 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
NON-CURRENT ASSETS			
Interests in subsidiaries	16	**682,760**	682,430
CURRENT ASSETS			
Other receivables	17	**403**	517
Cash and bank balances	27	**1,223**	1,218
		1,626	1,735
CURRENT LIABILITIES			
Other payables	20	**30**	230
Amounts due to subsidiaries	16	**122,780**	115,331
Convertible notes	22	**16,759**	—
		139,569	115,561
NET CURRENT LIABILITIES		**(137,943)**	(113,826)
TOTAL ASSETS LESS CURRENT LIABILITIES		**544,817**	568,604
NON-CURRENT LIABILITIES			
Convertible notes	22	**160,533**	158,125
NET ASSETS		**384,284**	410,479
CAPITAL AND RESERVES			
Share capital	25	**63,638**	63,638
Reserves	26	**320,646**	346,841
TOTAL EQUITY		**384,284**	410,479

These financial statements were approved and authorised for issue by the Board of Directors on 13 June 2011 and are signed on its behalf by:

Ng Ian	**Lee Kwan Yee, Herrick**
Director	*Director*

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2011

	Attributable to owners of the Company											
	Share capital HK$'000	Share premium HK$'000	Convertible notes reserve HK$'000 (Note 26(b))	Hedging reserve HK$'000 (note 26(b))	Special reserve HK$'000 (note 26(b))	Capital reserve HK$'000 (note 26(b))	Share-based payment reserve HK$'000 (note 26(b))	Exchange reserve HK$'000 (note 26(b))	Contributions from shareholders HK$'000	(Accumulated losses)/ Retained profits HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2009	63,638	442,935	72,573	(11,185)	9,628	926	3,905	(286)	250,139	(181,076)	664,972	1,316,169
Recognition of hedge reserve of derivative financial instruments	—	—	—	2,257	—	—	—	—	—	—	—	2,257
Exchange difference arising from translation of financial statements of overseas subsidiaries	—	—	—	—	—	—	—	798	—	—	1,854	2,652
Other comprehensive income for the year	—	—	—	2,257	—	—	—	798	—	—	1,854	4,909
Profit/(loss) for the year	—	—	—	—	—	—	—	—	—	39,695	(102,902)	(63,207)
Total comprehensive income/ (loss) for the year	—	—	—	2,257	—	—	—	798	—	39,695	(101,048)	(58,298)
Recognition of share-based payment (note 30)	—	—	—	—	—	—	4,420	—	—	—	—	4,420
Release upon maturity of convertible notes	—	—	(1,410)	—	—	—	—	—	—	1,410	—	—
At 31 March 2010 and at 1 April 2010	63,638	442,935	71,163	(8,928)	9,628	926	8,325	512	250,139	(139,971)	563,924	1,262,291
Recognition of hedge reserve of derivative financial instruments	—	—	—	(1,746)	—	—	—	—	—	—	—	(1,746)
Exchange difference arising from translation of financial statements of overseas subsidiaries	—	—	—	—	—	—	—	6,578	—	—	15,305	21,883
Other comprehensive income/(loss) for the year	—	—	—	(1,746)	—	—	—	6,578	—	—	15,305	20,137
Profit/(loss) for the year	—	—	—	—	—	—	—	—	—	147,709	(74,959)	72,750
Total comprehensive income/ (loss) for the year	—	—	—	(1,746)	—	—	—	6,578	—	147,709	(59,654)	92,887
Recognition of share-based payment (note 30)	—	—	—	—	—	—	7,237	—	—	—	—	7,237
At 31 March 2011	63,638	442,935	71,163	(10,674)	9,628	926	15,562	7,090	250,139	7,738	504,270	1,362,415

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2011

	Note	2011 HK$'000	2010 HK$'000
OPERATING ACTIVITIES			
Profit/(loss) before taxation		**85,671**	(82,977)
Adjustments for:			
Depreciation for property, plant and equipment		**613**	754
Impairment loss in respect of trade and other receivables		**1,555**	2,196
Net (gain)/loss on fair value changes of investment properties		**(119,985)**	47,022
Share of losses on jointly-controlled entities		**—**	12,115
Gain on disposal of jointly-controlled entities		**—**	(15,592)
Loss on disposal of property, plant and equipment		**12**	357
Share-based payment expenses		**7,237**	4,420
Interest income		**(2,743)**	(2,010)
Interest expenses		**37,622**	37,845
Operating cash flows before movement in working capital		**9,982**	4,130
Decrease (increase) in trade and other receivables		**17,789**	(22,515)
Decrease in amount due from an jointly-controlled entity		**—**	14,478
Decrease in other payables, rental deposits received and accruals		**(62,645)**	(10,634)
CASH USED IN OPERATIONS		**(34,874)**	(14,541)
Interest paid		**(38,011)**	(28,382)
Income tax paid		**(182)**	(1,234)
NET CASH USED IN OPERATING ACTIVITIES		**(73,067)**	(44,157)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2011

	Note	2011 HK$'000	2010 HK$'000
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(223)**	(378)
Additions to investment properties		**(121,777)**	(125,686)
Purchase of assets classified as held for sale		**(79,000)**	—
Interest received		**626**	111
Increase in amount due from a non-controlling shareholder		**—**	(1,087)
Decrease in pledged bank deposits		**—**	140,000
Proceeds on disposal of interest in jointly-controlled entities		**—**	38,056
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES		**(200,374)**	51,016
FINANCING ACTIVITIES			
Repayment of bank loans		**(2,800)**	(688,434)
Advances from a non-controlling shareholder		**—**	385
Advances from related parties		**—**	24,347
Repayment of convertible notes		**—**	(18,072)
Repayment of advance from non-controlling shareholders		**(386)**	(34,017)
Repayment of loans from related parties		**—**	(107,671)
Repayment of loans from shareholders		**(43,800)**	(11,412)
New bank loans raised		**337,882**	902,833
NET CASH GENERATED FROM FINANCING ACTIVITIES		**290,896**	67,959
NET INCREASE IN CASH AND CASH EQUIVALENTS		**17,455**	74,818
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**624**	(1,393)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**124,990**	51,565
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	27	**143,069**	124,990

1. GENERAL

The Company was incorporated in Bermuda on 16 December 1999 as an exempted company with limited liability under the Companies Act 1981 of Bermuda (as amended).

The Company acts as an investment holding company and the principal activities of the Group are property leasing and development, provision of property agency and consultancy services and securities investment.

The Company's shares are listed on The Stock Exchange of Hong Kong Limited. The address of the registered office and principal place of business of the Company is disclosured in the corporate information section of the annual report.

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

In the current year, the Group has applied all of the new and revised standards, amendments and interpretations (the "new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have no material effect on the amounts reported in consolidated financial statements and/or disclosures set out in these consolidated financial statements.

HKFRS 3 (as revised in 2008) Business Combinations

HKFRS 3 (as revised in 2008) has been applied in the current year prospectively to business combinations of which the acquisition date is on or after 1 April 2010 in accordance with the relevant transitional provisions. Its application has affected the accounting for business combinations in the current year.

The impact of the application of HKFRS 3 (as revised in 2008) is as follows:

(i) HKFRS 3 (as revised in 2008) allows a choice on a transaction-by-transaction basis for the measurement of non-controlling interests at the date of acquisition (previously referred to as 'minority' interests) either at fair value or at the non-controlling interests' share of recognised identifiable net assets of the acquiree.

(ii) HKFRS 3 (as revised in 2008) changes the recognition and subsequent accounting requirements for contingent consideration. Previously contingent consideration was recognised at the acquisition date only if payment of the contingent consideration was probable and it could be measured reliably; any subsequent adjustments to the contingent consideration were always made against the cost of the acquisition. Under the revised Standard, contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against the cost of acquisition only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

(iii) HKFRS 3 (as revised in 2008) requires the recognition of a settlement gain or loss when the business combination in effect settles a pre-existing relationship between the Group and the acquiree.

(iv) HKFRS 3 (as revised in 2008) requires acquisition-related costs to be accounted for separately from the business combination, generally leading to those costs being recognised as an expense in profit or loss as incurred, whereas previously they were accounted for as part of the cost of the acquisition.

Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards

The amendments provide two exemptions when adopting HKFRSs for the first time relating to oil and gas assets, and the determination as to whether an arrangement contains a lease.

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

Amendments to HKFRS 2 Share-based Payment — Group Cash-settled Share-based Payment Transactions

The amendments clarify the scope of HKFRS 2, as well as the accounting for group cash-settled share-based payment transactions in the separate (or individual) financial statements of an entity receiving the goods or services when another group entity or shareholder has the obligation to settle the award.

Amendments to HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations (as part of Improvements to HKFRSs issued in 2009)

The amendments to HKFRS 5 clarify that the disclosure requirements in HKFRSs other than HKFRS 5 do not apply to non-current assets (or disposal groups) classified as held for sale or discontinued operations unless those HKFRSs require (i) specific disclosures in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations, or (ii) disclosures about measurement of assets and liabilities within a disposal group that are not within the scope of the measurement requirement of HKFRS 5 and the disclosures are not already provided in the consolidated financial statements.

The amendments clarify that all the assets and liabilities of a subsidiary should be classified as held for sale when the Group is committed to a sale plan involving loss of control of that subsidiary, regardless of whether the Group will retain a non-controlling interest in the subsidiary after the sale.

Amendments to HKAS 1 Presentation of Financial Statements (as part of Improvements to HKFRSs issued in 2009)

The amendments to HKAS 1 clarify that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current.

Amendments to HKAS 7 Statement of Cash Flows (as part of Improvements to HKFRSs issued in 2009)

The amendments to HKAS 7 specify that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows. The application of the amendments to HKAS 7 has resulted in a change in the presentation of cash outflows in respect of development costs that do not meet the criteria in HKAS 38 Intangible Assets for capitalisation as part of an internally generated intangible asset in the consolidated statement of cash flows. This change has been applied retrospectively.

Amendments to HKAS 17 Leases

As part of Improvements to HKFRSs issued in 2009, HKAS 17 Leases has been amended in relation to the classification of leasehold land. Before the amendments to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the consolidated statement of financial position. The amendments to HKAS 17 have removed such a requirement. The amendments require that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

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

HKAS 27 (as revised in 2008) Consolidated and Separate Financial Statements

The application of HKAS 27 (as revised in 2008) has resulted in changes in the Group's accounting policies for the Group's changes in ownership interests in subsidiaries of the Group.

Specifically, the revised Standard has affected the Group's accounting policies regarding changes in the Group's ownership interests in its subsidiaries that do not result in loss of control. In prior years, in the absence of specific requirements in HKFRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised, when appropriate; for decreases in interests in existing subsidiaries that did not involve a loss of control, the difference between the consideration received and the adjustment to the non-controlling interests was recognised in profit or loss. Under HKAS 27 (as revised in 2008), all such increases or decreases are dealt with in equity, with no impact on goodwill or profit or loss.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised standard requires the Group to derecognise all assets, liabilities and non-controlling interests at their carrying amounts and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

These changes have been applied prospectively from 1 April 2010 in accordance with the relevant transitional provisions.

In addition, under HKAS27 (as revised in 2008), the definition of non-controlling interest has been changed. Specifically, under the revised Standard, non-controlling interest is defined as the equity in a subsidiary not attributable, directly or indirectly, to parent.

HKAS 28 (as revised in 2008) Investments in Associates

The principle adopted under HKAS 27 (as revised in 2008) (see above) that a loss of control is recognised as a disposal and re-acquisition of any retained interest at fair value is extended by consequential amendments to HKAS 28. Therefore, when significant influence over an associate is lost, the investor measures any investment retained in the former associate at fair value, with any consequential gain or loss recognised in profit or loss.

Amendments to HKAS 39 Financial Instruments: Recognition and Measurement — Eligible Hedged Items

The amendments provide clarification on two aspects of hedge accounting: identifying inflation as a hedged risk or portion, and hedging with options.

HK (IFRIC) — Int 17 Distributions of Non-cash Assets to Owners

The Interpretation provides guidance on the appropriate accounting treatment when an entity distributes assets other than cash as dividends to its shareholders.

HK (IFRIC) — Int 18 Transfers of Assets from Customers

The Interpretation addresses the accounting by recipients for transfers of property, plant and equipment from 'customers' and concludes that when the item of property, plant and equipment transferred meets the definition of an asset from the perspective of the recipient, the recipient should recognise the asset at its fair value on the date of the transfer, with the credit being recognised as revenue in accordance with HKAS 18 Revenue.

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

HK — Int 5 Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Hong Kong Interpretation 5 Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ('HK Int 5') clarifies that term loans that include a clause that gives the lender the unconditional right to call the loans at any time ('repayment on demand clause') should be classified by the borrower as current liabilities. The Group has applied HK Int 5 for the first time in the current year. Hong Kong Interpretation 5 requires retrospective application.

In order to comply with the requirements set out in HK Int 5, the Group has changed its accounting policy on classification of term loans with a repayment on demand clause. In the past, the classification of such term loans were determined based on the agreed scheduled repayment dates set out in the loan agreements. Under HK Int 5, term loans with a repayment on demand clause are classified as current liabilities. The application of HK Int 5 has had no material impact on the amounts reported for the current and prior years.

Improvements to HKFRSs issued in 2009

Except for the amendments to HKFRS 5, HKAS 1, HKAS 7 and HKAS 17 as described earlier, the application of Improvements to HKFRSs issued in 2009 has not had any material effect on amounts reported in the consolidated financial statements.

New and revised standards and interpretations in issue but not yet effective

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

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010[1]
HKFRS 7 (Amendments)	Disclosures — Transfers of Financial Assets[4]
HKFRS 9	Financial Instruments[6]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[5]
HKAS 24 (as revised in 2009)	Related Party Disclosures[3]
HK (IFRIC) — Int 14 (Amendments)	Prepayment of a Minimum Funding Requirement[3]
HK (IFRIC) — Int 19	Extinguishing Financial Liabilities with Equity Instruments[2]

[1] Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate.
[2] Effective for annual periods beginning on or after 1 July 2010.
[3] Effective for annual periods beginning on or after 1 January 2011.
[4] Effective for annual periods beginning on or after 1 July 2011.
[5] Effective for annual periods beginning on or after 1 January 2012.
[6] Effective for annual periods beginning on or after 1 January 2013.

HKFRS 9 Financial Instruments (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 Financial Instruments (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

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

Improvements to HKFRSs issued in 2009 (continued)

New and revised standards and interpretations in issue but not yet effective (continued)

In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new Standard may have a significant impact on amounts reported in respect of the Groups' financial assets. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The amendments to HKFRS 7 titled Disclosures — Transfers of Financial Assets increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The directors do not anticipate that these amendments to HKFRS 7 will have a significant effect on the Group's disclosures regarding transfers of trade receivables previously effected. However, if the Group enters into other types of transfers of financial assets in the future, disclosures regarding those transfers may be affected.

HKAS 24 Related Party Disclosures (as revised in 2009) modifies the definition of a related party and simplifies disclosures for government-related entities.

The disclosure exemptions introduced in HKAS 24 (as revised in 2009) do not affect the Group because the Group is not a government-related entity. However, disclosures regarding related party transactions and balances in these consolidated financial statements may be affected when the revised version of the Standard is applied in future accounting periods because some counterparties that did not previously meet the definition of a related party may come within the scope of the Standard.

The amendments to HKAS 12 titled Deferred Tax: Recovery of Underlying Assets mainly deal with the measurement of deferred tax for investment properties that are measured using the fair value model in accordance with HKAS 40 Investment Property. Based on the amendments, for the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties measured using the fair value model, the carrying amounts of the investment properties are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances. The directors anticipate that the application of the amendments to HKAS 12 may have a significant impact on deferred tax recognised for investment properties that are measured using the fair value model. However, it is not practicable to provide a reasonable estimate of the effect until a detailed review has been completed.

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

Improvements to HKFRSs issued in 2009 (continued)

New and revised standards and interpretations in issue but not yet effective (continued)

HK(IFRIC) — Int 19 provides guidance regarding the accounting for the extinguishment of a financial liability by the issue of equity instruments. To date, the Group has not entered into transactions of this nature. However, if the Group does enter into any such transactions in the future, HK(IFRIC) — Int 19 will affect the required accounting. In particular, under HK(IFRIC) — Int 19, equity instruments issued under such arrangements will be measured at their fair value, and any difference between the carrying amount of the financial liability extinguished and the fair value of equity instruments issued will be recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES

(i) Statement of compliance

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

(ii) Basis of preparation of financial statements

These consolidated financial statements have been prepared under the historical cost convention, as modified for the revaluation of investment properties and certain financial instruments which are measured at fair value.

(iii) Basis of consolidation

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

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

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

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.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(iii) Basis of consolidation (continued)

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries prior to 1 April 2010

Increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised where appropriate. For decreases in interests in subsidiaries, regardless of whether the disposals would result in the Group losing control over the subsidiaries, the difference between the consideration received and the adjustment to the non-controlling interests was recognised in profit or loss.

Changes in the Group's ownership interests in existing subsidiaries on or after 1 April 2010

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

(iv) Subsidiaries

Subsidiaries are entities in which the Group has the power to govern the financial and operating policies, so as to obtain benefits from their activities. In assessing control, potential voting rights that presently are exercisable are taken into account. Investments in subsidiaries are included in the Company's statement of financial position at cost less any impairment loss. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Business combinations

Business combinations that took place prior to 1 January 2010

Acquisitions of businesses was accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities assumed in a business combination were recognised at their fair values at the acquisition date.

Goodwill arising on acquisition was recognised in accordance with the accounting policy for goodwill in note 3(viii) below.

The interests of non-controlling shareholders in the acquiree is initially measured at the non-controlling's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Business combinations that took place on or after 1 January 2010

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

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

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

(ii) liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment transactions with share-based payment transactions of the Group are measured in accordance with HKFRS 2 Share-based Payment at the acquisition date; and

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Business combinations (continued)

Business combinations that took place on or after 1 January 2010 (continued)

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

Where the consideration the Group transfers in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and considered as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments being made against goodwill or gain on bargain purchase. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. Measurement period does not exceed one year from the acquisition date.

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

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

Changes in the value of the previously held equity interest recognised in other comprehensive income and accumulated in equity before the acquisition date are reclassified to profit or loss when the Group obtains control over the acquiree.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(vi) Property, plant and equipment

Property, plant and equipment are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is provided so as to write off the cost of property, plant and equipment, other than properties under construction, over their estimated useful lives after taking into account of their residual value, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The principal annual rates are as follows:

Leasehold improvements	50% or over the terms of the leases, if higher
Furniture, fixtures and equipment	20% to 25%
Motor vehicles	20%

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in statement of comprehensive income.

(vii) Investment properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation, are measured initially at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in fair value of investment properties are included in statement of comprehensive income for the period in which they arise.

From 1 April 2009, investment properties under construction have been accounted for in the same way as completed investment properties. Specifically, construction costs incurred for investment properties under construction. Investment properties under construction are measured at fair value at the end of the reporting period. Any difference between the fair value of the investment properties under construction and their carrying amounts is recognised in statement of comprehensive income in the period in which they arise. Prior to 1 April 2009, the investment properties under construction was accounted for as an operating lease and the building element was measured at cost less accumulated impairment losses, if any.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(viii) Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose that are impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to other asset of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in statement of comprehensive income.

On the disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the statement of comprehensive income on disposal.

(ix) Impairment of assets excluding goodwill

At each of reporting period, the Group reviews the carrying amounts of its 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). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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 immediately in statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Financial instruments

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

(a) Financial assets

The Group's financial assets are classified into two categories: loans and receivables, and available-for-sale financial assets. 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.

Loans and receivables

Loans and receivables (including trade and other receivables, cash and bank balances and amount due from a non-controlling shareholder) 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 are carried at amortised cost using the effective interest method, less any identified impairment loss.

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

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss or loans and receivables or held-to-maturity investments.

At the end of each reporting period subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognised directly in statement of comprehensive income. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified in statement of comprehensive income for the period.

Dividends on available-for-sale financial assets are recognised in profit or loss when the Group's right to receive the dividends is established.

The fair value of available-for-sale financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of reporting period. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in equity.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Financial instruments (continued)

(a) Financial assets (continued)

Impairment of financial assets

Available-for-sale financial assets that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses at the end of each reporting period (see accounting policy on impairment loss on financial assets below).

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

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

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

— significant financial difficulty of the issuer or counterparty; or

— default or delinquency in interest or principal payments; or

— it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, any impairment loss is determined and recognised as follows:

— For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate, where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which have been determined had no impairment loss been recognised in prior years.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Financial instruments (continued)

(a) Financial assets (continued)

Impairment of financial assets (continued)

— For available-for-sale securities, the cumulative loss that has been recognised directly in equity is removed from equity and is recognised in statement of comprehensive income. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that asset previously recognised in statement of comprehensive income.

Impairment losses recognised in statement of comprehensive income in respect of available-for-sale equity securities are not reversed through profit or loss in subsequent periods. Any subsequent increase in the fair value of such assets is recognised directly in other comprehensive income and accumulated in investment revaluation reserve.

Impairment losses in respect of available-for-sale debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognised. Reversals of impairment losses in such circumstances are recognised in statement of comprehensive income.

Impairment losses recognised in respect of trade and other receivables whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade and other receivables directly and any amount held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are credited to comprehensive income.

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 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 other than those financial assets classified as at fair value through profit or loss.

Derecognition of financial assets

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Financial instruments (continued)

(b) Financial liabilities and equity instrument

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Convertible notes

Convertible notes issued by the Group that contain both financial liability and equity components are classified separately into respective liability and equity components on initial recognition. On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the proceeds of the issue of the convertible note and the fair value assigned to the liability component, representing the embedded call option for the holder to convert the note into equity, is included in equity (convertible notes reserve).

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

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

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities. All financial liabilities of the Group are classified as other financial liabilities.

Other financial liabilities are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Financial instruments (continued)

(b) Financial liabilities and equity instrument (continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expenses 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 to the net carrying amount upon initial recognition.

Interest expenses is recognised on an effective interest basis for debt instruments other than those financial liability classified as at fair value through profit or loss.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

(c) Derivative financial instruments

The Group enters into certain derivative financial instruments to hedge its exposure to interest rate risk. Such derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedge is recognised in other comprehensive income and accumulated under the heading of hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in statement of comprehensive income, and is included in the other income and gains or other operating expenses line item.

Amounts previously recognised in other comprehensive income and accumulated in the hedging reserve are reclassified to statement of comprehensive income in the periods when the hedged item is recognised in statement of comprehensive income, in the same line of the consolidated statement of comprehensive income as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in the hedging reserve are transferred from equity and included in the initial measurement of the cost of the non-financial asset or nonfinancial liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss accumulated in the hedging reserve at that time remains in the hedging reserve and is recognised when the forecast transaction is ultimately recognised in statement of comprehensive income. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in the cash flow hedging reserve is recognised immediately in statement of comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(xi) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an in significant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(xii) Leases

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 lessor
Rental income from operating leases is recognised in the consolidated statement of comprehensive income on a straight-line basis over the term of the relevant lease.

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

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

(xiii) Employees' benefits

(a) Short term benefits
Salaries, annual bonuses, paid annual leaves and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present value.

(b) Pension obligations
Contributions to the Mandatory Provident Fund scheme as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance are charged to profit or loss when incurred. The Group has no further payment obligations once the contribution has been made.

The Group has joined a mandatory central pension scheme organised by the PRC government for certain of its employees located in the PRC, the assets of which are held separately from those of the Group. Contributions made are based on a percentage of the eligible employees' salaries and are charged to profit or loss as they became payable, in accordance with the rules of the scheme. The employer's contributions vest fully once they are made.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(xiii) Employees' benefits (continued)

(c) Share option granted to certain directors and employees

The Group issues share options to certain directors, employees and other parties. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period with a corresponding increase in the share-based payment reserve, based on the Group's estimate of the shares that will eventually vest and adjusted for the effect of non market-based vesting conditions. The equity amount is recognised in the revenue until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to accumulated losses).

Fair value is measured using the Black-Scholes Option Pricing Model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

(xiv) Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates ("functional currency"). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Hong Kong dollar which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

Transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of each reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in statement of comprehensive income in the period in which they arise except for:

— exchange differences which relate to assets under construction for future productive use are included in the cost of those assets and are regarded as an adjustment to interest costs on foreign currency borrowings;

— exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation are recognised in the translation reserve and recognised in statement of comprehensive income on disposal of the net investment.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(xiv) Foreign currencies (continued)

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Hong Kong dollar using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during the period, in which case, the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (the exchange reserve). Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments on identifiable assets acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of the reporting period.

(xv) Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of 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.

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

(xvi) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

(xvii) Taxation

(a) Current tax

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(xvii) Taxation (continued)

(b) Deferred tax

Deferred tax is recognised on 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, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such 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.

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

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(xviii) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised to the statement of comprehensive income in the year in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(xix) Related parties

Two parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals, and post-employment benefit plans which are for the benefit of employees of the Group or of any entity that is a related party of the Group.

(xx) Segment reporting

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

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

(xxi) Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

(xxii) Revenue recognition

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

Rental income under operating lease is recognised on a straight line basis over the relevant lease term.

Commission income on provision of agency and consultancy services is recognised when the services are provided.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results differ from these estimates.

Key source of estimation uncertainty

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Useful lives of property, plant and equipment

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

(b) Impairment of trade and other receivables

As explained in note 17, the Group makes provision for impairment of trade and other receivables based on an estimate of the recoverability of these receivables. Provisions are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of impairment of trade and other receivables requires the use of estimates. Where the expectation is different from the original estimates, such difference will impact carrying value of receivables and provision for impairment losses in the period in which such estimate has been changed.

(c) Assessment of impairment of assets

Management periodically reviews each asset for possible impairment or reversal of previously recognised impairment. Recoverability of assets is measured by a comparison of the carrying amount of an asset to its fair value less costs to sell. If such assets are considered by management to be impaired or no longer be impaired, the impairment or reversal of impairment previously recognised is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets less costs to sell. Management performs their analysis of fair value, based on various assumptions and estimates.

(d) Valuation of share options

As explained in note 30, share option expense is subject to the limitations of the option pricing models adopted and the uncertainty in estimates used by management in the assumptions. Should the estimates including limited early exercise behaviour, expected interval and frequency of open exercise periods in the share option life and the relevant parameters of the share option model be changed, there would be material changes in the amount of share option benefits recognised in the profit or loss and share-based payment reserve.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key source of estimation uncertainty (continued)

(e) Fair value of investment properties

As set out in note 15, investment properties were revalued as at 31 March 2011 on an open market value existing use basis by a firm of independent professional valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the judgement, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at each of reporting period.

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

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

(b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flow.

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

(f) Fair value of derivatives and other financial instruments

As explained in note 23, the directors use their judgement in selecting an appropriate valuation technique for financial instrument not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates.

(g) Income taxes and deferred taxation

The Group is subject to income taxes in different jurisdictions. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

5. TURNOVER

The Group's turnover comprises:

	2011 HK$'000	2010 HK$'000
Gross rental income from investment properties	**33,461**	30,515
Property agency and consultancy services income	**—**	3,508
	33,461	34,023

6. SEGMENT REPORTING

The Group has three reportable segments under HKFRS 8, (i) property leasing and development, (ii) provision of property agency and consultancy services for the retail property sale and leasing market and (iii) securities investments. The segmentations are based on the information about the operation of the Group that management uses to make decisions and regularly review by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance.

Segment turnover and results

An analysis of the Group's turnover and results by reportable segment is presented below:

	Property leasing and development		Provision of property agency and consultancy services		Securities investment		Consolidated total	
	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000
GROSS PROCEEDS	**33,461**	30,515	**—**	3,508	**—**	—	**33,461**	34,023
TURNOVER	**33,461**	30,515	**—**	3,508	**—**	—	**33,461**	34,023
RESULTS								
Segment profit/(loss)	**143,247**	(32,238)	**(18)**	(62)	**—**	(1)	**143,229**	(32,301)
Unallocated corporate income							**113**	2
Unallocated corporate expenses							**(20,049)**	(16,310)
Profit/(loss) from operations							**123,293**	(48,609)
Finance costs							**(37,622)**	(37,845)
Gain on disposal of jointly-controlled entities							**—**	15,592
Share of loss on jointly-controlled entities							**—**	(12,115)
Profit/(loss) before taxation							**85,671**	(82,977)

6. SEGMENT REPORTING (continued)

Segment turnover and results (continued)

Turnover reported above represents revenue generated from external customers. There were no inter-segment sales during the year (2010: Nil).

The accounting policies of the reportable segments are the same as the Group's accounting policies describe in note 3, business segment represents the profit/(loss) from each segment without allocation of central operating expenses including staff costs and finance costs. This is the measure reported for the purpose of resource allocation and assessment of segment performance.

Segment assets and liabilities

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

	Property leasing and development		Provision of property agency and consultancy services		Securities investment		Consolidated total	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
ASSETS								
Segment assets	**4,010,640**	3,667,252	**141**	639	**77**	77	**4,010,858**	3,667,968
Unallocated corporate assets							**100,009**	20,049
Consolidated total assets							**4,110,867**	3,688,017
LIABILITIES								
Segment liabilities	**2,074,597**	1,783,695	**1,228**	1,228	**—**	—	**2,075,825**	1,784,923
Unallocated corporate liabilities							**672,627**	640,803
Consolidated total liabilities							**2,748,452**	2,425,726

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

— all assets are allocated to reportable segments other than corporate assets.

— all liabilities are allocated to reportable segments other than corporate liabilities, convertible notes and deferred tax liabilities.

6. SEGMENT REPORTING (continued)

Other segment information

The following is analysis of the Group's other segment information:

	Property leasing and development		Provision of property agency and consultancy services		Securities investment		Unallocated		Total	
	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000
Capital additions	181,975	181,506	—	—	—	—	36	36	182,011	181,542
Depreciation for property, plant and equipment	548	473	—	32	—	—	65	249	613	754
Loss on disposal of property, plant and equipment	—	—	2	133	—	—	10	224	12	357
Net (gain)/loss in fair value of investment properties	(119,985)	47,022	—	—	—	—	—	—	(119,985)	47,022
Impairment loss on trade and other receivables	1,555	2,196	—	—	—	—	—	—	1,555	2,196

Geographical information

The Group's operations are located in Hong Kong and the People's Republic of China (the "PRC").

For the year ended 31 March 2011, all of the Group's turnover are derived from Hong Kong. The following is an analysis of the carrying amount of non-current assets and capital additions analysed by the geographical area in which the assets are located:

	Non-current assets*		Capital additions	
	At 31 March 2011 HK$'000	At 31 March 2010 HK$'000	Year ended 31 March 2011 HK$'000	Year ended 31 March 2010 HK$'000
The PRC	2,637,623	2,518,430	181,851	181,199
Hong Kong	1,237,148	1,011,392	160	343
	3,874,771	3,529,822	182,011	181,542

* Non-current asses excluding deferred tax assets

Information about major customers

Included in turnover arising from property leasing and development of approximately HK$33,461,000 (2010: HK$30,515,000) are turnover of approximately HK$10,920,000 (2010: HK$10,320,000) which arose from turnover to the Group's largest two (2010: two) customers with whom transactions have exceeded 10% of the Group's turnover during the year. No customer had exceeded 10% of the Group's turnover arising from provision of property agency and consultancy services and securities investment during the year.

7. OTHER INCOME AND GAINS

	The Group	
	2011	2010
	HK$'000	HK$'000
Bank interest income	**626**	111
Imputed interest income (note 32(a))	**2,117**	1,899
Reversal of impairment loss on trade receivables	**855**	—
Reversal of over-provision of rates	**713**	—
Sundry income	**372**	257
	4,683	2,267

8. PROFIT/(LOSS) FROM OPERATIONS

	The Group	
	2011	2010
	HK$'000	HK$'000
Profit/loss from operations is arrived at after charging/(crediting):		
Directors' remuneration (note 10)	**9,156**	5,172
Other staff costs		
Salaries and allowances	**9,038**	11,883
Retirement benefit scheme contributions (note 31)	**86**	119
Social security contributions (note 31)	**288**	199
Other benefits in kind	**42**	277
	9,454	12,478
Total staff costs	**18,610**	17,650
Net exchange loss	**3**	16
Auditors' remuneration	**550**	550
Depreciation for property, plant and equipment	**613**	754
Loss on disposal of property, plant and equipment	**12**	357
Impairment loss on trade and other receivables	**1,555**	2,196
Share-based payment expenses (note 30)	**7,237**	4,420
Property rental income under operating leases income net of direct outgoing of approximately HK$11,000 (2010: HK$1,240,000)	**(33,450)**	(29,144)

9. FINANCE COSTS

	The Group 2011 HK$'000	2010 HK$'000
Interest charge on bank borrowings		
— wholly repayable within five years	**7,003**	7,907
— wholly repayable after five years	**31,008**	20,454
Interest on amounts due to non-controlling shareholders (note 32(d)(ii))	**21,538**	23,801
Interest on loans from shareholders (note 32(e))	**15,071**	16,591
Interest on loan from a related party	**—**	2,915
Imputed interest on convertible notes (note 22)	**19,167**	18,102
Imputed interest on interest-free loan from a non-controlling shareholder (note 32(d)(i))	**—**	81
Imputed interest on interest-free loan from a related party (note 32(c)(ii))	**3,846**	3,451
Others	**—**	21
	97,633	93,323
Less: amount capitalised into investment properties under construction (note 15)	**(60,011)**	(55,478)
Total	**37,622**	37,845

The finance costs have been capitalised at the average rate of 5–9% (2010: 5–9%) per annum.

10. EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' emoluments

Year ended 31 March 2011

	Directors' fees HK$'000	Basic salaries, allowances and other benefits HK$'000	Contributions to retirement benefit schemes HK$'000 (note 31)	Quarters' expenses HK$'000	Share options HK$'000 (note 30)	Total HK$'000
Executive directors						
Ng Chun For, Henry	8	67	—	—	2,016	2,091
Ng Ian	4	147	12	1,164	2,016	3,343
Lee Kwan Yee, Herrick (note a)	—	1,781	12	—	1,189	2,982
	12	1,995	24	1,164	5,221	8,416
Non-executive director						
Mak Wah Chi	500	—	—	—	—	500
Independent non-executive directors						
Li Kit Chee	80	—	—	—	—	80
Chan Kam Man	80	—	—	—	—	80
Chu Tak Sum	80	—	—	—	—	80
	240	—	—	—	—	240
Total	752	1,995	24	1,164	5,221	9,156

10. EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS (continued)

(a) Directors' emoluments (continued)

Year ended 31 March 2010

	Directors' fees HK$'000	Basic salaries, allowances and other benefits HK$'000	Contributions to retirement benefit schemes HK$'000 (note 31)	Quarters' expenses HK$'000	Share options HK$'000 (note 30)	Total HK$'000
Executive directors						
Ng Chun For, Henry	—	67	—	—	1,473	1,540
Ng Ian	4	161	10	958	1,473	2,606
Li Man Hin (note d)	2	76	5	203	—	286
	6	304	15	1,161	2,946	4,432
Non-executive director						
Mak Wah Chi	500	—	—	—	—	500
Independent non-executive directors						
Tsang Kwok Ming, Rock (note b)	71	—	—	—	—	71
Ng Hoi Yue (note b)	71	—	—	—	—	71
Li Kit Chee	80	—	—	—	—	80
Chan Kam Man (note c)	9	—	—	—	—	9
Chu Tak Sum (note c)	9	—	—	—	—	9
	240	—	—	—	—	240
Total	746	304	15	1,161	2,946	5,172

Notes:

(a) Appointed on 1 April 2010

(b) Resigned on 19 February 2010

(c) Appointed on 19 February 2010

(d) Retired on 2 September 2009

There were no arrangements under which any director waived or agreed to waive any emoluments in respect of each of the two years ended 31 March 2011 and 2010.

10. EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS (continued)

(b) Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, three (2010: two) are directors of the Company whose emoluments are reflected in the analysis presented above. The emoluments of the remaining two (2010: three) individuals are as follows:

	2011 HK$'000	2010 HK$'000
Salaries, allowances and other benefits	**2,342**	5,254
Pension contributions	**15**	31
	2,357	5,285

The emoluments of these individuals are within the following bands:

	2011 No. of employees	2010 No. of employees
HK$ Nil–HK$1,000,000	**—**	1
HK$1,000,001–HK$2,000,000	**2**	—
HK$2,000,001–HK$3,000,000	**—**	2
	2	3

(c) No emoluments were paid or payable to any directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 March 2011 and 2010.

11. DIVIDENDS

No dividend was paid or proposed during the year ended 31 March 2011, nor has any dividend been proposed since the end of reporting period (2010: HK$ Nil).

12. TAXATION

(a) Taxation in the consolidated statement of comprehensive income represents:

	2011 **HK$'000**	2010 HK$'000
Current tax — Hong Kong		
— Provision for the year	**462**	546
— Under provision in prior years	**112**	—
	574	546
Deferred taxation (note 24)		
— charged/(credited) to the consolidated statement of comprehensive income	**12,347**	(20,316)
	12,921	(19,770)

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profits for the year ended 31 March 2011.

Pursuant to the income tax rules and regulations of the PRC, provision for PRC Enterprise Income Tax is calculated based on a statutory rate of 25% on the assessment profits of the PRC subsidiary. No provision for PRC income tax for the year has been made as the PRC subsidiary incurred a loss during the year (2010: Nil).

(b) The taxation charge/(credit) for the year can be reconciled to the profit/(loss) in consolidated statement of comprehensive income as follows:

	2011 **HK$'000**	**%**	2010 HK$'000	%
Profit/(loss) before taxation	**85,671**		(82,977)	
Tax credit at Hong Kong profits tax rate of 16.5% (2010: 16.5%)	**14,136**	**16.5**	(13,691)	(16.5)
Tax effect of expenses not deductible for tax purpose	**29,688**	**34.6**	34,081	41.1
Tax effect of income not taxable for tax purpose	**(23,227)**	**(27.1)**	(27,275)	(32.9)
Effect of different tax rate of subsidiaries operating in other jurisdictions	**(9,011)**	**(10.5)**	(13,347)	(16.1)
Tax effect of unused tax losses not recognised	**1,626**	**1.9**	462	0.6
Under-provision in respect of prior years	**112**	**0.1**	—	—
Utilisation of tax losses previously not recognised	**(403)**	**(0.4)**	—	—
Taxation charge/(credit) for the year	**12,921**	**15.1**	(19,770)	(23.8)

13. EARNINGS PER SHARE

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

	2011 HK$'000	2010 HK$'000
Earnings		
Earnings for the purpose of basic earnings per share	**147,709**	39,695
Effect of dilutive potential ordinary shares:		
Interest on convertible notes (net of tax)	**16,004**	—
Earnings for the purpose of diluted earnings per share	**163,713**	39,695

	2011 '000	2010 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**636,377**	636,377
Effect of dilutive potential ordinary shares:		
Share options	**5,619**	—
Convertible notes	**182,124**	—
Weighted average number ordinary shares for the purpose of diluted earnings per share	**824,120**	636,377

Diluted earnings per share for the year ended 31 March 2010 is the same as the basic earnings per share as the share options and convertible notes outstanding at the end of reporting period had an anti-dilutive effect on the basic earnings per share.

14. PROPERTY, PLANT AND EQUIPMENT

The Group

	Leasehold improvements HK$'000	Furniture fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST				
At 1 April 2009	2,113	1,690	761	4,564
Additions	—	378	—	378
Disposals	(786)	(188)	—	(974)
Exchange adjustments	—	—	4	4
At 31 March 2010 and 1 April 2010	1,327	1,880	765	3,972
Additions	99	124	—	223
Disposals	—	(36)	—	(36)
Exchange adjustments	—	13	33	46
At 31 March 2011	1,426	1,981	798	4,205
ACCUMULATED DEPRECIATION				
At 1 April 2009	1,008	660	169	1,837
Provided for the year	319	282	153	754
Eliminated on disposals	(474)	(143)	—	(617)
Exchange adjustments	—	—	1	1
At 31 March 2010 and 1 April 2010	853	799	323	1,975
Provided for the year	129	328	156	613
Eliminated on disposals	—	(24)	—	(24)
Exchange adjustments	—	6	18	24
At 31 March 2011	982	1,109	497	2,588
CARRYING VALUE				
At 31 March 2011	444	872	301	1,617
At 31 March 2010	474	1,081	442	1,997

15. INVESTMENT PROPERTIES

	The Group 2011 HK$'000	2010 HK$'000
FAIR VALUE:		
Completed investment properties, in Hong Kong	**1,236,000**	1,010,000
Investment properties under construction, in the PRC	**2,612,060**	2,494,848
	3,848,060	3,504,848

	The Group Completed investment properties, in Hong Kong HK$'000	Investment properties under construction, in the PRC HK$'000	Total HK$'000
FAIR VALUE:			
At 1 April 2009	900,000	—	900,000
Exchange adjustments	—	4,244	4,244
Construction costs incurred	—	125,686	125,686
Interest capitalised (note 9)	—	55,478	55,478
Reclassified from properties under development	—	2,466,462	2,466,462
Net gain/(loss) in fair value changes recognised in statement of comprehensive income	110,000	(157,022)	(47,022)
At 31 March 2010 and 1 April 2010	1,010,000	2,494,848	3,504,848
Exchange adjustments	—	41,439	41,439
Construction costs incurred	—	121,777	121,777
Interest capitalised (note 9)	—	60,011	60,011
Net gain/(loss) in fair value changes recognised in statement of comprehensive income	226,000	(106,015)	119,985
	1,236,000	2,612,060	3,848,060

(a) Valuation of investment properties

The completed investment properties, in Hong Kong and investment properties under construction in the PRC amounted of approximately HK$1,236,000,000 and 2,612,060,000 respectively of the Group were stated at fair value at 31 March 2011. The fair values were arrived at based on the valuation out at that date by an independent firm of qualified professional valuers, Savills Valuation and Professional Services Limited ("Savills"), who have among their staff members of the Hong Kong Institute of Surveyors with recent experience in the location and category of the properties being valued. The valuations conform to Valuation Standards on Properties (First Edition 2005) published by the Hong Kong Institute of Surveyors. The completed investment properties, in Hong Kong were using direct comparison approach. The investment properties under construction, in the PRC were valued using direct comparison approach by marking reference to comparable sale transactions as available in the relevant market.

15. INVESTMENT PROPERTIES (continued)

(b) The analysis of the carrying amount of investment properties is as follows:

	2011 HK$'000	2010 HK$'000
In Hong Kong		
— long-term leases	**1,236,000**	1,010,000
In the PRC		
— medium-term leases	**2,612,060**	2,494,848
	3,848,060	3,504,848

(c) Pledge of investment properties

Investment properties with a carrying amount in aggregate of HK$3,848,060,000 (2010: HK$3,504,848,000) are pledged to banks for Group's borrowings, details of which set out in note 21.

16. INTERESTS IN SUBSIDIARIES

	The Company 2011 HK$'000	 2010 HK$'000
Unlisted shares, at cost	—	—
Amounts due from subsidiaries	**744,960**	744,630
Less: Impairment loss	**(62,200)**	(62,200)
	682,760	682,430
Amounts due to subsidiaries	**122,780**	115,331

Details of the Company's subsidiaries as at 31 March 2011 are set out in note 38.

Amounts due from subsidiaries are unsecured, interest free and have no fixed repayment term. The amounts are not expected to be settled within the next twelve months and in substance represent the Company's investments in the subsidiaries.

The carrying amounts of interests in subsidiaries are reduced to the recoverable amounts which are determined by reference to the value in use.

Amounts due to subsidiaries are unsecured, interest free and have no fixed repayment term.

17. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade receivables	**2,942**	6,791	**—**	—
Less: Impairment loss on trade receivables	**—**	(2,196)	**—**	—
	2,942	4,595	**—**	—
Other receivables	**5,614**	23,305	**403**	517
	8,556	27,900	**403**	517

(i) The movements in impairment loss of trade receivables are as follows:

	The Group	
	2011	2010
	HK$'000	HK$'000
At 1 April	**2,196**	—
Impairment loss recognised in respect of trade receivables	**—**	2,196
Reversal of impairment loss on trade receivables	**(855)**	—
Bad debt written off	**(1,341)**	—
At 31 March	**—**	2,196

For the year ended 31 March 2010, the trade receivables of approximately HK$2,196,000 were individually determined to be impaired. The individually receivables in related to customers that were in financial difficulties and management assessed that only a portion of the receivables was expected to be recovered. The Group did not hold any collateral over these balances.

The Group maintains a defined credit policy to assess the credit quality of each counterparty. The collection is closely monitored to minimize any credit risk associated with these trade receivables. The trade receivables mainly consist of agency and consultancy fees receivable from customers and rental receivables. The agency and consultancy fees receivable are due for settlement upon the completion of the relevant agreements and payable in advance by tenants.

For the year ended 31 March 2011, other receivables of approximately HK$1,555,000 (2010: HK$ Nil) have been written off as the debtors were in financial difficulty and management assessed that the amount will not be recoverable.

17. TRADE AND OTHER RECEIVABLES (continued)

(ii) The ageing analysis of trade receivables are as follows:

	The Group	
	2011	2010
	HK$'000	HK$'000
Up to 30 days	**2,918**	3,903
31–60 days	**—**	261
61–90 days	**24**	248
More than 90 days	**—**	183
	2,942	4,595

(iii) The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired are as follows:

	The Group	
	2011	2010
	HK$'000	HK$'000
Neither past due nor impaired	**2,525**	3,380
Less than 1 month past due	**393**	522
1 to 3 months past due	**24**	510
More than 3 months past due	**—**	183
	417	1,215
	2,942	4,595

Trade receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Trade receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there have not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

18. ASSETS CLASSIFIED AS HELD FOR SALE

	The Group	
	2011	2010
	HK$'000	HK$'000
Investment property	**79,000**	—
Liabilities directly associated with assets classified as held for sale	**323**	—

The Group intends to dispose of leasehold land and buildings it no longer utilises in next 12 months.

19. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	The Group 2011 HK$'000	2010 HK$'000
Unlisted Bond	**74**	74

The bond bears interest at 0.25% per annum.

20. OTHER PAYABLES, RENTAL DEPOSITS RECEIVED AND ACCRUALS

	The Group		The Company	
	2011 HK$'000	2010 HK$'000	**2011 HK$'000**	2010 HK$'000
Construction costs payables	**14,691**	78,230	**—**	—
Rental deposits received	**11,287**	9,578	**—**	—
Accruals	**4,335**	5,584	**30**	230
	30,313	93,392	**30**	230
Advanced rental received	**1,967**	1,430	**—**	—
	32,280	94,822	**30**	230
Less: Other payables and rental deposit received — non-current portion	**(5,656)**	(73,778)	**—**	—
Other payables, rental deposits received and accruals associated with assets classified as held for sale	**(323)**	—	**—**	—
	26,301	21,044	**30**	230

21. BANK BORROWINGS — SECURED

	The Group 2011 HK$'000	2010 HK$'000
Bank loans	**1,256,158**	902,833
Less: Current portion	**(73,600)**	(2,800)
Non-current portion	**1,182,558**	900,033

The bank borrowings are repayable as follows:

	2011 HK$'000	2010 HK$'000
On demand or within one year	**73,600**	2,800
After one year but within two years	**4,400**	2,800
After two year but within five years	**126,102**	100,256
After five years	**1,052,056**	796,977
	1,182,558	900,033
	1,256,158	902,833

21. BANK BORROWINGS — SECURED (continued)

Bank borrowings with total principal amounts approximately HK$710,000,000 out of HK$1,256,158,000 (2010: HK$579,300,000) bear floating interest rate at HIBOR plus under banking facilities provided by several banks in Hong Kong. These bank borrowings are secured by the Group's investment properties in Hong Kong, rent assignments in respect the investment properties and corporate guarantees to the extent of approximately HK$713,500,000 (2010: HK$650,000,000) plus interest given by the Company.

The remaining bank borrowings approximately HK$546,158,000 bear floating interest at the People's Bank of China ("PBOC") over 5 years benchmark rate discounted by 5%, are secured by the Group's investment properties under construction.

22. CONVERTIBLE NOTES

	The Group and the Company	
	2011	2010
	HK$'000	HK$'000
Liability component at 1 April	**158,125**	158,095
Imputed interest (note 9)	**19,167**	18,102
	177,292	176,197
Repayment on maturity	**—**	(18,072)
Liability component at 31 March	**177,292**	158,125
Current portion	**(16,759)**	—
Non-current portion	**160,533**	158,125

(a) On 17 November 2008, the Company issued two batches of convertible notes in the principal amount of HK$17,860,000 each as part of the consideration for the acquisition of Uptodate Management Limited ("Uptodate"). The convertible notes bear interest at 1.68% per annum with the respective maturity dates on 1 August 2009 and 1 February 2012 or convertible into shares of the Company one month after maturing at the initial conversion price of HK$1.9 per share subject to adjustment to take into account of capital transactions with dilutive effect. There was no conversion during the year. Each batch of convertible notes could be converted to 9,400,000 shares of the Company at the conversion price of HK$1.9 per share. If there is no conversion, they will be repaid on the maturity date with the interest thereof. During the year ended 31 March 2010, principal amount of approximately HK$17,860,000 was fully repaid upon maturity on 1 August 2009.

The convertible notes were split between the liability and equity components of approximately HK$28,424,000 and HK$7,296,000 respectively upon initial recognition by recognising the liability component at fair value and attributing the residual amount as the equity component. The liability component is subsequently carried at amortised cost and the equity component is recognised in the convertible notes reserve. The respective effective interest rates of the liability component of the two convertible notes are 14.23% and 15.13% per annum.

22. CONVERTIBLE NOTES (continued)

(b) On 25 June 2007, the Company issued a convertible note in the principal amount of HK$129,105,609 as part of the consideration for the acquisition of Max Act Enterprises Limited ("Max Act"). The convertible note bears interest at 1.68% per annum with a maturity date of 5 years from the date of issuance and is repayable after 5 years from the date of issuance or convertible into shares of the Company at the initial conversion price of HK$0.98 per share subject to adjustment to take into account of capital transactions with dilutive effect. Subsequently, it was adjusted to HK$0.937 to take into account the dilutive effect of the share placement in November 2007. There was no conversion during the year. The whole amount of the convertible note could be converted to 137,786,135 shares of the Company at the conversion price of HK$0.937 per share. If there is no conversion, it will be repaid on the maturity date with the interest thereof.

The convertible note was split between the liability and equity components of approximately HK$81,318,000 and HK$47,787,000 respectively upon initial recognition by recognising the liability component at fair value and attributing the residual amount as the equity component. The liability component is subsequently carried at amortised cost and the equity component is recognised in the convertible notes reserve. The effective interest rate of the liability component is 11.47% per annum.

(c) On 14 November 2007, the Company issued a convertible note in the principal amount of HK$42,625,000 as part of the consideration for the acquisition of Seedtime International Limited ("Seedtime"). The convertible note bears interest at 1.68% per annum with a maturity date of 5 years from the date of issuance and is repayable after 5 years from the date of issuance or convertible into shares of the Company at the initial conversion price of HK$1.25 per share subject to adjustment to take into account of capital transactions with dilutive effect. Subsequently, it was adjusted to HK$1.22 as a result of taking into account the dilutive effect of the share placement in November 2007. There was no conversion during the year. The whole amount of the convertible note will be converted to 34,938,524 shares of the Company at the conversion price of HK$1.22 per share. If there is no conversion, it will be repaid on the maturity date with the interest thereof.

The convertible note was split between the liability and equity components of approximately HK$25,135,000 and HK$17,490,000 respectively upon initial recognition by recognising the liability component at fair value and attributing the residual amount as the equity component. The liability component is subsequently carried at amortised cost and the equity component is recognised in the convertible notes equity reserve. The effective interest rate of the liability component is 12.95% per annum.

23. DERIVATIVE FINANCIAL INSTRUMENTS

	The Group 2011 HK$'000	2010 HK$'000
Cash flow hedge — interest rate swaps	**12,784**	10,691

The Group entered into interest rate swaps agreements thereby to minimize the exposure to movements in interest rates fluctuation in relation to its floating rate bank loans by swapping from floating rates to fixed rates. The interest rate swaps are measured and recognised at fair value.

As at 31 March 2011 and 2010, major terms of the interest rate swaps are set out below:

Notional amount	Maturity	Swaps
HK$120,000,000	2013	From HIBOR to a fixed rate 3.12%
HK$120,000,000	2015	From HIBOR to a fixed rate 3.29%

The hedges of interest rate swaps are qualified as effective and a net loss (net of deferred tax) of approximately HK$10,674,000 (2010: HK$8,928,000) is included in the hedging reserve to as follows:

	The Group 2011 HK$'000	2010 HK$'000
Total fair value loss	**12,784**	10,691
Less: deferred tax on fair value loss	**(2,110)**	(1,763)
	10,674	8,928

The interest rate swaps agreements are secured by a corporate guarantee to the extent of HK$50,000,000 given by the Company.

24. DEFERRED TAX

	The Group 2011 HK$'000	2010 HK$'000
At 1 April	**477,067**	496,936
Arising from hedging (credited)/debited to equity	**(347)**	447
Credited to the consolidated statement of comprehensive income (note 12)	**12,347**	(20,316)
At 31 March	**489,067**	477,067

24. DEFERRED TAX (continued)

The components of deferred tax (assets)/liabilities recognised in the consolidated statement of financial position and the movements during the year were as follows:

	Deferred tax liabilities			Deferred tax assets		
	Depreciation allowances in excess of the related depreciation HK$'000	Revaluation of investment properties HK$'000	Revaluation of properties under construction HK$'000	Hedging instruments HK$'000	Tax losses HK$'000	Total HK$'000
THE GROUP						
At 1 April 2009	4,238	76,650	421,463	(2,210)	(3,205)	496,936
Reclassified to investment properties	—	421,463	(421,463)	—	—	—
(Credited)/charged to the consolidated statement of comprehensive income (note 12)	1,053	(21,106)	—	—	(263)	(20,316)
Debited to equity	—	—	—	447	—	447
At 31 March 2010 and 1 April 2010	5,291	477,007	—	(1,763)	(3,468)	477,067
Charged to the consolidated statement of comprehensive income (note 12)	1,380	10,786	—	—	181	12,347
Credited to equity	—	—	—	(347)	—	(347)
At 31 March 2011	6,671	487,793	—	(2,110)	(3,287)	489,067

As at 31 March 2011, the Group had unused tax losses of approximately HK$49,104,000 (2010: HK$35,478,000) available to offset against future profits. No deferred tax asset has been recognised in respect of the unused tax losses of approximately HK$29,183,000 (2010: HK$14,869,000) due to the unpredictability of future profit streams.

25. SHARE CAPITAL

	Number of shares		Amount	
	2011	2010	**2011**	2010
	Number '000	Number '000	**HK$'000**	HK$'000
Authorised:				
Ordinary shares of HK$0.10 each				
At 1 April and 31 March	**1,000,000**	1,000,000	**100,000**	100,000
Issued and full paid:				
Ordinary shares of HK$0.10 each				
At 1 April and 31 March	**636,377**	636,377	**63,638**	63,638

26. RESERVES

(a) Reserves of the Company

	Share premium HK$'000	Share-based payment reserve HK$'000	Convertible notes reserve HK$'000	Contributed surplus HK$'000	Accumulated losses HK$'000	Total HK$'000
The Company						
At 1 April 2009	442,935	3,905	72,573	39,258	(124,690)	433,981
Total comprehensive loss for the year	—	—	—	—	(91,560)	(91,560)
Recognition of share-based payments	—	4,420	—	—	—	4,420
Release upon maturity of convertible notes	—	—	(1,410)	—	1,410	—
	—	4,420	(1,410)	—	1,410	4,420
At 31 March 2010 and at 1 April 2010	442,935	8,325	71,163	39,258	(214,840)	346,841
Total comprehensive loss for the year	—	—	—	—	(33,432)	(33,432)
Recognition of share-based payments	—	7,237	—	—	—	7,237
At 31 March 2011	442,935	15,562	71,163	39,258	(248,272)	320,646

The contributed surplus of the Company represents the difference between the book value of the underlying net assets of the subsidiaries acquired by the Company under the group reorganisation in April 2000 and the nominal value of the Company's shares issued for the acquisition. In addition to retained profits, under the Companies Act 1981 of Bermuda (as amended), the contributed surplus is also available for distribution to shareholders. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus, if:

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

(ii) the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.

In the opinion of the directors, the Company had no distributable reserve at the end of the reporting period.

26. RESERVES (continued)

(b) Nature of reserves

Capital reserve

The capital reserve represents capital contribution from a related company, a shareholder, and a non-controlling shareholder in the form of interest free loans. The amounts are estimated by discounting the nominal value of their non-interest bearing loans to the Group at current market interest rate for similar financial instruments.

Special reserve

The special reserve represents the offsetting of the share premium of the subsidiary acquired against the excess of the nominal value of that subsidiary's shares and the nominal value of the shares issued by the Company in exchange thereof under the group reorganisation in April 2000.

Convertible notes reserve

The equity component of convertible notes represents the value of the unexercised equity component of convertible notes issued by the Company recognised in accordance with the accounting policy adopted for convertible notes set out in note 3(x)(b).

Share-based payment reserve

The share-based payment reserve represents the fair value of the actual or estimated number of unexercised share options granted to directors, employees and other eligible person of the Company recognised in accordance with the accounting policy adopted for share based payment set out in note 3(xiii)(c).

Exchange reserve

Exchange reserve represents foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 3(xiv).

Hedging reserve

The hedging reserve represents gains/losses arising on recognising hedging instruments at fair value in a qualifying cash flow hedge. The reserve is dealt with in accordance with accounting policy set out in note 3(x)(c).

27. CASH AND CASH EQUIVALENTS

For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash and bank balances. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

	The Group		The Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash and bank balances	**143,069**	80,972	**1,223**	1,218
Time deposits	**—**	44,018	**—**	—
	143,069	124,990	**1,223**	1,218

At the end of the reporting period, the Group's cash and bank balances denominated in Renminbi ("RMB") amounted to approximately HK$53,570,000 (2010: HK$49,438,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash and bank balances comprise cash held by the Group and bank balances that bear interest at prevailing market rates ranging from 0.01% to 1.21% (2010: 0.36% to 0.81%) per annum and have original maturity of three months or less.

28. COMMITMENTS

Capital commitments outstanding at the end of the reporting period not provided for in the consolidated financial statements were as follows:

	The Group	
	2011	2010
	HK$'000	HK$'000
Construction cost of investment properties, contracted for	**182,589**	201,575

29. OPERATING LEASE ARRANGEMENTS

The Group as lessee

	The Group 2011 HK$'000	2010 HK$'000
Minimum lease payments paid under operating leases for premises recognised in statement of comprehensive income for the year	**1,902**	1,577

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

	The Group 2011 HK$'000	2010 HK$'000
Within one year	**1,461**	624
In the second to fifth year inclusive	**988**	416
	2,449	1,040

Operating lease payments represent rentals payable by the Group for certain of its office premises and directors' quarters. Leases are negotiated for an average term of two years and rentals are fixed during the lease period.

The Group as lessor

At the end of the reporting period, the Group had contracted with the tenants for the following future minimum lease receivables:

	The Group 2011 HK$'000	2010 HK$'000
Within one year	**27,690**	26,873
In the second to fifth year inclusive	**12,312**	18,143
	40,002	45,016

The properties are expected to generate rental yields of 2.44% (2010: 2.66%) per annum on an ongoing basis. All the properties held have committed tenants for the next year.

30. SHARE-BASED PAYMENT TRANSACTIONS

A share option scheme, which will expire on 2 September 2013, was adopted by the Company at the extraordinary general meeting held on 3 September 2003. The primary purpose of the option scheme is to provide incentives or reward the employees and other persons who may have contribution to the Group, and/or to enable the Group to recruit and retain high caliber employees and attract human resources that are valuable to the Group.

Under the option scheme, the board of directors of the Company may offer to full time employees, including full time executive directors and non-executive directors, of the Company and/or its subsidiaries to subscribe for shares in the Company in accordance with the terms of the option scheme for the consideration of HK$1 for each lot of share options granted.

The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the option scheme and any other share option schemes of the Company shall not exceed 30% (or such higher percentage as may be allowed under the Listing Rules) of the total number of the Company's shares in issue from time to time. The number of shares in respect of which options may be granted to any employee in any 12-month period is not permitted to exceed 1% of the total number of the Company's shares in issue, subject to approval from shareholders of the Company. The Company may seek approval from shareholders of the Company in general meeting to refresh the 10% limit. The scheme mandate limit was refreshed and renewed by an ordinary resolution passed by the shareholders at the annual general meeting held on 29 August 2008 which enabled the grant of further share options to subscribe up to 53,154,235 shares representing 10% of the shares in issue as at the said date.

Options granted must be taken within 28 days of the date of grant or such longer or shorter period as the board of directors of the Company may think fit. An option may be exercised at any time, during a period determined and notified by the Board of Directors by each grantee, to the 10th anniversary of the date of grant. The exercise price is determined by the board of directors of the Company and will be at least the highest of the following:

(a) the closing price of shares at the date of grant of a share option;

(b) the average closing price of the shares for the five business days immediately preceding the date of grant; and

(c) the nominal value of a share.

30. SHARE-BASED PAYMENT TRANSACTIONS (continued)

Movements in the share options granted to the former directors, directors, employees of the Company and other eligible participants during the year were as follows:

	Date of grant	Exercise price HK$	Number of share options outstanding at 1 April '000	Granted during the year '000	Exercised during the year '000	Lapsed/ cancelled during the year '000	Reclassifi-cation during the year '000	Number of share options outstanding at 31 March '000
2011								
Directors	28 October 2005	**0.676**	**5,000**	**—**	**—**	**—**	**—**	**5,000**
	2 April 2007	**0.686**	**6,000**	**—**	**—**	**—**	**—**	**6,000**
	31 August 2007	**1.156**	**1,000**	**—**	**—**	**—**	**—**	**1,000**
	24 March 2010	**0.450**	**12,600**	**—**	**—**	**—**	**—**	**12,600**
	13 April 2010	**0.480**	**—**	**4,770**	**—**	**—**	**—**	**4,770**
	30 March 2011	**0.560**	**—**	**12,600**	**—**	**—**	**—**	**12,600**
			24,600	**17,370**	**—**	**—**	**—**	**41,970**
Eligible persons	28 October 2005	**0.676**	**640**	**—**	**—**	**—**	**—**	**640**
	2 April 2007	**0.686**	**2,000**	**—**	**—**	**—**	**—**	**2,000**
	31 August 2007	**1.156**	**1,000**	**—**	**—**	**—**	**—**	**1,000**
	24 March 2010	**0.450**	**6,300**	**—**	**—**	**—**	**—**	**6,300**
	30 March 2011	**0.560**	**—**	**6,300**	**—**	**—**	**—**	**6,300**
			9,940	**6,300**	**—**	**—**	**—**	**16,240**
Employee	2 April 2007	**0.686**	**500**	**—**	**—**	**—**	**—**	**500**
			35,040	**23,670**	**—**	**—**	**—**	**58,710**

	Date of grant	Exercise price HK$	Number of share options outstanding at 1 April '000	Granted during the year '000	Exercised during the year '000	Lapsed/ cancelled during the year '000	Reclassifi-cation during the year '000	Number of share options outstanding at 31 March '000
2010								
Directors	28 October 2005	0.676	5,000	—	—	—	—	5,000
	2 April 2007	0.686	6,000	—	—	—	—	6,000
	31 August 2007	1.156	2,000	—	—	—	(1,000)	1,000
	24 March 2010	0.450	—	12,600	—	—	—	12,600
			13,000	12,600	—	—	(1,000)	24,600
Eligible persons	28 October 2005	0.676	640	—	—	—	—	640
	2 April 2007	0.686	2,000	—	—	—	—	2,000
	31 August 2007	1.156	—	—	—	—	1,000	1,000
	24 March 2010	0.450	—	6,300	—	—	—	6,300
			2,640	6,300	—	—	1,000	9,940
Employee	2 April 2007	0.686	500	—	—	—	—	500
			16,140	18,900	—	—	—	35,040

30. SHARE-BASED PAYMENT TRANSACTIONS (continued)

Details of specific categories of options are as follows:

Date of grant	Vesting period	Exercise period	Exercise price
28 October 2005	Vested upon granted	28 October 2005 to 27 October 2015	HK$0.676
2 April 2007	Vested upon granted	2 April 2007 to 1 April 2017	HK$0.686
31 August 2007	Vested upon granted	31 August 2007 to 30 August 2017	HK$1.156
24 March 2010	Vested upon granted	24 March 2010 to 23 March 2020	HK$0.450
13 April 2010	Vested upon granted	13 April 2010 to 12 April 2020	HK$0.480
30 March 2011	Vested upon granted	30 March 2011 to 29 March 2021	HK$0.560

During the year ended 31 March 2011, 23,670,000 (2010: 18,900,000) share options were granted. The options outstanding at the end of the year have a weighted average remaining contractual life of 10 years (2010: 11 years).

These fair values were calculated using the Black-Scholes option pricing model. The inputs into the model were as follows:

	2011	2010
Weighted average share price	**HK$0.48–HK$0.56**	HK$0.539
Weighted average exercise price	**HK$0.48–HK$0.56**	HK$0.45
Expected volatility	**51.93%–81.36%**	51.97%
Expected life	**10 years**	10 years
Risk free rate	**2.74%–2.83%**	2.68%
Expected dividend yield	**0%–3.41%**	3.42%

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 2 years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non transferability, exercise restrictions and behavioural consideration. Expected dividends are based on historical dividends.

The Group recognised total expenses of approximately HK$7,237,000 (2010: HK$4,420,000) related to equity-settled share-based payment transactions during the year.

31. RETIREMENT BENEFITS SCHEME

The Group operates a Mandatory Provident Fund Scheme ("MPF") 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 HK$1,000 or 5% of the relevant payroll costs, whichever is lower for each employee, to the scheme, which contribution is matched by employees.

The employees of the Group's PRC subsidiary are members of a state-managed retirement benefits scheme operated by the PRC government. The Group is required to contribute a certain percentage of its payroll to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the required contributions under the scheme.

The Group's contribution to retirement benefits schemes for the year ended 31 March 2011 amounted to approximately HK$398,000 (2010: HK$333,000).

32. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, the Group has the following material related party transactions:

(a) Amount due from a non-controlling shareholder, Premium Assets Development Limited, is interest free and not repayable within the next twelve months. The amount was stated at fair value as at the end of the reporting period which is estimated by discounting the nominal value of the loan at current market interest rate of similar financial instruments. The imputed interest on the loan for the year amounted to approximately HK$2,117,000 (2010: HK$1,899,000).

(b) Mr. Chan Kwok Hung is a director of a non wholly-owned subsidiary. The amount is unsecured, interest free and has no fixed repayment term.

(c) Loans from related parties consist of the following:

	Notes	**2011** **HK$'000**	2010 HK$'000
北京栢宇興業房地產開發有限公司 (Beijing Grand-Pac Ventures Limited) ("BGPV")	(ii)	**47,625**	41,923

(i) During the year ended 31 March 2010, the controlling shareholder, Mr. Ng Chun For, Henry has a controlling interest in Asia Century. Asia Century provided three loans for financing of the investment properties under construction which carried fixed interest with principal amount rates at 6% and 8.75% per annum respectively and both are unsecured. Interest on the loans for the year amounted to approximately HK$2,915,000. All the loans were fully settled and discharged during the year ended 31 March 2010.

(ii) BGPV is a company incorporated in the PRC, in which a director of a non wholly-owned subsidiary has equity interest. The amount due is unsecured, interest free and is not repayable before 14 November 2015. The amount was stated at fair value as of the end of the reporting period which is estimated by discounting the nominal value of the loan of approximately RMB60,186,000 at current market interest rate of similar financial instruments over the repayment period. Imputed interest on the nominal value of the loan for the year amounted to approximately HK$3,846,000 (2010: HK$3,451,000) and was charged to the statement of comprehensive income.

32. RELATED PARTY TRANSACTIONS (continued)

(d) Amounts due to non-controlling shareholders comprise the following:

	Notes	**2011 HK$'000**	2010 HK$'000
Uni-Land Property Group Limited	(i)	**851**	1,237
Best Task Limited	(ii)	**533,746**	512,208
		534,597	513,445

(i) The amount is unsecured, interest free and repayable on 31 October 2012. The amount was stated at fair value as of the end of reporting period which is estimated by discounting the nominal value of the loan at current market interest rate of similar financial instruments. For the year ended 31 March 2010, the imputed interest on the amount due to it for the year amounted to approximately HK$81,000.

(ii) The amount includes a pro rata shareholder's loan of approximately HK$239,317,000 (2010: HK$239,317,000), which carries fixed interest at 9% per annum and interest payable thereon of approximately HK$65,715,000 (2010: HK$44,177,000). The loan and interest payable are unsecured and are not expected to be repayable within the next twelve months. The interest on the loan for the year amounted to approximately HK$21,538,000 (2010: HK$23,801,000). The remaining balance of approximately HK$228,714,000 (2010: HK$228,714,000) is unsecured, interest free and in substance represents pro rata quasi equity investment in the subsidiary from the non-controlling shareholder of a non-wholly owned subsidiary.

(e) Loans from shareholders represent the followings:

	2011 HK$'000	2010 HK$'000
Mr. Ng Chun For, Henry	**174,011**	203,998
Mr. Ng Ian	**8,945**	8,316
Mr. Ng Eric	**8,945**	8,316
Mr. Chan Kwai Ping, Albert	**545**	545
	192,446	221,175

The loans from shareholders are unsecured, bearing fixed interest rate at 9% per annum and are not repayable within the next twelve months. Interest on these loans for the year amounted to approximately HK$15,071,000 (2010:HK$16,591,000) was charged to the statement of comprehensive income.

(f) During the year ended 31 March 2010, Grand Fly Enterprises Limited, an indirect non-wholly owned subsidiary, paid consultancy fees in aggregate of HK$1,500,000 to Noble Sino Profits Limited, a company controlled by Mr. Chung Toi Chiu, Steven, being a connected person by virture of director of certain subsidies and a controlling shareholder of a non-controlling shareholder.

(g) Key management personnel remuneration represents amounts paid to the Company's directors and the highest paid employees as disclosed in note 10.

33. CONTINGENT LIABILITIES

As at the end of the reporting period, the Company had given corporate guarantees to the extent of approximately HK$763,500,000 (2010: HK$700,000,000) in favor of several banks for credit facilities granted to its certain subsidiaries.

34. EVENT AFTER THE REPORTING PERIOD

On 18 April 2011, the Company has granted 6,780,000 share options (the "Options") under the share option scheme of the Company adopted on 3 September 2003. Among the 6,780,000 Options granted, 3,280,000 Options were granted to an executive Director, Mr. Lee Kwan Yee, Herrick. Each Option entitles the holder to subscribe for one ordinary share of HK$0.1 each in the capital of the Company.

35. CAPITAL RISK MANAGEMENT

The Group's objective of managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The capital structure of the Group consists of debts which includes the bank borrowings, convertible notes, amount due to a related party, loans from related parties, amounts due to non-controlling shareholders, loans from shareholders, cash and bank balances and equity attributable to owners of the Company.

The Group's risk management actively and regularly reviews the capital structure. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

The gearing ratio, expressed as total liabilities over total assets, at the year end was as follows:

	2011 **HK$'000**	2010 HK$'000
Total asset	**4,110,867**	3,688,017
Total liabilities	**2,748,452**	2,425,726
Gearing ratio	**66.9%**	65.8%

36. FINANCIAL RISK MANAGEMENT

The main risks arising from the Group's financial instruments in the normal course of the Group's business are credit risk, liquidity risk, interest rate risk and currency risk. These risks are limited by the Group's financial management policies and practices described below. Generally, the Group introduces conservative strategies on its risk management.

(i) Credit risk

The Group's credit risk is primarily attributable to its trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customers as well as pertaining to the economic environment in which the customers operate. Ongoing credit evaluation is performed on the financial condition of trade customers.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. Further quantitative disclosure of the Group's exposure to credit risk arising from trade and other receivables are set out in note 17.

36. FINANCIAL RISK MANAGEMENT (continued)

(i) Credit risk (continued)

The credit risk for cash and bank balances exposed is considered minimal as such amounts are placed with good credit ratings.

Other than concentration of credit risk on liquid fund which are deposited with several banks with high credit ratings, amount due to a non-controlling shareholder and save as disclose elsewhere in the consolidated financial statements, the Group does not have any other significant concentration of credit risk.

(ii) Liquidity risk

The Group and the Company will consistently maintain a prudent financial policy and ensure that it maintains sufficient cash to meet its liquidity requirements.

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority.

The following table details the remaining contractual maturities at the end of reporting period of the Group's and the Company's non-derivative financial liabilities and derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates, or if floating, based on rates current at the end of reporting period) and the earliest date the Group and the Company can be required to pay.

The Group	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000
Non-derivative financial liabilities						
2011						
Bank borrowings	**1,256,158**	**1,563,424**	**117,453**	**49,208**	**307,499**	**1,089,264**
Convertible notes	**177,292**	**189,591**	**17,860**	**171,731**	**—**	**—**
Other payables, rental deposits received and accruals	**32,280**	**32,280**	**26,624**	**5,656**	**—**	**—**
Amount due to a related party	**342**	**342**	**342**	**—**	**—**	**—**
Loans from related parties	**47,625**	**71,459**	**—**	**—**	**71,459**	**—**
Amounts due to non-controlling shareholders	**534,597**	**566,941**	**—**	**566,941**	**—**	**—**
Loans from shareholders	**192,446**	**218,352**	**—**	**218,352**	**—**	**—**
	2,240,740	**2,642,389**	**162,279**	**1,011,888**	**378,958**	**1,089,264**
2010						
Bank borrowings	902,833	1,070,510	26,475	26,439	165,316	852,280
Convertible notes	158,125	189,591	—	14,557	175,034	—
Other payables, rental deposits received and accruals	94,822	94,822	21,044	73,778	—	—
Amount due to a related party	342	342	342	—	—	—
Loans from related parties	41,923	68,564	—	—	—	68,564
Amounts due to non-controlling shareholders	513,445	551,717	—	550,480	1,237	—
Loans from shareholders	221,175	250,961	—	250,961	—	—
	1,932,665	2,226,507	47,861	916,215	341,587	920,844

36. FINANCIAL RISK MANAGEMENT (continued)

(ii) Liquidity risk (continued)

The Group	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000
Derivative — net settlement						
2011						
Interest rate swaps	**12,784**	**12,784**	**—**	**—**	**12,784**	**—**
2010						
Interest rate swaps	10,691	10,691	—	—	10,691	—

The Company	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000
2011						
Convertible notes	**177,292**	**189,591**	**17,860**	**171,731**	**—**	**—**
Other payables	**30**	**30**	**30**	**—**	**—**	**—**
Amounts due to subsidiaries	**122,780**	**122,780**	**122,780**	**—**	**—**	**—**
	300,102	**312,401**	**140,670**	**171,731**	**—**	**—**
2010						
Convertible notes	158,125	189,591	—	14,557	175,034	—
Other payables	230	230	230	—	—	—
Amounts due to subsidiaries	115,331	115,331	115,331	—	—	—
	273,686	305,152	115,561	14,557	175,034	—

(iii) Interest rate risk

The Group's interest rate risk arises primarily from bank borrowings which are at floating rates which expose the Group to cash flow interest rate risk. The Group manages its cash flow risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Under the interest rate swaps, the Group agrees with counterparties to exchange, at specific intervals (primarily quarterly), the difference between fixed contract rates and floating rates interest amounts calculated by reference to the agreed notional amounts.

36. FINANCIAL RISK MANAGEMENT (continued)

(iii) Interest rate risk (continued)

The following table details the interest rate profile of the Group's net borrowings at the end of reporting period:

	The Group				The Company			
	2011		2010		2011		2010	
	Effective interest rate	HK$'000	Effective interest rate	HK$'000	Effective interest rate	HK$'000	Effective interest rate	HK$'000
Fixed rate borrowings								
Convertible notes	12.13%	177,292	12.34%	158,125	12.13%	177,292	12.34%	158,125
Amounts due to non-controlling shareholders	9.00%	239,316	9.00%	239,317	—	—	—	—
Loans from shareholders	9.00%	191,901	9.00%	221,175	—	—	—	—
		608,509		618,617		177,292		158,125
Net variable rate borrowings								
Bank borrowings	(Note)	1,256,158	(Note)	902,833	—	—	—	—
Bank balances	1.21%	(143,069)	0.07%	(124,990)	0.01%	(1,223)	0.18%	(1,218)
		1,113,089		777,843		(1,223)		(1,218)
Fixed rate borrowings as a percentage of total net borrowings	35%		44%		101%		101%	

Note: Details of the Group's bank borrowings are set out in note 21 to the consolidated financial statements.

At 31 March 2011, it was estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's profit after taxation by approximately HK$11,131,000 (2010: decrease/increase profit by approximately HK$7,778,000). Accumulated losses will increase/decrease by the same amount.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of reporting period and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The 100 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting date. The analysis is performed on the same basis for 2010.

(iv) Foreign exchange risk

Currency risk to the Group is minimal as most of the Group's transactions are carried out in the respective functional currencies of the Group entities. In particular, all the Group's borrowings are denominated in the functional currency of the entity taking out the loan. As such, management does not expect there will be any significant currency risk associated with the Group's borrowings.

36. FINANCIAL RISK MANAGEMENT (continued)

(v) Fair values

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

i) the fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis; and

ii) the fair value of interest rate swaps is determined based on discounted cash flow analysis using the applicable yield curve for the duration of the instruments.

The carrying amount of other financial assets and financial liabilities carried at amortised cost, approximate their respective fair values due to the relatively short-term nature of these financial instruments.

Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable as at 31 March 2011 and 2010.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liability that are not based on observable market data (unobservable inputs).

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Financial liabilities				
2011				
Derivative financial instruments				
— interest rate swap	**—**	**12,784**	**—**	**12,784**
2010				
Derivative financial instruments				
— interest rate swap	—	10,691	—	10,691

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

37. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The carrying amounts of the Group's financial assets and financial liabilities as recognised at 31 March 2011 and 2010 are categorised as follows:

	The Group	
	2011	2010
	HK$'000	HK$'000
Financial assets		
Loan and receivables (including cash and bank balances)	**176,719**	175,867
Available-for-sale financial assets	**74**	74
Financial liabilities		
Financial liabilities measured at amortised cost	**2,240,740**	1,932,665
Financial liabilities measured at fair value	**12,784**	10,691

38. SUBSIDIARIES

Details of the Company's principal subsidiaries at 31 March 2011 were as follows:

Name of subsidiaries	Place of incorporation/ establishment/ operations	Issued and paid-up share capital/ registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Henry Group Assets Management Limited	The British Virgin Islands/Hong Kong	Ordinary US$1	100%	—	Investment holding
New Treasure Group Limited	The British Virgin Islands/Hong Kong	Ordinary US$1	100%	—	Investment holding
Henry Group Holdings Limited	The British Virgin Islands/Hong Kong	Ordinary US$1	—	100%	Investment holding
Gold Matrix Holdings Limited	The British Virgin Islands/Hong Kong	Ordinary US$1	100%	—	Investment holding
Henry Group Property Management Limited	Hong Kong	Ordinary HK$1	—	100%	Securities investment
Henry Group Management Limited	Hong Kong	Ordinary HK$1	100%	—	Provision of administration service to group companies

38. SUBSIDIARIES (continued)

Name of subsidiaries	Place of incorporation/ establishment/ operations	Issued and paid-up share capital/ registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Uni-Land Property Consultants Limited	Hong Kong	Ordinary HK$100	—	55%	Provision of property agency and consultancy services
Rose City Group Limited	The British Virgin Islands/Hong Kong	Ordinary US$1	—	100%	Investment holding
Max Act Enterprises Limited	The British Virgin Islands/Hong Kong	Ordinary US$1	—	100%	Investment holding
Sharp Wonder Investments Limited	The British Virgin Islands/Hong Kong	Ordinary US$1	—	100%	Investment holding
Top Bright Properties Limited ("Top Bright")	Hong Kong	Ordinary HK$9,999 Deferred share HK$1	—	100% (note)	Property investment
Wingplace Investments Limited	The British Virgin Islands/Hong Kong	Ordinary US$1	—	100%	Investment holding
Smart Land Properties Limited	Hong Kong	Ordinary HK$1	—	100%	Property investment
Seedtime International Limited	The British Virgin Islands/Hong Kong	Ordinary US$1	—	100%	Investment holding
Land Base Limited	Hong Kong	Ordinary HK$2	—	100%	Property investment
Maxwing Investments Limited	The British Virgin Islands/Hong Kong	Ordinary US$1	—	100%	Investment holding
Winning Pride Limited	The British Virgin Islands/Hong Kong	Ordinary US$1	—	100%	Investment holding
Honeyguide Investments Limited	The British Virgin Islands/Hong Kong	Ordinary US$100	—	100%	Investment holding
Uptodate Management Limited	The British Virgin Islands/Hong Kong	Ordinary US$100	—	100%	Investment holding

38. SUBSIDIARIES (continued)

Name of subsidiaries	Place of incorporation/ establishment/ operations	Issued and paid-up share capital/ registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
High Pitch Investments Limited	The British Virgin Islands/Hong Kong	Ordinary US$10,000	—	54.55%	Investment holding
High Fly Investments Limited	The British Virgin Islands/Hong Kong	Ordinary US$1	—	100%	Investment holding
High Luck International Limited	The British Virgin Islands/Hong Kong	Ordinary US$10,000	—	61.11%	Investment holding
Grandyear Estate Limited	Hong Kong	Ordinary HK$100,000	—	100%	Investment holding
Shanghai Tian Shun Economy Development Company Limited	The PRC	Ordinary US$74,400,000	—	90%	Property investment
Grand Fly Enterprises Limited	The British Virgin Islands/Hong Kong	Ordinary US$1	—	100%	Provision of administration service

Note: One non-voting deferred share of Top Bright is held by an outside party. Pursuant to the Article of Association of Top Bright, on a winding up, the holder of the deferred share shall be entitled out of the surplus assets of Top Bright to a return of the capital paid up on the one non-voting share but only after a holder of ordinary share has received in full the return of capital paid on them and, in aggregate, a total sum of HK$100,000,000,000,000.

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

FIVE-YEAR FINANCIAL SUMMARY

For the year ended 31 March 2011

	Year ended 31 March				
	2007 HK$'000 (Restated)	2008 HK$'000	2009 HK$'000	2010 HK$'000	**2011 HK$'000**
CONTINUING OPERATIONS					
Turnover	6,318	23,592	25,886	34,023	**33,461**
Other income and gains	626	834	2,272	2,267	**4,683**
Net gain/(loss) in fair value of investment properties	—	38,900	(94,790)	(47,022)	**119,985**
Impairment loss of properties under development	—	—	(18,478)	—	**—**
Goodwill written off	(3,883)	(18,634)	—	—	**—**
Staff costs	(8,891)	(13,857)	(11,139)	(17,650)	**(18,610)**
Depreciation for property, plant and equipment	(93)	(284)	(666)	(754)	**(613)**
Other operating expenses	(6,105)	(6,172)	(15,699)	(19,473)	**(15,613)**
Profit/(loss) from operations	(12,028)	24,379	(112,614)	(48,609)	**123,293**
Finance costs	(60)	(18,079)	(31,680)	(37,845)	**(37,622)**
Gain on disposal of jointly-controlled entities	—	—	—	15,592	**—**
Share or losses on jointly-controlled entities	—	—	(14,641)	(12,115)	**—**
Profit/(loss) before taxation	(12,088)	6,300	(158,935)	(82,977)	**85,671**
Taxation	—	(3,632)	21,335	19,770	**(12,921)**
Profit/(loss) for the year from continuing operations	(12,088)	2,668	(137,600)	(63,207)	**72,750**
DISCOUNTED OPERATIONS					
Profit/(loss) for the year from discounted operations	(7,179)	6,688	—	—	**—**
Profit/(loss) for the year	(19,267)	9,356	(137,600)	(63,207)	**72,750**
Profit/(loss) for the year attributable to:					
Owners of the Company	(19,267)	9,356	(118,469)	39,695	**147,709**
Non-controlling interests	—	—	(19,131)	(102,902)	**(74,959)**
	(19,267)	9,356	(137,600)	(63,207)	**72,750**
Dividend	—	—	—	—	**—**

FIVE-YEAR FINANCIAL SUMMARY

For the year ended 31 March 2011

	Year ended 31 March				
	2007 HK$'000	2008 HK$'000	2009 HK$'000	2010 HK$'000	**2011 HK$'000**
Earnings/(loss) per share					
FROM CONTINUING AND DISCOUNTED OPERATIONS					
— Basic (in HK cents)	(8.57)	2.53	(21.08)	6.24	**23.21**
— Diluted (in HK cents)	(8.57)	2.47	(21.08)	6.24	**19.87**
FROM CONTINUING OPERATIONS					
— Basic (in HK cents)	(5.38)	0.72	(21.08)	6.24	**23.21**
— Diluted (in HK cents)	(5.38)	0.71	(21.08)	6.24	**19.87**
ASSETS AND LIABILITIES					
Total assets	12,570	1,109,976	3,643,816	3,688,017	**4,110,867**
Total liabilities	16,389	630,734	2,327,647	2,425,726	**2,748,452**
	(3,819)	479,242	1,316,169	1,262,291	**1,362,415**

SCHEDULE OF PROPERTIES HELD BY THE GROUP

As at 31 March 2011

MAJOR PROPERTIES

Particulars of major properties held by the Group at 31 March 2011 were as follows:

Completed investment properties

Location	Use	Group's interest	Approximate gross area
Jardine Center No. 50 Jardine's Bazaar, Causeway Bay, Hong Kong	Commercial	100%	52,800 (sq. ft.)
L'hart No 487–489 Lockhart Road, Causeway Bay, Hong Kong	Commercial	100%	32,600 (sq. ft.)

Investment properties under construction

Location	Use	Group's interest	Approximate site area
No. 68 Yuyuan Road, Jingan District, Shanghai, the PRC	Commercial	30%	11,400 (sq. m.)

Assets classified as held for sale

Location	Use	Group's interest	Approximate gross area
Ground Floor and Cockloft Floor, No. 38 Jardine's Bazaar, Hong Kong	Commercial	100%	1,400 (sq. ft.)