大凌集團有限公司
STYLAND HOLDINGS LIMITED
(股份代號 Stock Code: 0211)

# REACHING New Horizons

久經歷練 同迎新天

## 2010/2011 ANNUAL REPORT 年報

REACHING

# New Horizons

*by Leveraging Our* Wealth of Experience

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# Reaching New Horizons

Reaching New Horizons is our theme for this year's annual report. It signifies the new achievements that the Styland Group has attained in its core businesses. Reaching New Horizons also represents the bright future that is in the horizon for the Group as we continue to capture new growth opportunities in our financial services core business sector and other key business segments.

Styland has grown from a small trading company into the multi-facet business conglomerate it is today that has a strong focus on financial services. Through this growth process, we have reached new horizons — a new era in our operating history in which we capitalize on our 30 plus years of solid business expertise and extensive industry know-how to expand into new, promising businesses that generate steady growth for the Group.

Today, our financial services sector has become an important growth engine for the Group. With Ever-Long's strong reputation as a trusted financial service provider, well-diversified portfolio of financial products and services, new financial product offerings such as the renminbi-denominated stock, and proven track record of success in the financial services market, we are poised to reach new horizons.

We will continue to reach for new horizons in all areas of our business by tapping into high growth markets and capturing winning opportunities to generate value and long-term growth for the Group and its stakeholders.

The image of the Chinese antique on the cover represents the rich history behind the Group and the solid foundations that our Founder and Management have built. The image of the globe represents the future of Styland. That is, Styland extending its footprint beyond the Hong Kong SAR and into Mainland China and other key world markets.

# Corporate Profile

## STYLAND GROUP

Styland Group was established in 1977 by its Founder Mr. Cheung Chi Shing as a small trading firm. During its early days of operation, the Group focused primarily on importing and exporting clothing and electronic consumer products to destinations around the globe. Today, Styland has flourished into a well-diversified business, and engages in its principal businesses of brokerage, financing, general trading, securities trading as well as property redevelopment and investment.

One of our strategies is to embark on high growth businesses that provide the Group stable and new sources of income. Our securities broking and corporate finance sectors, represented by Ever-Long Securities Company Limited, having experienced rapid growth in the past years, have boosted the Group's earnings. This is a testament of the Group's ability to successfully penetrate markets that yield attractive returns.

To diversify its sources of income, the Group extended its scope of business to include the provision of mortgage loan financing during the year under review. We believe this segment will contribute satisfactory revenue to the Group in the future.

In view of the strong fundamentals of the Hong Kong property market, the Group had invested in some of Hong Kong's premier commercial and residential real estate over the past years. Our focus is on luxury and other strategic properties that provide us a good return on our investment. Currently, the Group holds a premium property located at the high grade lot section of Fei Ngo Shan Road, Hong Kong.

We believe in giving to our communities and helping the needy. Our Founder Mr. Cheung has carried out important initiatives in this regard. We are committed to follow his footsteps by continuing to take an active role in community fundraising campaigns by supporting charities, and by giving our time, effort and donations to help worthwhile causes.

# REACHING New Horizons *by Capitalizing On Our* Rich Resources

In FY2011, the Group's total turnover increased by 18% as compared to that in FY2010.

Looking ahead into FY2012, we see bright prospects in the horizon for our financial services core business.

# Chairman's Statement

The Group's net profit for the year was kept at the desired level. This positive result is testimony to the Group's successful operations.

## STRIVING TO CREATE VALUE FOR OUR STAKEHOLDERS WITH OUR 3 DECADES OF BUSINESS EXPERTISE

I am pleased to announce that the Group has registered an audited turnover of HK$327,201,000 and a net profit of HK$64,469,000 for the financial year ended 31 March 2011 ("FY2011"), which was close to its record high of HK$65,660,000 in the financial year ended 31 March 2010 ("FY2010").

In developing its financial services business, the Group has always adopted a prudent approach and strictly complied with the Securities and Futures Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Due to the increase in fund raising activities in the market and the growth in the number of clients, a steady business income was recorded in FY2011 in which all clients' orders were executed smoothly and the related settlements of funds and share certificates were completed without delay, thus zero complaints were received from clients.

Having benefited from the ample liquidity in the financial market and the positive overall investment sentiment, the Group's listed securities trading business recorded a promising performance. The Group began to develop its mortgage loan business from 2011 onwards to take advantage of it's sufficient cash level. It is expected that this line of business will become one of the important sources of revenue for the Group in the future.

The Hong Kong property market remained buoyant in the past year. Property prices have risen sharply. The Group has been considering to redevelop the project at Fei Ngo Shan, a high quality property which covers a land area of about 17,000 square feet and involves a substantial value. The project is expected to bring substantial cash flow and considerable revenues to the Group. In the future, the Company may identify investment projects for further development or investment.

The Group is committed to strengthening its internal controls. The Company's senior management staff were provided training to improve the overall management philosophy, thereby promoting a more standardized, and more efficient mode of operation for the Company. The corporate governance of the Company was thus further improved. The Group's continued efforts in improving its corporate governance had reaped remarkable results. These results were well recognized by our shareholders.

In line with our strategic approach to act responsibly for our investors, we have continued to improve the timely and accurate disclosure of information. The Company has set up an investor relations hotline and fax number to deal with incoming comments and suggestions from public investors. The Company has also achieved a higher degree of corporate transparency. We have been communicating with the public from an objective perspective, with a view to further optimize the corporate governance of the Company.

Due to the Company's efforts over the past seven years, it has reached a consensus with the Stock Exchange, and expects that the trading of the shares of the Company will soon be resumed. It is my great pleasure to see that the Company has managed to reward its shareholders for their loyalty and continued support to the Company by extending unwavering efforts over the past seven years. I would like to express my heartfelt appreciation to all of the Group's Directors and staff for their efforts in seeking for the resumption of the trading of the shares of the Company; I would also like to thank our shareholders and business partners for their trust in us and support to the Group.

To help reduce the discrepancy between the Company and the Stock Exchange over the resumption of trading, Ms. Yeung Han Yi Yvonne and Ms. Chan Chi Mei Miranda have voluntarily retired from their Executive Director positions and other positions of the Group. Mr. Ng Yiu Chuen and Ms. Ho Mei Sheung were appointed Executive Director with effect from 5 December 2010. I would also like to take this opportunity to express my gratitude to Ms. Yeung and Ms. Chan, the Founders of the Group, for their strong dedication over the past three decades. Both of our Founders helped the Group transform from a small trading company that it was in the 1970s into the financial services focused conglomerate it is today. They implemented prudent investment strategies in recent years which were instrumental in generating reasonable returns for the Company's investment development. Their efforts were reflected in the Company's annual turnover and profit. Ms. Yeung and Ms. Chan made valuable contributions to the Group, and were indeed good role models for the employees.

Over the past year, the Group synergized the development of each of its business divisions. The business platform was consolidated and expanded. Accordingly, the Group's net profit for the year was kept at a desired level. This result is testimony to the Group's successful operations.

Finally, I would like to thank our shareholders, business partners and counterparties from various sectors for their support to the Group. Once again, I wish to convey my sincere gratitude to our Board members for their ingenious contributions and thank all departmental staff for their loyalty and diligence. With their enthusiasm, dedication and unrelenting pursuit of excellence, Styland is poised to create sustainable growth and make record breaking achievements by building on an operating history of three decades.

**Zhao Qingji**
*Non-Executive Chairman and Independent Non-Executive Director*

Hong Kong, 30 June 2011


# REACHING New Horizons *by Adopting* Winning Strategies


As at 31 March 2011, the Group had cash at bank and in hand totalling approximately HK$100,043,000 and a net assets value of approximately HK$270,350,000.

# Management Discussion and Analysis

## BUSINESS REVIEW AND PROSPECTS

### Results

In FY2011, the Group's total turnover was approximately HK$327,201,000, representing an increase of 18% compared to approximately HK$277,147,000 in financial year 2010 ("FY2010"). The Group's consolidated profits for FY2011 was HK$64,469,000 which was the second best consolidated profits result as compared to its record high of approximately HK$65,660,000 in FY2010.

### Review of Operations

***Brokerage Business:***

- **Securities Broking**

  In FY2011, Hong Kong continued to show strong momentum in its economic development and financial market. However, the debt crisis in the European and US markets created a risk-adverse atmosphere in the market which made investors more cautious about investing in the stock market. As a result, the Group's total dollar value of share transactions for FY2011 was lower than that of the same corresponding period in FY2010.

長 雄 證 券 有 限 公 司
EVER-LONG SECURITIES CO. LTD.

  In FY2011, the Group managed a total transactions value of approximately HK$9.0 billion which involved 47,728 transactions for its securities brokerage business. To enlarge its client base and strategically position the Ever-Long brand as a reputable brokerage firm, the Group continued its efforts in carrying out marketing activities. The marketing activities had a positive effect on the Group's business as the total number of the Group's brokerage clients in FY2011, when compared to same corresponding period in FY2010, had increased by 4.0%.

  To cope with the rapidly growing business, the Group expanded its trading floor area in FY2011. Due to this expansion, not only was the Group's capability for further business development enhanced, clients also had a more comfortable environment for accessing real time market information. The Group believes that this strategy will contribute to the future growth of its securities broking segment.

  The Group has four responsible officers registered under the Securities and Futures Ordinance (the "SFO") who closely monitor the brokerage operation's compliance with the SFO. To boast such efficient internal controls system, the Group has maintained a good track record of zero complaints from clients for its operation over the years.

- **Corporate Finance:**

  In 2010, global capital market activities boomed and Hong Kong was again top ranked in terms of funds raised during the year. To ride on such positive market sentiment, the Group continued to focus on small cap corporate finance activities by acting as an placing agent and underwriter for its corporate clients.

In FY2011, the Group participated in seventeen engagements as the placing agent or underwriter for the issuance of new shares for listed companies, six of which were related to initial public offerings ("IPOs"). Ever-Long Securities Company Limited, the Group's wholly-owned subsidiary, has a great reputation for being a quality corporate finance service provider. The Group has achieved good profits from the corporate finance line of business.

Backed by the Mainland, it was generally expected that the capital market in Hong Kong be vigorous in 2011. To take advantage of the established business connections and extensive corporate finance experience of the Group, and to capitalize on the sound financial position of its clients, the Group expects the corporate finance division to continue to contribute positive results to the Group and become one of its major sources of income.

***Financing Business:***

- **Margin Financing**

  In light of the exceptionally low interest rates in the market and the Group's ever-increasing cash and bank balances, which amounted to approximately HK$100,043,000 as at 31 March 2011, the Group was in a great extent to offer its clients margin financing. Margin financing provides clients greater flexibility in securities dealings. By leveraging this strength, the Group expects that brokerage commissions would increase in the future.

  The Group updates its operation manual from time to time to make sure that it is current in order to clearly communicate its operational guidelines to its frontline account executives. To ensure compliance of the relevant ordinances by employees, other than requiring them to attend public seminars, the Group had also put on an internal seminar for relevant employees to update them on a new ordinance that relates to the Group's business. A speaker that has extensive knowledge in the subject had been invited to talk about the ordinance.

  In addition to the provision of margin financing for trading of listed securities, the Group also actively participated in IPO financing. To take advantage of the prevailing low interest rates for its business development, the Group usually utilized banking facilities to finance its clients' IPO financing deals. Given the short offering period of IPOs and the usual low proportion of shares that are allotted to applicants, the Group considered that risk for bad debts provision for its IPO financing is low. As a marketing tactic to attract new clients, the Group usually offered very competitive interest rates to its IPO financing clients.

- **Mortgage Loans**

  Due to the mature Hong Kong property market, the demand for mortgage loans increased substantially. To capture such business opportunity and to diversify its revenue sources, the Group had, in FY2011, implemented its strategic plan by offering its customers customized loan schemes. The Group considered that the provision of mortgage financing to customers gave the Group an opportunity to obtain a higher return for its surplus funds under the current low interest rate environment.

  All grants of mortgage loans were assessed by the newly established team which is supervised by Mr. Ng Yiu Chuen, an Executive Director of the Company, who has extensive experience in the money lending business and was previously employed at well known international companies including GE Capital (Hong Kong) Limited and American Express Bank Limited. According to the Group's strict credit controls which require all loans to be secured by way of pledged properties, the values of which were confirmed by independent valuers, the Group believes that the doubtful debts provision for the mortgage loan business will be maintained at a low level. It is expected that the division of mortgage financing will generate satisfactory revenue for the Group in the future.

***Trading Business:***

The Group's trading business mainly included food products and electricity accessories. Over the past years, this business segment faced intense competition from the marketplace. Given this scenario, the Group has been continuously streamlining its operation flows and adopting effective cost management measures to improve its competitive edge in its trading business.

The Group attaches importance on credit controls for its general trading business. Sales reports and aging reports were closely reviewed by the Management. Once there is any doubt on the recoverability of receivables, prompt action will be taken, without hesitation, to recover the overdue balance. Due to such tight credit control policies, the Group is pleased that bad debts provision is slight.

***Property Redevelopment Business:***
Residential property prices in Hong Kong, in particular, the prices of luxury properties, had continued to rise significantly in FY2011. The Group is currently holding a premium property which is located at the high grade lot section of Fei Ngo Shan Road, Hong Kong and has a gross site area of approximately 17,000 square feet. The fair value of the property was HK$65,500,000 as at 31 March 2011.

According to the valuation report of an independent valuer, the value of this property may reach HK$90,000,000 on a redevelopment basis, which is HK$24,500,000 higher than its fair value as at 31 March 2011. To maximize the value of this property, the Group plans to redevelop it into a higher quality property. An architect has been engaged to advise the Group on the redevelopment plans. The Group intends to finance the redevelopment with its internal resources or construction loans from banks.

## Prospects

To combat the financial crisis of 2008, the US Federal Reserve used quantitative easing as a monetary policy tool to boost the US economy. After the first and second rounds of quantitative easing, the US economy has finally showed signs of a recovery. Due to these and other improvements in the US economy since the start of quantitative easing, the Fed will end its quantitative easing measures at the end of June 2011. Nevertheless, the United States will keep reinvesting proceeds of maturing mortgage debt into the market and retain the exceptionally low interest rate policy for a long period of time.

Due to such policy, interest rates in Hong Kong have remained low and are expected to stay low for an extended period of time. That is a positive factor for our business as the low interest rates in the territory has made borrowing money more attractive and easier for Hong Kong consumers and businesses. In the Group's money lending business division, we expect to record growth in the financial year ending 31 March 2012 ("FY2012") as the demand for both corporate and consumer loans have increased substantially.

In our corporate finance division, with the improved liquidity in the market, the abundance of new IPO listings from mainland companies, coupled with the strong demand for corporate financing by listed companies, we believe our corporate finance division will continue to contribute good profits to the Group in FY2012.

Looking ahead into FY2012, we see bright prospects in the horizon for our financial services core business. The reason is three-fold. Firstly, the low interest rate environment is expected to boost our brokerage and its related businesses. Secondly, with China's unwavering economic growth, and the growing demand for renminbi-denominated investment products such as renminbi-denominated IPOs, we see new opportunities in our financial services sector. With the Group's facilities in place for renminbi-denominated products, such as renminbi-denominated bank accounts, settlement system for renminbi-denominated products and the arrangement in place for margin financing for renminbi-denominated products, we believe we are well-positioned to grow our business in the renminbi-denominated financial market. Lastly, with our strong cash position, as shown by the new high in our cash position as at 31 March 2011 since 2004, that provides us further ammunition for expanding and growing our financial services core business well into and beyond FY2012.

The road ahead is a prosperous one for the Group. With Hong Kong being a key constituent of China, the Chinese Central Government has clearly emphasized in its Twelfth Five-Year Plan its aim to develop Hong Kong as a center of international finance. With this plan in place, coupled with our extensive experience and industry know-how in financial services, the Group is poised to generate strong growth in the future for the Group and its stakeholders.

### Capital Structure

Trading in the shares of the Company has been suspended from April 2004 up to the date of this annual report. However, the Group is still able to boost its operating results and attract the support and recognition of the investing public that have respectively subscribed for the share options, convertible bonds and new shares of the Company.

**On 7 June 2007**, the Company entered into an option agreement to issue 370,000,000 options (the "Options") to an independent third party at the exercise price of HK$0.024 per share (unadjusted). The exercisable period is 18 months commencing from the date of fulfilment of conditions precedent set out in the option agreement. The long stop date for fulfillment of such conditions precedent has been extended to 30 June 2011. Exercise in full of the Options would result in the issue of 370,000,000 additional shares with an aggregate subscription value of HK$8,880,000. The new shares to be issued are ranked pari passu with the existing shares of the Company. The Company will make an announcement to further extend the long stop date for the fulfillment of such conditions precedent.

**On 9 July 2007**, the Company entered into eight subscription agreements in respect of the issue of convertible bonds in the aggregate principal amount of HK$9,880,000 due 2012. The convertible bonds do not carry any interest. Each of the subscribers will have the right to convert the convertible bonds into shares of the Company at the price of HK$0.026 per share (unadjusted). Any outstanding convertible bonds shall be redeemed on the date falling on the fifth anniversary of the issue date of the convertible bonds. Completion of the subscription agreements is subject to the fulfillment of the conditions precedent as set out in the subscription agreements. The long stop date for fulfillment of such conditions precedent has been extended to 30 June 2011. The Company will make an announcement to further extend the long stop date for the fulfillment of such conditions precedent.

**On 15 November 2007**, the Company entered into eight subscription agreements to issue 600,000,000 shares of the Company at the price of HK$0.08 per share (unadjusted) which involves the total subscription amount of HK$48,000,000. Subsequently, five of the subscribers mutually agreed with the Company to release each other from their respective subscription agreements to subscribe for an aggregate of 300,000,000 subscription shares. The long stop date of fulfillment of conditions precedent to the completion of the remaining 300,000,000 shares has been extended to 30 June 2011. The Company will make an announcement to further extend the long stop date for the fulfillment of such conditions precedent.

## CORPORATE SOCIAL RESPONSIBILITY

### Caring for Employees' Development

As at 31 March 2011, the Group had 53 employees. In general, remuneration packages are structured with reference to prevailing market practice and individual merits. To take good care of its staff and to fulfill its corporate social responsibilities, the Group maintains certain staff benefit plans including medical insurance, hospitalization scheme, mandatory provident fund and share option scheme.

Inflation had returned in FY2011. To reward the staff for their contribution to the Group's good results, the Group had, after a salary review, resolved to provide salary increments to its employees at an average rate that is higher than the inflation rate with effect from April 2011 onwards. After the introduction of the minimum wage ordinance in May 2011, the Group decided to allow their employees paid meal hours and days off even though it is not required by the ordinance.

To enhance employees' job performance, the Group not only provides on-the-job training to its employees, but also sponsors them for their continued learning. In FY2011, the Group launched a new Sponsorship Scheme, pursuant to which each employee is entitled to an annual sponsorship of HK$10,000 for their continued education.

### Occupational Health and Environmental Protection

The Management of the Group recognizes the importance of employees' health and truly cares about their health and safety including their mental health. To provide employees a comfortable workplace, the office has been upgraded and decorated to look beautiful with plants, books, paintings and works of art.

To ease work pressure, the Group organizes monthly or bi-monthly staff gatherings for its employees. Also, to promote family harmony, the staff's family members are invited to take part in parties organized by the Group during major festivals, in which children are given gifts or toys. In FY2011, the Group organized a trip for all its employees which was free of charge for them and half price for their family members. As the trip was well accepted by the staff and their family members, the Group is now organizing another trip for its staff and their family members in August 2011. The Group believes that it can enhance its employees' sense of belonging and their work-life balance by holding these staff gatherings. The Group also believes that through these gatherings, its employees can gain recognition and support from their family members towards their work.

The Group supports the government's call for environmental protection by reducing carbon emission. This year, the Group had, for the first time, participated in WWF Hong Kong's Earth Hour activity by switching off lights for one hour on a certain day of the year. To fulfill its responsibilities to society and benefit the public, the Group continues to promote the awareness of environmental conservation in the workplace by reducing waste and saving energy. In fostering the "green office" concept, the Group has adopted the tips provided by CLP and had posted them at the office for the employees to view to teach them about environmental protection.

### Giving to the Community

***ORBIS Pin Campaign***

In FY2011, the Group continued its support to ORBIS by participating in the ORBIS Pin Campaign to provide hope for millions of blind people around the world. The Group also encouraged its staff to make donations and recruit sponsors. The Group is pleased that the total number of participating staff and sponsors increased by 39% in FY2011 as compared to FY2010. The total amount of funds raised also increased by 40% in FY2011 over the previous year. The funds raised were sent to ORBIS on 10 September 2010.

***Donations to Earthquake Victims***

The Group had continued its spirit of giving to the community by providing aid for disaster relief whenever there is a real need for it. In FY2011, the Group made donations to support the rescue and relief work in Qinghai, the PRC. In the wake of the largest 9-magnitude earthquake in Japan, the Group also encouraged its employees to give donations to help victims rebuild their homes. The donations received from employees and business partners were paid to "Hong Kong Red Cross" on 25 March 2011. In addition, the Group bought its employees beverages at Starbucks to support Starbucks Hong Kong's campaign to help Japan in earthquake relief work, pursuant to which all beverage sales proceeds in Hong Kong by Starbucks within a certain period of time would be donated to the "Japan Earthquake Relief" of World Vision Hong Kong towards Japan rehabilitation, Through such donation activity, the Group would on one hand promote harmony in the workplace, and on the other hand, help those in need.

## FINANCIAL REVIEW

As at 31 March 2011, the Group had cash at bank and in hand totalling approximately HK$100,043,000 (2010: HK$77,776,000) and a net assets value of approximately HK$270,350,000 (2010: HK$207,054,000).

Bank borrowings and financial leases as at 31 March 2011 amounted to HK$7,086,000 (2010: HK$8,369,000), of which HK$1,287,000 (2010: HK$1,283,000) were repayable within one year. However, according to the loan agreement of the Group, the bank reserves its right, exercisable at any time and at its absolute discretion, to call for repayment on demand. The Group has therefore reclassified the long term portion of the bank loan amounting to HK$5,700,000 as a current liability to comply with the new accounting standard. The gearing ratio, being the ratio of total bank borrowings and financial leases of approximately HK$7,086,000 to shareholders' fund of approximately HK$270,350,000, was about 0.03 (2010: 0.04).

As at 31 March 2011, a time deposit of HK$5,000,000 and an investment property at a valuation of HK$65,500,000 were pledged to secure the banking facilities granted to the Group.

## INVESTMENTS IN FINANCIAL ASSETS

### Disposal of Subordinated Notes Issued by BOC (HK)

In FY2011, the Group realized profits generated from its investment in the subordinated notes (the "Subordinated Notes") issued by Bank of China (Hong Kong) Limited ("BOC (HK)"), a wholly-owned subsidiary of BOC Hong Kong (Holdings) Limited, the shares of which are listed on the Stock Exchange under the 2388 stock code. The price for such disposal was US$1,338,820 (equivalent to approximately HK$10,442,796). The Group received a total of US$1,374,163 (equivalent to approximately HK$10,718,471) inclusive of the accumulated interests of US$35,343 (equivalent to approximately HK$275,675). The profit, including the value increment and accumulated interests, represented a return of 5.3% for approximately 6 months, which was much higher than the interest rate of fixed deposits at a well recognised financial institution in Hong Kong. For more details on the disposal of the Subordinated Notes, please refer to the Company's announcement dated 4 August 2010.

### Acquisition of Perpetual Capital Securities Issued by Hutchison Whampoa

With the experience of such successful investment, the Group had, on 22 October 2010, further acquired the perpetual capital securities (the "Perpetual Capital Securities") issued by Hutchison Whampoa International (10) Limited ("Hutchison Whampoa") and guaranteed on a subordinated basis by Hutchison Whampoa Limited, whose shares are listed on the Stock Exchange under the 13 stock code. The Perpetual Capital Securities were acquired by the Group at a total consideration of US$1,301,950 (equivalent to approximately HK$10,155,210). On 25 March 2011, the Group disposed of the Perpetual Capital Securities at the consideration of US$1,310,400 (equivalent to approximately HK$10,221,120). Inclusive of the accrued interests, the Group received a total of US$1,343,333 (equivalent to approximately HK$10,477,997), representing a return of 3.2% for less than half a year, which was also higher than the interest rate of a fixed deposit of the same period from a well recognised financial institution in Hong Kong. For more details on the acquisition and disposal of the Perpetual Capital Securities, please refer to the Company's announcements of 27 October 2010 and 28 March 2011 respectively.

Both the investments in the Subordinated Notes issued by BOC (HK) and the Perpetual Capital Securities issued by Hutchison Whampoa are representations of the prudent approach the Board has taken for the Group's investments.

## CREDIT RISK

For the brokerage and margin financing businesses, the Group is strictly in compliance with the SFO. Loans will be granted based on individual assessment on financial status, repayment records and the liquidity of collaterals placed by a client and the applicable interest rate will be determined thereon. Loans will be demanded for repayment once a client fails to repay a deposit, margin or another sum payable to the Group.

For mortgage financing, the loans will be granted based on market values of pledged properties which are confirmed by independent valuers. To lower the Group's risk exposure to mortgage financing, the loan amounts to be granted in any event shall not exceed 80% of the market values of the pledged properties.

Trading terms with general trading customers are mainly on credit, except for new customers, where payments in advance are normally required or letters of credit are received. Invoices are normally payable within 30 to 60 days of issuance, except for certain well-established customers, where the terms are extended to 90 days.

## OPERATIONAL RISK

The Group has put in place effective internal controls systems for its operations. Under the brokerage business, a monitoring team that is comprised of licensed responsible officers registered under the SFO and senior management staff, who have acted in compliance with the SFO, has been set up to monitor the settlement matters of traded securities and cash. In order to safeguard clients' interests and comply with the requirements of the SFO, our monitoring team has carried out ongoing checks and verifications so that our service standard is maintained at a satisfactory level. In FY2011, the brokerage operation of the Group has complied with the SFO. Clients satisfied with the services and did not lodge any complaints.

## INTEREST RATE RISK

The Group monitors its interest rate exposure regularly to ensure that the underling risk is monitored within an acceptable range. The Group's interest risk mainly arises from its financial instruments with floating interest rates.

## LIQUIDITY RISK

The Group's policy is to regularly assess current and expected liquidity requirements and to ensure that it maintains reserves of cash, readily realizable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements.

## FOREIGN EXCHANGE EXPOSURE

In FY2011, the Group's business activities as well as its assets and liabilities were mainly denominated in Hong Kong dollars and US dollars. In light of the exchange rate peg between the Hong Kong dollar and the US dollar, and the majority of its operations and transactions were denominated in Hong Kong dollar, the Group considered its foreign exchange risk immaterial for FY2011. It is the Group's treasury policy to manage its foreign currency exposure whenever its financial impact is material to the Group.

## CONTINGENT LIABILITIES

As at 31 March 2011, the Group did not have any material contingent liabilities (2010: immaterial).

## PETITION

Reference is also made to the Company's announcement dated 11 September 2008 and a supplemental circular dated 9 April 2009 which disclosed that the Company, as one of the defendants, and certain of its former Directors have been served a petition by the Securities and Futures Commission in relation to certain past transactions of the Group. The petition was first heard on 17 December 2008. After the submission of affirmations by the defendants, the hearing was restored on 16 December 2009 for directions. Further hearing for the petition was conducted and completed in January 2011. The Company is awaiting the judgement of the hearing. According to the petition, the petitioner prays the court, among others, to order the Company to bring proceedings against the concerned former Directors as the court considers appropriate. The Directors believe that the case does not have significant financial and operating impact to the Group.

# Report of the Directors

The Directors present their report and the audited financial statements of the Company and the Group for the financial year ended 31 March 2011 ("FY2011").

## PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of the Company's subsidiaries consist of investment holdings, brokerage, financing, trading of securities, general trading as well as property development and investment. There were no significant changes in the nature of the Group's activities during the year.

## RESULTS AND DIVIDENDS

The Group's profit for FY2011 and the state of affairs of the Group as at 31 March 2011 are set out in the consolidated financial statements on pages 36 to 104. The Directors do not propose payment of a final dividend for FY2011.

Set out below are the dividend proposals and bonus issue proposals that were proposed over the past years and are still in force:

- **Interim Dividend for 2011**

  On 22 November 2010, the Board resolved to propose an interim cash dividend of HK0.05 cent per share with a scrip alternative to offer the right to shareholders to elect to receive such interim dividend wholly or partly by allotment and issue of scrip shares credited as fully paid in lieu of cash dividend (the "2011 Interim Dividend").

  On 22 November 2010, the Board also proposed a new bonus issue of shares to its shareholders, pursuant to which bonus shares will be issued to shareholders on the basis of 1 bonus share for every 20 shares held by the shareholders (the "2011 Bonus Issue Proposal").

  Both the 2011 Interim Dividend and the 2011 Bonus Issue Proposal are conditional upon (i) the approval of shareholders at a special general meeting of the Company; (ii) the grant of the listing approval by the Stock Exchange for the listing of, and permission to deal in, the scrip shares and bonus shares to be issued thereof; and (iii) the resumption of trading in the shares of the Company.

  The 2011 Interim Dividend and the 2011 Bonus Issue Proposal were approved by shareholders at the Special General Meeting of the Company held on 15 April 2011. However, as conditions (ii) and (iii) were not fulfilled up to the date of approval of these consolidated financial statements, the 2011 Interim Dividend (excluding the cash payment) and the 2011 Bonus Issue Proposal could not be proceeded for the time being until satisfaction of conditions (ii) and (iii). The cash payment, either wholly or partly, for the 2011 Interim Dividend was not subject to the resumption of trading in shares of the Company. An amount of approximately HK$325,000 was paid to shareholders who elected to receive cash for the 2011 Interim Dividend.

- **Final Dividend for 2010**

  On 19 July 2010, the Board resolved to propose a final cash dividend of HK0.12 cent per share with a scrip alternative to offer the right to shareholders to elect to receive such final dividend wholly or partly by allotment and issue of scrip shares credited as fully paid in lieu of cash dividend (the "2010 Final Dividend").

  On 19 July 2010, the Board also proposed a bonus issue of shares to its shareholders, pursuant to which bonus shares will be issued to shareholders on the basis of 1 bonus share for every 10 shares held by the shareholders (the "2010 Bonus Issue Proposal II").

  Both the 2010 Final Dividend and the 2010 Bonus Issue Proposal II are conditional upon (i) the approval of shareholders at the Annual General Meeting of the Company; and (ii) the grant of the listing approval by the Stock Exchange for the listing of, and permission to deal in, the scrip shares and bonus shares to be issued thereof.

  The 2010 Final Dividend and the 2010 Bonus Issue Proposal II were approved by shareholders at the Annual General Meeting of the Company held on 29 September 2010. However, as condition (ii) was not fulfilled up to the date of approval of these consolidated financial statements, the 2010 Final Dividend (excluding the cash payment) and the 2010 Bonus Issue Proposal II could not be proceeded for the time being until satisfaction of condition (ii). The cash payment, either wholly or partly, for the 2010 Final Dividend was not subject to the resumption of trading in shares of the Company. An amount of approximately HK$860,000 was paid to shareholders who elected to receive cash for the 2010 Final Dividend.

- **Interim Dividend for 2010**

  On 27 November 2009, the Board resolved to propose an interim cash dividend of HK0.16 cent per share with a scrip alternative to offer the right to shareholders to elect to receive such interim dividend wholly or partly by allotment and issue of scrip shares credited as fully paid in lieu of cash dividend (the "2010 Interim Dividend").

  On 27 November 2009, the Board also proposed a bonus issue of shares to its shareholders, pursuant to which bonus shares will be issued to shareholders on the basis of 1 bonus share for every 10 shares held by the shareholders (the "2010 Bonus Issue Proposal I").

  Both the 2010 Interim Dividend and the 2010 Bonus Issue Proposal I are conditional upon (i) the approval of shareholders at a special general meeting of the Company; (ii) the grant of the listing approval by the Stock Exchange for the listing of, and permission to deal in, the scrip shares and bonus shares to be issued thereof; and (iii) the resumption of trading in shares of the Company.

  The 2010 Interim Dividend and the 2010 Bonus Issue Proposal I were approved by shareholders at the Special General Meeting of the Company held on 30 March 2010. However, as conditions (ii) and (iii) were not fulfilled up to the date of approval of these consolidated financial statements, both the 2010 Interim Dividend (excluding the cash payment) and the 2010 Bonus Issue Proposal I could not be proceeded for the time being until satisfaction of conditions (ii) and (iii). The cash payment, either wholly or partly, for the 2010 Interim Dividend was not subject to the resumption of trading in shares of the Company. An amount of approximately HK$1,294,000 was paid to shareholders who elected to receive cash for the 2010 Interim Dividend.

- **Interim Dividend for 2009**

  On 19 December 2008, the Board resolved to propose an interim scrip dividend of HK0.18 cent per share wholly in the form of an allotment and issue of scrip shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment (the "2009 Interim Dividend").

  The 2009 Interim Dividend is subject to (i) the approval of shareholders at a special general meeting of the Company; and (ii) the grant of the listing approval by the Stock Exchange for the listing of, and permission to deal in, the scrip shares to be issued thereof.

  The 2009 Interim Dividend was approved by shareholders at the Special General Meeting of the Company held on 18 August 2009. However, as condition (ii) was not fulfilled up to the date of approval of these consolidated financial statements, the 2009 Interim Dividend could not be proceeded for the time being until satisfaction of condition (ii).

## PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in plant and equipment and investment properties of the Group are set out in notes 16 and 17 to the consolidated financial statements respectively. Further details of the Group's investment property are set out on page 106.

## SHARE CAPITAL

Details of movements in the share capital are set out in note 33 to the consolidated financial statements.

## PRE-EMPTIVE RIGHTS

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

## RESERVES

Details of movements in the reserves of the Company during the year are set out in note 43b to the consolidated financial statements. Details of movements in the reserves of the Group during the year are set out on page 40.

## DISTRIBUTABLE RESERVES

As at 31 March 2011, the Company's reserves available for distribution were HK$165,711,000. Under the laws of Bermuda, the Company's share premium account, in the amount of HK$35,831,000, may be distributed in the form of fully paid bonus shares.

## CHARITABLE DONATIONS

Donations made by the Group in FY2011 amounted to approximately HK$6,110.

## SUMMARY OF FINANCIAL INFORMATION

A summary of the published results, assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited consolidated financial statements and reclassified as appropriate, is set out on page 105. This summary does not form part of the audited consolidated financial statements.

## DIRECTORS

The Directors of the Company in FY2011 and up to the date of this report were:

### Executive Directors

Mr. Cheung Hoo Win (Chief Executive Officer)
Mr. Ng Yiu Chuen (appointed on 5 December 2010)
Ms. Ho Mei Sheung (appointed on 5 December 2010)
Ms. Zhang Yuyan
Ms. Chen Lili
Ms. Yeung Han Yi Yvonne (retired on 5 December 2010)
Ms. Chan Chi Mei Miranda (retired on 5 December 2010)

### Independent Non-Executive Directors

Mr. Zhao Qingji (Non-Executive Chairman)
Mr. Yeung Shun Kee
Mr. Li Hancheng
Mr. Lo Tsz Fung Philip

In accordance with the Company's Bye-Law 182(vi), Mr. Zhao Qingji, Mr. Li Hancheng and Mr. Lo Tsz Fung Philip shall retire from office by rotation and, being eligible, offer themselves for re-election at the forthcoming Annual General Meeting of the Company.

## DIRECTORS' SERVICE CONTRACTS

No Director 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 other than statutory compensation.

After the remuneration review in April 2011, Mr. Cheung Hoo Win's, Mr. Ng Yiu Chuen's and Ms. Ho Mei Sheung's monthly remuneration were adjusted to HK$39,500, HK$54,600 and HK$50,500 respectively. All were effective from 1 April 2011.

## DIRECTORS' INTERESTS IN SECURITIES

As at 31 March 2011, none of the Directors and chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which were required pursuant to section 352 of the SFO to be entered in the register maintained by the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

## DIRECTORS' INTERESTS IN CONTRACTS

None of the Directors had a material interest, either direct or indirect, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party in FY2011.

## SUBSTANTIAL SHAREHOLDERS

The Register of Substantial Shareholders maintained under Section 336 of the SFO shows that, as at 31 March 2011, the Company had been notified of the following interests in the Company:

| | Number of shares | Percentage |
|---|---|---|
| Mr. Cheung (Note 1) | 399,995,967 | 21.38% |
| Ms. Yeung (Note 2) | 399,995,967 | 21.38% |
| Mr. Rajkumar M Daswani (Note 3) | 112,441,667 | 6.01% |
| Gloryrise Group Limited (Note 4) | 370,000,000 | 19.77% |
| Mr. Tai Kwok Leung, Alexander (Note 4) | 370,000,000 | 19.77% |

Notes:

1. Mr. Cheung Chi Shing ("Mr. Cheung") personally held 299,995,967 shares of the Company. As Mr. Cheung is the sole shareholder of K.Y. Limited ("KY"), he was deemed to have interests in 60,000,000 shares of the Company held by KY and Mr. Cheung was further deemed to be interested in 10,000,000 shares of the Company held by K.C. (Investment) Limited, a wholly owned subsidiary of KY.

   Mr. Cheung is the spouse of Ms. Yeung Han Yi Yvonne ("Ms. Yeung") and accordingly deemed to be interested in the 30,000,000 shares of the Company beneficially interested by Ms. Yeung.

2. Ms. Yeung is the spouse of Mr. Cheung and accordingly deemed to be interested in the 369,995,967 shares of the Company beneficially interested by Mr. Cheung.

3. The interests of Mr. Rajkumar M Daswani are set out based on his notification given to the Company on 1 April 2004 pursuant to the SFO. On 7 December 2004, the Company wrote to Mr. Rajkumar M Daswani regarding his shareholding in the Company and received a letter dated 13 December 2004 from Mr. Rajkumar M Daswani saying that he and Shalini R Daswani in joint account held 114,731,667 shares of the Company as at 30 September 2004. As at the date of this report, the Company did not receive valid notification pursuant to the SFO from Shalini R Daswani.

4. The Company entered into an option agreement (the "Option Agreement") with Gloryrise Group Limited ("Gloryrise") on 7 June 2007, pursuant to which Gloryrise conditionally agreed to subscribe and the Company conditionally agreed to grant options which, upon full exercise, would entitle the holder of the options to require the Company to allot and issue up to 370,000,000 shares of the Company at the subscription price of HK$8,880,000 in total (equivalent to HK$0.024 per share). Gloryrise is hence interested in the 370,000,000 underlying shares of the Company that may fall to be issued under the Option Agreement. As at the date of this report, the conditions precedent had not been fulfilled.

   Mr. Tai Kwok Leung, Alexander beneficially owns the entire issued share capital of Gloryrise, and is therefore deemed to be interested in the 370,000,000 underlying shares that may fall to be issued under the Option Agreement.

5. On 20 August 2002, Mr. Lin Wen (林文先生) and Mr. Sun Jin Lin (孫進林先生) notified the Company that they respectively held 165,050,000 and 150,800,000 shares of the Company. To ensure the accuracy of its register of members, the Company wrote to Mr. Lin Wen (林文先生) and Mr. Sun Jin Lin (孫進林先生) to inquire into their then shareholdings in the Company on 14 June 2004. On 13 December 2004, the Company received a letter from Mr. Lin Wen (林文先生), claiming that he held approximately 5 million shares of the Company, which was substantially different from the record of Mr. Lin Wen's (林文先生) interests available from the website of the Stock Exchange and the record of the Company. The Company could not reach Mr. Lin Wen (林文先生) and Mr. Sun Jin Lin (孫進林先生) thereafter. Up to the date of this report, the Company had not received any further response from Mr. Lin Wen (林文先生) or Mr. Sun Jin Lin (孫進林先生). According to the High Court order (case no. HCA3544/03), Mr. Lin Wen (林文先生) and Mr. Sun Jin Lin (孫進林先生) were ordered to pay the legal costs of HK$861,818 to the Company. The Group has been considering the way to recover the costs.

## PURCHASE, REDEMPTION OR SALE OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities in FY2011.

## MAJOR CUSTOMERS AND SUPPLIERS

In FY2011, sales to the Group's single largest and five largest customers combined accounted for 51% and 70%, respectively, of the Group's total sales, whereas purchases from the Group's single largest and five largest suppliers combined accounted for 60% and 79%, respectively, of the Group's total purchases.

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

## CORPORATE GOVERNANCE

The Company is committed to maintain high standards of corporate governance. Information on the corporate governance practices adopted by the Company is set out in the "Corporate Governance Report" on pages 23 to 28.

## SHARE OPTION SCHEME

A summary of the share option scheme is set out in note 34 to the consolidated financial statements.

## SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of its Directors as at the latest practicable date prior to the issue of this report, the public float of the shares of the Company is sufficient.

## AUDITOR

SHINEWING (HK) CPA Limited will hold office as the Auditor of the Company until the conclusion of the forthcoming Annual General Meeting, and a resolution to appoint auditor of the Company (further details of which will be announced separately) will be considered at such Annual General Meeting.

On behalf of the Board
**Ho Mei Sheung**
*Executive Director*

Hong Kong, 30 June 2011

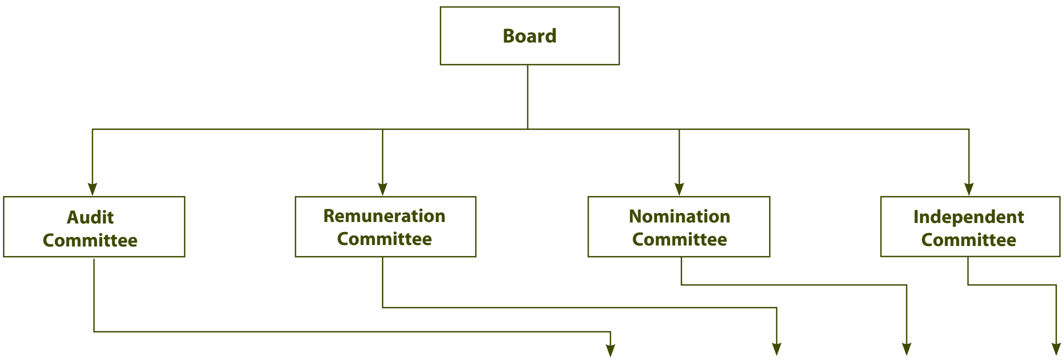
# Corporate Governance Report

The Board of the Company is committed to maintain high standards of corporate governance and considers effective corporate governance an essential factor to the Group's success.

## BOARD OF DIRECTORS

The Directors believe that the Board, being comprised of five Executive Directors and four Independent Non-Executive Directors, has the balance of skills and experience that is appropriate for the business requirements of the Group.

Other than the Audit Committee, Remuneration Committee and Nomination Committee, the Company, with a view to increase the effectiveness and objectivity of the Board, has established an Independent Committee to advise the Board on the matters relating to the legal proceedings against certain former Directors and the prolonged suspension of trading in the shares of the Company. To enhance the transparency of the Independent Committee, the Company welcomes the views of minority shareholders. A representative of the minority shareholders has been accepted as one of the Independent Committee members.




| Members | Profile | Audit Committee | Remuneration Committee | Nomination Committee | Independent Committee |
|---|---|---|---|---|---|
| Mr. Zhao Qingji | Former chairman of a listed company | ✔ | ✔ | ✔ | ✔ |
| Mr. Li Hancheng | Former senior judge of the Supreme People's Court of the PRC | ✔ | ✔ | ✔ | ✔ |
| Mr. Lo Tsz Fung Philip | Certified Public Accountant | ✔ | ✔ | ✔ | ✔ |
| Mr. Yeung Shun Kee | Certified Public Accountant (practising) | ✔ | ✔ | ✔ | |
| Mr. Chung Hil Lan Eric (note) | Certified Public Accountant (practising) | | | | ✔ |
| Mr. Chan Yim Por Bonnie (note) | Practising solicitor | | | | ✔ |
| Ms. Zhou Benju (note) | The representative of the minority shareholders | | | | ✔ |

Note: Mr. Chung Hil Lan Eric, Mr. Chan Yim Por Bonnie and Ms. Zhou Benju are not directors of the Company.

According to the Listing Rules, the Company is required to have at least three independent non-executive directors ("INEDs") on its Board and at least one of them must have appropriate professional qualifications, accounting or related financial management expertise. In order to strengthen the corporate governance of the Company and elevate the function of its Non-Executive Directors, the Company has appointed four INEDs, which is one more than as required by the Listing Rules. Two of the INEDs are Certified Public Accountants, which is one more than the requirement as stipulated by the Listing Rules.

As four of the nine Directors are INEDs, there is a strong independent element within the Board, which can effectively exercise independent judgment and monitor the corporate governance of the Group. Each of the INEDs has made a confirmation on independency.

To ensure that there is a clear division of power and authority within the Board, the roles of chairman and chief executive officer are separate.

Being a listed issuer, the Company places strong emphasis on the compliance of regulations and ordinances. In case of doubt, the Company will seek a second opinion. In FY2011, the Company's legal advisers were as follows:

| As to Hong Kong law | As to Bermuda law | As to the PRC law |
|---|---|---|
| — P.C. Woo & Co. | Appleby | Hills & Co. |
| — D.S. Cheung & Co. | | |
| — Michael Li & Co. | | |
| — Chiu & Partners | | |
| — Huen & Partners | | |

### Board Meetings

Other than the two board meetings to approve the Company's annual results and interim results, four regular board meetings were also held for FY2011 to which 14 days' notice was given to all Directors. The attendance of each of the Directors is set out as follows:

| | Number of board meetings attended |
|---|---|
| **Executive Directors:** | |
| Mr. Cheung Hoo Win (Chief Executive Officer) | 6/6 |
| Mr. Ng Yiu Chuen (appointed on 5 December 2010) | 2/2 |
| Ms. Ho Mei Sheung (appointed on 5 December 2010) | 2/2 |
| Ms. Zhang Yuyan | 6/6 |
| Ms. Chen Lili | 6/6 |
| Ms. Yeung Han Yi Yvonne (retired on 5 December 2010) | 4/4 |
| Ms. Chan Chi Mei Miranda (retired on 5 December 2010) | 4/4 |
| | |
| **Independent Non-Executive Directors:** | |
| Mr. Zhao Qingji (Non-Executive Chairman) | 3/6 |
| Mr. Yeung Shun Kee | 6/6 |
| Mr. Li Hancheng | 6/6 |
| Mr. Lo Tsz Fung Philip | 5/6 |

### Audit Committee

The Company's Audit Committee is comprised of all the INEDs of the Company. The principal duties of the Audit Committee are to review the Group's interim and annual reports, internal controls, and make recommendations to the Board.

Three Audit Committee meetings were held in FY2011. The attendance of each member of the Audit Committee is set out as follows:

| Members of Audit Committee | Number of Audit Committee meetings attended |
|---|---|
| Mr. Lo Tsz Fung Philip (Chairman) | 3/3 |
| Mr. Zhao Qingji | 2/3 |
| Mr. Yeung Shun Kee | 3/3 |
| Mr. Li Hancheng | 3/3 |

During the meetings, the Audit Committee had performed the following work:

(i) reviewed the draft interim and annual consolidated financial statements and the related draft results announcements;

(ii) reviewed the change in accounting standards and assessment of potential impacts on the Group's consolidated financial statements;

(iii) discussed with the external auditor any major audit issues of the Group; and

(iv) discussed with the external auditor about the scope of the annual audit.

### Remuneration of Directors

The Company's Remuneration Committee follows the specific written terms of reference which clearly spells out its authority and duties. All the INEDs are members of the Remuneration Committee.

The Remuneration Committee's principal duties are to make recommendations to the Board on the remuneration policy and structure for Directors and senior management and to ensure that they are fairly rewarded for their individual contribution to the Group's overall performance. It is also the Remuneration Committee's duty to determine the specific remuneration packages of all Executive Directors and senior management.

In FY2011, three Remuneration Committee meetings were held with full attendance to review the Directors' adjusted remuneration and the remuneration packages of the newly appointed Directors.

### Nomination of Directors

The Nomination Committee of the Company comprises of all the INEDs. The Nomination Committee shall make recommendations to the Board on all new appointments or re-appointments of Directors. The selection criteria are mainly based on the professional qualifications and working experience of the candidates. There are no fixed terms of services for the Executive Directors while the INEDs are engaged for a term of two years, subject to retirement by rotation and re-election in accordance with the provisions of the Bye-Laws of the Company. The Nomination Committee meets when it is considered necessary.

The Nomination Committee had one meeting in FY2011 with the full attendance of all its members.

### Directors' Securities Transactions

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as its own code for securities transactions by Directors. All members of the Board have confirmed, following specific enquiry by the Company, that, in FY2011, they have complied with the required standards as set out in the Model Code.

## AUDITOR'S REMUNERATION

In FY2011, the remuneration paid or payable in respect of statutory audit services by the Auditor of the Company was approximately HK$680,000, and the non-audit services was approximately HK$52,000. The non-audit service fees were related to taxation services.

## SHAREHOLDERS' RIGHTS AND INTERESTS

The Company believes that shareholders' meetings provide a useful forum for shareholders to exchange views with the Board. A separate resolution is proposed in respect of each issue to be considered at the Annual General Meeting. The Chairman did not attend the Annual General Meeting of 2010 due to his personal reason. The Company always gives weight to the voices of its shareholders. A representative of the minority shareholders has been accepted as a member of the Independent Committee so that their views can be considered by the Company.

Shareholders' interests are protected. Notwithstanding the fact that the trading in shares of the Company has been suspended since April 2004 ("Suspension"), the Company had frequently proposed dividends over the past seven years. In addition to the various dividend proposals, the Company had also arranged to distribute gifts to its shareholders. The gift distributions made in the years 2007, 2008 and 2009 were well accepted by shareholders. To ease the financial burden of the shareholders, as a broker firm, the Group also waived the handling charges that shareholders of the Company were required to pay in relation to the dividend proposals during the Suspension.

The Board adopts an open and transparent communication policy as a way to enhance corporate governance. The Board aims to provide the Company's shareholders and the public with the necessary information for them to form their own judgement on the Company. Corporate communication materials such as annual reports, interim reports and circulars are issued in printed form and are also available in electronic format on the websites of the Company, The Stock Exchange of Hong Kong Limited and irasia.com.

## ACCOUNTABILITY AND AUDIT

### Financial Reporting

The Management reports on the Group's financial position to the Board on a regular basis, and this reporting regime extends to the annual and interim results announcements of the Company, thereby enabling the Board from time to time to conduct a continued, balanced, clear and understandable assessment of the Group's situation for determining strategy and fulfilling relevant compliance requirements.

The Board acknowledges that it is responsible for preparing the accounts of the Group. As at 31 March 2011, the Directors of the Company were not aware of any material uncertainties relating to the events or conditions that may cast significant doubt regarding the Group's ability to continue as a going concern.

For the responsibilities of the Company's Auditor in respect of presenting the Group's consolidated financial statements, please refer to the section titled "Independent Auditor's Report" of this annual report.

### Internal Controls Review

It is the Board's responsibility to ensure that the Company maintains sound and effective internal controls, whereby safeguarding its shareholders' investment and the Group's assets.

In FY2011, the Board conducted a review of the effectiveness of the internal controls system of the Company and its subsidiaries. There was no significant control failings found during the review.

Subject to the disclosures in this report, the Group has complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules throughout the year ended 31 March 2011.

On behalf of the Board
**Cheung Hoo Win**
*Chief Executive Officer and Executive Director*

Hong Kong, 30 June 2011

# Corporate Information

## BOARD OF DIRECTORS

**Executive Directors**
Mr. Cheung Hoo Win (Chief Executive Officer)
Mr. Ng Yiu Chuen
Ms. Ho Mei Sheung
Ms. Zhang Yuyan
Ms. Chen Lili

**Independent Non-Executive Directors**
Mr. Zhao Qingji (Non-Executive Chairman)
Mr. Yeung Shun Kee
Mr. Li Hancheng
Mr. Lo Tsz Fung Philip

## AUDIT COMMITTEE

Mr. Lo Tsz Fung Philip (Chairman)
Mr. Zhao Qingji
Mr. Yeung Shun Kee
Mr. Li Hancheng

## REMUNERATION COMMITTEE

Mr. Yeung Shun Kee (Chairman)
Mr. Zhao Qingji
Mr. Li Hancheng
Mr. Lo Tsz Fung Philip

## NOMINATION COMMITTEE

Mr. Li Hancheng (Chairman)
Mr. Zhao Qingji
Mr. Yeung Shun Kee
Mr. Lo Tsz Fung Philip

## COMPANY SECRETARY

Mr. Wang Chin Mong

## AUDITOR

SHINEWING (HK) CPA Limited

## LEGAL ADVISERS

**As to Hong Kong Law**
P.C. Woo & Co.
D.S. Cheung & Co.
Michael Li & Co.
Chiu & Partners
Huen & Partners

**As to Bermuda Law**
Appleby

**As to the PRC Law**
Hills & Co.

# Corporate Information

| | |
|---|---|
| **PRINCIPAL BANKERS** | The Hongkong and Shanghai Banking Corporation Limited<br>Bank of China (Hong Kong) Limited<br>Wing Hang Bank Limited<br>Standard Chartered Bank<br>DBS Bank (Hong Kong) Limited<br>Chong Hing Bank Limited |
| **PRINCIPAL REGISTRAR** | HSBC Securities Services (Bermuda) Limited<br>6 Front Street<br>Hamilton HM11<br>Bermuda |
| **HONG KONG BRANCH REGISTRAR** | Tricor Tengis Limited<br>26th Floor<br>Tesbury Centre<br>28 Queen's Road East<br>Wanchai, Hong Kong |
| **REGISTERED OFFICE** | Canon's Court<br>22 Victoria Street<br>Hamilton HM12<br>Bermuda |
| **PRINCIPAL PLACE OF BUSINESS** | 28th Floor<br>Aitken Vanson Centre<br>61 Hoi Yuen Raod<br>Kwun Tong, Kowloon<br>Hong Kong<br>Telephone: (852) 2959-3123<br>Facsimile: (852) 2310-4824<br>E-mail address: sty@styland.com |
| **SHAREHOLDERS' SERVICE HOTLINE** | Telephone: (852) 2959-7200<br>Facsimile: (852) 2310-4824<br>E-mail address: shareholder@styland.com |
| **WEBSITE** | http://www.styland.com |
| **INVESTORS' WEBSITE** | http://www.irasia.com/listco/hk/styland |

# Board of Directors

## MR. CHEUNG HOO WIN

### Chief Executive Officer and Executive Director

Mr. Cheung, aged 31, joined the Group in 2004. He was appointed Executive Director in 2006 and Chief Executive Officer in 2009. Mr. Cheung graduated from Peking University (Department of International Economics and Trade). During his studies at Peking University, Mr. Cheung developed good business connections in the PRC. Mr. Cheung assists our Non-Executive Chairman in leading the Board and is responsible for the entire Group's business and development. He is also responsible for the Group's China related business as well as dealing with the Group's mainland customers for their business in Hong Kong.

## MR. NG YIU CHUEN

### Executive Director

Mr. Ng, aged 52, joined the Group in November 2010 as Associate Director of a subsidiary. He was appointed Executive Director in December 2010. Mr. Ng holds a bachelor's degree in Business Administration from City University of Hong Kong. He was elected Associate of The Hong Kong Institute of Bankers in 2002.

Mr. Ng has over 31 years of experience in asset management and the financing business. In the past 18 years, he had held senior executive management roles and was responsible for overseeing the finance division and managing the portfolios of liquid assets for various well known international companies including GE Capital (Hong Kong) Limited and American Express Bank Limited.

## MS. HO MEI SHEUNG

### Executive Director

Ms. Ho, aged 45, joined the Group as Chief Financial Controller in September 2010. She was appointed Executive Director in December 2010. Ms. Ho holds a bachelor's degree in Business from Monash University, Australia and a master's degree in Christian Studies (Counselling) from China Graduate School of Theology.

Ms. Ho has extensive experience in accounting, taxation and internal controls. She is a fellow member of the Association of International Accountants and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants. Prior to joining the Group, Ms. Ho had already achieved a proven track record in accountancy as shown by her more than 14 years of experience in supervising the accounts and finance departments of various Hong Kong listed companies.

## MS. ZHANG YUYAN

### Executive Director

Ms. Zhang, aged 49, was appointed Executive Director in 2006. Ms. Zhang graduated from Zhongnan University of Economics and Law (中南財經大學), formerly known as Hubei Economics College (湖北財經學院). Ms. Zhang has extensive experience in management and is familiar with Mainland China's economic, finance and taxation matters.

## MS. CHEN LILI

### Executive Director

Ms. Chen, aged 29, joined the Group as Executive Director in 2009. She graduated with a Bachelor of Electronics Science and Techniques degree from the School of Electronics Engineering and Computer Science at Peking University in 2004. Ms. Chen also obtained her Master of Computer Applied Technology degree from the Institute of Software at the Chinese Academy of Sciences in 2007. Ms. Chen is a senior associate in the Risk & Controls Solutions Department, PricewaterhouseCoopers Consultancy (Shenzhen) Limited, Beijing branch, where she led multiple teams to conduct audit and advisory work and provided internal controls management and optimization services to several large energy, insurance and logistics companies.

# Board of Directors

## MR. ZHAO QINGJI

**Non-Executive Chairman and Independent Non-Executive Director**

Mr. Zhao, aged 38, was appointed Independent Non-Executive Director of the Company in April 2009. Subsequently, he was appointed Non-Executive Chairman in July 2009. Prior to joining to the Group, Mr. Zhao was the chairman, chief executive officer and an executive director of China Properties Investment Holdings Limited (formerly known as Northern International Holdings Limited) (stock code: 736), a company listed on the Main Board of The Stock Exchange of Hong Kong Limited. Mr. Zhao graduated from Peking University in 1998 with a bachelor's degree in Economics.

Mr. Zhao has extensive experience in mergers and acquisitions, corporate restructurings, investment management, finance and initial public offerings in the PRC. Previously, he held the position of vice president of Peking University Resource Group and was in charge of that company's property investment business and real estate development projects.

## MR. YEUNG SHUN KEE

**Independent Non-Executive Director**

Mr. Yeung, aged 52, was appointed Independent Non-Executive Director of the Company in 2003. He manages his own certified public accounting firm. Mr. Yeung has extensive experience in accounting, auditing and taxation works.

Mr. Yeung is a member of the Certified Public Accountants of Australia and a Certified Public Accountant (practising) of the Hong Kong Institute of Certified Public Accountants.

## MR. LI HANCHENG

**Independent Non-Executive Director**

Mr. Li, aged 48, was appointed Independent Non-Executive Director of the Company in 2008. He graduated from Southwest University of Political Science and Law in 1984. He worked in the Supreme People's Court of the People's Republic of China as senior judge. Mr. Li has extensive experience and practice in law.

Mr. Li is currently a senior partner and the chief operational officer of the law firm S&P Law based in Beijing. He is also a member of China Maritime Law Association, Beijing Lawyers Association and Chinese Lawyers Association. He has been serving on the Board of Tianhong Asset Management Company Limited as an independent director since December 2003.

## MR. LO TSZ FUNG PHILIP

**Independent Non-Executive Director**

Mr. Lo, aged 44, was appointed Independent Non-Executive Director of the Company in April 2009. He graduated from the University of Wollongong, NSW Australia in 1992 with a Bachelor of Commerce degree. Mr. Lo is currently the chief financial officer of Wuhan General Group (China) Inc. and a managing director of a consultancy company. Prior to joining the Group, Mr. Lo acted as the chief financial officer of Wuhan Zhongye Yangluo Heavy Machinery Company Limited. He has extensive experience and practice in corporate management, financial accounting and auditing works.

Mr. Lo is a member of the Certified Public Accountants of Australia and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.

Mr. Lo had several public service positions. He was a member of the standing committee of the Guangzhou District Committee of CPPCC and the vice president of the Council of Guangzhou Association of Enterprises with Foreign Investment.

# Senior Management

## MR. NG SHUN FU

**Managing Director of Subsidiaries**

Mr. Ng, aged 63, joined the Group in 1996 as a director of Ever-Long Securities Company Limited, a wholly-owned subsidiary of the Company that engages in its core business of securities brokerage. He is also a director of certain subsidiaries of the Company. Prior to joining the Group, Mr. Ng worked in the banking sector for 25 years during which he held senior management positions. He has extensive experience in the securities business and is a responsible officer registered under the Securities and Futures Ordinance.

## MR. CHOY SHUEN YAN ANDY

**Director of Subsidiaries**

Mr. Choy, aged 49, was appointed as a director of Ever-Long Securities Company Limited in 1998. He is currently a director of certain subsidiaries of the Company. Mr. Choy holds a Bachelor of Commerce degree from McMaster University of Ontario, Canada. Mr. Choy is a responsible officer registered under the Securities and Futures Ordinance and has more than 21 years of experience in the securities business.

## MS. MAK KIT PING

**Director of Subsidiaries**

Ms. Mak, aged 45, joined Ever-Long Securities Company Limited in April 2008. She was appointed as a director of certain subsidiaries of the Company in 2010. Ms. Mak is a certified public accountant of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. She has more than 18 years of experience in the securities business.

## MR. MAK CHI HO

**Associate Director of the Group**

Mr. Mak, aged 39, is an Associate Director of the Group. Mr. Mak holds a bachelor's degree in Accounting from the University of Southern California and a master's degree in Finance from the Curtin University of Technology. Mr. Mak is a responsible officer registered under the Securities and Futures Ordinance and has over 9 years of experience in securities analysis.

## MS. HUNG LAI KAM DIANA

**Associate Director of a Subsidiary**

Ms. Hung, aged 30, joined the Group as an Associate Director of a subsidiary in June 2010. Ms. Hung holds a bachelor's degree in International Economic and Trade from Peking University and a master's degree in Business Administration from The University of Iowa. Ms. Hung has extensive experience in management.

## MR. WANG CHIN MONG

**Financial Controller and Company Secretary**

Mr. Wang, aged 39, is the Group's Financial Controller and the Company's Company Secretary. He is a certified public accountant of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.

# Independent Auditor's Report

SHINEWING (HK) CPA Limited
43/F., The Lee Gardens
33 Hysan Avenue
Causeway Bay, Hong Kong

TO THE MEMBERS OF
**STYLAND HOLDINGS LIMITED**
*(incorporated in Bermuda with limited liability)*

We have audited the consolidated financial statements of Styland Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 36 to 104, which comprise the consolidated statement of financial position as at 31 March 2011, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

## DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

## AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statement that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

## OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group 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.

**SHINEWING (HK) CPA Limited**
*Certified Public Accountants*
**Chong Kwok Shing**
Practising Certificate Number: P05139

Hong Kong
30 June 2011

# Consolidated Income Statement

for the year ended 31 March 2011

| | Notes | 2011 HK$'000 | 2010 HK$'000 |
|---|---|---|---|
| **Turnover** | 8 | **327,201** | 277,147 |
| Revenue | 8 | **86,655** | 72,308 |
| Cost of sales | | **(45,059)** | (22,369) |
| **Gross profit** | 8 | **41,596** | 49,939 |
| Other income | 8 | **6,966** | 3,293 |
| Administrative expenses | | **(28,284)** | (30,805) |
| Selling and distribution expenses | | **(227)** | (233) |
| Change in fair value of investment properties | 17 | **8,500** | 2,000 |
| Change in fair value of financial assets at fair value through profit or loss | | **3,077** | 107 |
| Gain on disposal of financial assets at fair value through profit or loss | | **36,387** | 31,286 |
| Gain on disposal of subsidiaries | 38(a)&(b) | **—** | 11,129 |
| Impairment loss recognised in respect of available-for-sale investments | | **(3,857)** | — |
| Impairment loss recognised in respect of loan receivables | 21 | **(1,274)** | (812) |
| Reversal of impairment loss recognised in respect of loan receivables | 21 | **2,612** | 1,454 |
| Finance costs | 9 | **(182)** | (322) |
| **Profit before tax** | | **65,314** | 67,036 |
| Income tax expense | 10 | **(845)** | (1,376) |
| **Profit for the year** | 11 | **64,469** | 65,660 |
| Profit for the year attributable to: | | | |
| Owners of the Company | | **64,469** | 66,418 |
| Non-controlling interests | | **—** | (758) |
| | | **64,469** | 65,660 |
| Dividends | 14 | **936** | 5,239 |
| **Earnings per share** | | | |
| — basic and diluted | 15 | **HK3.45 cents** | HK3.55 cents |

# Consolidated Statement of Comprehensive Income

for the year ended 31 March 2011

| | 2011 HK$'000 | 2010 HK$'000 |
|---|---|---|
| **Profit for the year** | **64,469** | 65,660 |
| **Other comprehensive income (expenses):** | | |
| Reclassification adjustments for the cumulative profit (loss) included in profit or loss upon disposal of available-for-sale investments | **12** | (3) |
| Change in fair value of available-for-sale investments | **—** | (12) |
| **Other comprehensive income (expenses) for the year** | **12** | (15) |
| **Total comprehensive income for the year** | **64,481** | 65,645 |
| **Total comprehensive income (expenses) attributable to:** | | |
| Owners of the Company | **64,481** | 66,403 |
| Non-controlling interests | **—** | (758) |
| | **64,481** | 65,645 |

# Consolidated Statement of Financial Position

as at 31 March 2011

| | Notes | 2011 HK$'000 | 2010 HK$'000 (Restated) | 2009 HK$'000 (Restated) |
|---|---|---|---|---|
| **Non-current assets** | | | | |
| Plant and equipment | 16 | **2,751** | 2,165 | 2,188 |
| Investment properties | 17 | **65,500** | 57,000 | 78,000 |
| Promissory note receivable | 18 | **—** | 40,391 | — |
| Loan receivables | 21 | **3,885** | — | — |
| Available-for-sale investments | 19 | **—** | 14,034 | 230 |
| | | **72,136** | 113,590 | 80,418 |
| **Current assets** | | | | |
| Inventories | 20 | **1,611** | 344 | 156 |
| Promissory note receivable | 18 | **45,292** | — | — |
| Loan receivables | 21 | **29,193** | 31,485 | 17,639 |
| Trade and bills receivables | 22 | **9,292** | 11,414 | 8,797 |
| Other receivables, deposits and prepayments | 23 | **5,590** | 2,223 | 5,477 |
| Financial assets at fair value through profit or loss | 24 | **34,751** | 6,377 | 4,973 |
| Tax recoverable | | **1,152** | — | 114 |
| Client trust funds | 25 | **134,816** | 229,996 | 15,446 |
| Pledged bank deposit | 26 | **5,000** | 5,000 | 5,000 |
| Bank balances and cash | 27 | **100,043** | 77,776 | 25,507 |
| | | **366,740** | 364,615 | 83,109 |
| **Interest in a joint venture held-for-sale** | 28 | **—** | — | 178,080 |
| **Current liabilities** | | | | |
| Trade and bills payables | 29 | **148,732** | 239,134 | 18,143 |
| Other payables and accruals | 30 | **11,427** | 20,989 | 122,196 |
| Dividend payables | 14 | **325** | 1,294 | — |
| Tax liabilities | | **956** | 1,365 | 1,334 |
| Bank borrowings — due within one year | 31 | **6,900** | 8,100 | 18,811 |
| Obligations under finance leases — due within one year | 32 | **87** | 83 | 78 |
| | | **168,427** | 270,965 | 160,562 |
| **Net current assets** | | **198,313** | 93,650 | 100,627 |
| **Total assets less current liabilities** | | **270,449** | 207,240 | 181,045 |
| **Non-current liability** | | | | |
| Obligations under finance leases — due after one year | 32 | **99** | 186 | 269 |
| **Net assets** | | **270,350** | 207,054 | 180,776 |

# Consolidated Statement of Financial Position

as at 31 March 2011

| | Note | **2011 HK$'000** | 2010 HK$'000 (Restated) | 2009 HK$'000 (Restated) |
|---|---|---|---|---|
| **Capital and reserves** | | | | |
| Share capital | 33 | **18,712** | 18,712 | 18,712 |
| Reserves | | **251,638** | 188,342 | 123,233 |
| **Equity attributable to owners of the Company** | | **270,350** | 207,054 | 141,945 |
| Non-controlling interests | | **—** | — | 38,831 |
| **Total equity** | | **270,350** | 207,054 | 180,776 |

The consolidated financial statements on pages 36 to 104 were approved and authorised for issue by the board of directors on 30 June 2011 and are signed on its behalf by:

**Ng Yiu Chuen**
*Executive Director*

**Ho Mei Sheung**
*Executive Director*

# Consolidated Statement of Changes in Equity

for the year ended 31 March 2011

| | Attributable to owners of the Company | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital | Share premium | Capital redemption reserve | Special capital reserve | Contributed surplus | Investment revaluation reserve | Accumulated losses | Total | Non-controlling interests | Total |
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 note 35(a) | HK$'000 note 35(b) | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| At 1 April 2009 | 18,712 | 35,831 | 6,040 | 571,147 | 599,433 | 3 | (1,089,221) | 141,945 | 38,831 | 180,776 |
| Total comprehensive (expenses) income for the year | — | — | — | — | — | (15) | 66,418 | 66,403 | (758) | 65,645 |
| Disposal of subsidiaries | — | — | — | — | — | — | — | — | (38,073) | (38,073) |
| Dividend recognised as distribution (note 14) | — | — | — | — | (1,294) | — | — | (1,294) | — | (1,294) |
| At 31 March 2010 and 1 April 2010 | **18,712** | **35,831** | **6,040** | **571,147** | **598,139** | **(12)** | **(1,022,803)** | **207,054** | **—** | **207,054** |
| Total comprehensive income for the year | **—** | **—** | **—** | **—** | **—** | **12** | **64,469** | **64,481** | **—** | **64,481** |
| Dividend recognised as distribution (note 14) | **—** | **—** | **—** | **—** | **(1,185)** | **—** | **—** | **(1,185)** | **—** | **(1,185)** |
| At 31 March 2011 | **18,712** | **35,831** | **6,040** | **571,147** | **596,954** | **—** | **(958,334)** | **270,350** | **—** | **270,350** |

# Consolidated Statement of Cash Flows

for the year ended 31 March 2011

| | 2011 HK$'000 | 2010 HK$'000 |
|---|---|---|
| **OPERATING ACTIVITIES** | | |
| Profit before tax | **65,314** | 67,036 |
| Adjustments for: | | |
| Depreciation | **621** | 506 |
| Finance costs | **182** | 322 |
| Reversal of inventories | **—** | (53) |
| Interest income | **(5,462)** | (488) |
| Gain on disposal of subsidiaries | **—** | (11,129) |
| (Gain) loss on disposal of plant and equipment | **(105)** | 28 |
| Change in fair value of financial assets at fair value through profit or loss | **(3,077)** | (107) |
| Change in fair value of investment properties | **(8,500)** | (2,000) |
| Gain on disposal of available-for-sale investments | **(345)** | (9) |
| Impairment loss recognised in respect of available-for-sale investments | **3,857** | — |
| Impairment loss recognised in respect of trade receivables | **7** | 239 |
| Impairment loss recognised in respect of loan receivables | **1,274** | 812 |
| Reversal of impairment loss recognised in respect of trade receivables | **(21)** | (25) |
| Reversal of impairment loss recognised in respect of loan receivables | **(2,612)** | (1,454) |
| Operating cash flows before movements in working capital | **51,133** | 53,678 |
| Increase in inventories | **(1,267)** | (135) |
| Decrease (increase) in trade and bills receivables | **2,136** | (2,831) |
| Increase in loan receivables | **(255)** | (13,204) |
| (Increase) decrease in other receivables, deposits and prepayments | **(3,367)** | 1,101 |
| Increase in financial assets at fair value through profit or loss | **(25,297)** | (1,297) |
| Decrease (increase) in client trust funds | **95,180** | (214,550) |
| (Decrease) increase in trade and bills payables | **(90,402)** | 220,991 |
| (Decrease) increase in other payables and accruals | **(9,562)** | 4,768 |
| Cash generated from operations | **18,299** | 48,521 |
| Hong Kong Profits Tax (paid) refund | **(2,406)** | 64 |
| **NET CASH FROM OPERATING ACTIVITIES** | **15,893** | 48,585 |

# Consolidated Statement of Cash Flows

for the year ended 31 March 2011

| | Note | 2011 HK$'000 | 2010 HK$'000 |
|---|---|---|---|
| **INVESTING ACTIVITIES** | | | |
| Proceeds from disposal of available-for-sale investments | | **20,652** | 257 |
| Proceeds from disposal of plant and equipment | | **609** | 130 |
| Interest received | | **561** | 400 |
| Net cash inflow from disposal of subsidiaries | 38(a)&(b) | **—** | 24,859 |
| Acquisition of plant and equipment | | **(1,711)** | (641) |
| Dividend paid | | **(2,154)** | — |
| Acquisition of available-for-sale investments | | **(10,118)** | (10,210) |
| **NET CASH FROM INVESTING ACTIVITIES** | | **7,839** | 14,795 |
| **FINANCING ACTIVITIES** | | | |
| Repayments of bank borrowings | | **(1,200)** | (5,732) |
| Interest paid | | **(182)** | (322) |
| Repayments of obligations under finance leases | | **(83)** | (78) |
| **NET CASH USED IN FINANCING ACTIVITIES** | | **(1,465)** | (6,132) |
| **NET INCREASE IN CASH AND CASH EQUIVALENTS** | | **22,267** | 57,248 |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR** | | **77,776** | 20,528 |
| **CASH AND CASH EQUIVALENTS AT END OF THE YEAR** represented by bank balances and cash | | **100,043** | 77,776 |

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2011

## 1. GENERAL

Styland Holdings Limited (the "Company") was incorporated in Bermuda on 31 July 1991 as an exempted company with limited liability under the Companies Act of Bermuda. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and have been suspended for trading on the Stock Exchange since 21 April 2004. The address of the registered office and principal place of business of the Company are disclosed in the Corporate Information to the annual report.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company.

The Company acts as an investment holding company. The principal activities of its subsidiaries (together with the Company collectively referred to as the "Group") are set out in note 42.

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

**New and revised standards, amendments and interpretations applied in the current year**

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

| | |
|---|---|
| HKFRSs (Amendments) | Amendments to HKFRS 5 as part of Improvements to HKFRSs 2008 |
| HKFRSs (Amendments) | Improvements to HKFRSs 2009 |
| Hong Kong Accounting Standard ("HKAS") 27 (Revised) | Consolidated and Separate Financial Statements |
| HKAS 32 (Amendment) | Classification of Rights Issues |
| HKAS 39 (Amendment) | Eligible Hedged Items |
| HKFRS 1 (Revised) | First-time Adoption of HKFRSs |
| HKFRS 1 (Amendment) | Additional Exemptions for First-time Adopters |
| HKFRS 2 (Amendment) | Group Cash-settled Share-based Payment Transactions |
| HKFRS 3 (Revised) | Business Combinations |
| Hong Kong-Interpretation ("Int") 5 | Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause |
| Hong Kong (International Financial Reporting Interpretations Committee) ("HK(IFRIC)")-Int 17 | Distributions of Non-cash Assets to Owners |

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

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

**HKFRS 3 (Revised) Business Combinations and HKAS 27 (Revised) Consolidated and Separate Financial Statements**

The Group applies HKFRS 3 (Revised) Business Combinations prospectively to business combinations for which the acquisition date is on or after 1 April 2010. The requirements in HKAS 27 (Revised) Consolidated and Separate Financial Statements in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 April 2010.

In respect of the disposal of the 90% equity interest in Onland Investment Limited ("Onland") and the entire interest in City Faith Investments Limited ("City Faith") during the year ended 31 March 2010, the directors of the Company considered that the application of HKAS 27 (Revised) had no material impact on the consolidated financial statements of the Group for the prior accounting periods.

As there was no transaction during the current year in which HKFRS 3 (Revised) and HKAS 27 (Revised) are applicable, the application of HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to other HKFRSs had no effect on the consolidated financial statements of the Group for the current or prior accounting periods.

Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

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

HK-Int 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. HK-Int 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 bank borrowings that contain a repayment on demand clause. In the past, the classification of such bank borrowings were determined based on the agreed repayment schedule dates set out in the loan agreements. Under the new HK-Int 5, bank borrowings with clause which give the lender the unconditional right to call the loans at any time are classified as current liabilities in the consolidated statement of financial position.

As a result, bank borrowings that contain a repayment on demand clause with the aggregate carrying amount of approximately HK$6,900,000 and HK$11,936,000 have been reclassified from non-current liabilities to current liabilities as at 31 March 2010 and 1 April 2009 respectively. As at 31 March 2011, a bank borrowing (that is repayable more than one year after the end of the reporting period but contains a repayment on demand clause) with the aggregate carrying amount of approximately HK$5,700,000 have been classified as current liabilities. The application of HK-Int 5 has had no impact on the reported profit or loss, total comprehensive income and equity for the current and prior years.

Such bank borrowings that contain a repayment on demand clause have been presented in the earliest time band in the maturity analysis for financial liabilities (see note 6(b) for details).

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

**New and revised standards, amendments and interpretations issued but not yet effective**

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

| | |
|---|---|
| HKFRSs (Amendments) | Improvements to HKFRSs 2010 except for the amendments to HKFRS 3 (Revised), HKAS 1 and HKAS 28[1] |
| HKFRS 1 (Amendment) | Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[2] |
| HKFRS 1 (Amendment) | Service Hyperinflation and Removal of Fixed Dates for First-time Adopters[4] |
| HKFRS 7 (Amendments) | Disclosures — Transfers of Financial Assets[4] |
| HKFRS 9 | Financial Instruments[6] |
| HKFRS 10 | Consolidated Financial Statements[6] |
| HKFRS 11 | Joint Arrangements[6] |
| HKFRS 12 | Disclosure of Interest in Other Entities[6] |
| HKFRS 13 | Fair Value Measurement[6] |
| HKAS 12 (Amendments) | Deferred Tax: Recovery of Underlying Assets[5] |
| HKAS 24 (Revised) | Related Party Disclosures[3] |
| HKAS 27 (Revised) | Separate Financial Statements[6] |
| HKAS 28 (Revised) | Investments in Associates and Joint Ventures[6] |
| HK(IFRIC)-Int 14 (Amendment) | Prepayments 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 issued in November 2009 and amended in October 2010 introduces new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition.

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

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

**New and revised standards, amendments and interpretations issued 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 of the Company 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 Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 13 Fair Value Measurement improves consistency and reduces complexity by providing, for the first time, a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements do not extend the use of fair value accounting, but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs. The directors of the Company anticipate that the application of HKFRS 13 Fair Value Measurement will not have a significant impact on the results and the financial position of the Group.

The amendments to HKAS 12 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 of the Company anticipate that the application of the amendments to HKAS 12 Deferred Tax: Recovery of Underlying Assets will not have a significant impact on deferred tax recognised for investment properties that are measured using the fair value model.

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

The disclosure exemptions introduced in HKAS 24 (Revised) do not affect the Group because the Group is not a government-related entity.

The directors of the Company anticipate that the application of other new and revise standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

## 3. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments and investment properties, which are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

The principal accounting policies are set out below:

**Basis of consolidation**

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

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

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

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

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

***Allocation of total comprehensive income to non-controlling interests***

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Prior to 1 April 2010, losses applicable to the non-controlling interests in excess of the non-controlling interests in the subsidiary's equity were allocated against the interests of the Group except to the extent that the non-controlling interests had a binding obligation and were able to make an additional investment to cover the losses.

***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.

## 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### Investments in subsidiaries

Investment in a subsidiary is stated at cost less any identified impairment loss on the statement of financial position of the Company.

### Revenue recognition

Revenue is measured at the fair value of the consideration received and receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts. Revenue is recognised in the consolidated income statement on the following basis:

(a) revenue from sales of goods is recognised when the goods are delivered and titled has passed;

(b) revenue from trading of securities and securities dealing is recognised on the trade dates basis;

(c) commission and brokerage income from securities dealing is recognised on the trade date basis when relevant services are provided;

(d) interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition;

(e) dividend income from investments is recognised when the shareholders' rights to receive payment have been established; and

(f) consultancy, financing advisory and placing service income are recognised when services are provided.

### Plant and equipment

Plant and equipment held for use in the production or supply of services, or for administrative purposes, are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of plant and equipment less their residual values over their estimated useful lives, using the reducing balance method. The estimated useful lives 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.

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

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

## 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### Interest in a joint venture held-for-sale

Interest in a joint venture is classified as held-for-sale if its 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 asset is available for immediate sale in its present condition. Interest in a joint venture classified as held-for-sale is measured at the lower of the assets' previous carrying amount and fair value less costs to sell.

### Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties include land held for undetermined future use, which is regarded as held for capital appreciation purpose.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values using the fair value model. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

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 disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the item is derecognised.

### Leasing

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

#### *The Group as lessee*

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Operating leases payments are recognised as an expense on a straight-line basis over the term of the relevant lease.

## 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### Foreign currencies

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

Exchange differences arising from the settlement of monetary items, and from the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

### Borrowing costs

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

### Employee benefits

***(a) Retirement benefits scheme***

Payments to the Mandatory Provident Fund Scheme (the "MPF Scheme") are charged as expense when employees have rendered service entitling them to the contributions.

***(b) Long service payments***

Certain of the Group's employees have completed the required number of years of service to the Group in order to be eligible for long service payments under the Hong Kong Employment Ordinance ("Employment Ordinance") in the event of the termination of their employment under the circumstances specified in the Employment Ordinance. A provision is recognised in respect of the probable future long service payments expected to be made. The provision is based on the best estimate of the probable future payments which have been earned by the employees from their service to the Group to the end of the reporting period.

### Taxation

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

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such 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.

## 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

**Taxation** *(Continued)*

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

**Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

**Financial instruments**

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

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

***Financial assets***

The Group's financial assets are classified into one of the four categories, including financial assets at fair value through profit or loss ("FVTPL"), loans and receivables, held-to-maturity investments 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.

**Effective interest method**

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

Interest income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL, of which interest income is included in other revenue.

## 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### Financial instruments *(Continued)*

***Financial assets*** *(Continued)*

**Financial assets at fair value through profit or loss**

Financial assets at FVTPL are mainly financial assets that are held for trading on initial recognition.

A financial asset is classified as held for trading if:

— it has been acquired principally for the purpose of selling in the near future; or

— it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

— it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets.

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including loan receivables, trade and bills receivables, other receivables and deposits, client trust funds, pledged bank deposit, and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss of financial assets below).

**Held-to-maturity investments**

Held-to-maturity investments are non-derivative financial assets with fixed or determined payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. The Group designated that the promissory note receivable as a held-to-maturity investment. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss of financial assets below).

**Available-for-sale investments**

Available-for-sale investments are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables and held-to-maturity investments.

Available-for-sale investments are measured at fair value at the end of each reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in investment revaluation reserve, until the investment is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see accounting policy on impairment loss of financial assets below).

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at the end of each reporting period (see accounting policy on impairment loss of financial assets below).

## 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

**Financial instruments** *(Continued)*

***Financial assets*** *(Continued)*

**Impairment loss of financial assets**

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are 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 financial assets have been affected.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

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

— significant financial difficulty of the issuer or counterparty; or

— breach of contract, such as default or delinquency in interest and principal payments; or

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

— the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as loan receivables, trade and bills receivable and other receivables and deposits, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the credit period, observable changes in national or local economic conditions that correlate with default on receivables.

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

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of promissory note receivable, loan receivables, trade and bills receivables and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a promissory note receivable, trade and bills receivable, loan receivable and other receivable are considered uncollectible, they are written-off against the respective allowance accounts. Subsequent recoveries of amounts previously written-off are credited to profit or loss.

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

## 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

**Financial instruments** *(Continued)*

***Financial assets*** *(Continued)*

**Impairment loss of financial assets** *(Continued)*

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in other comprehensive income and accumulated in investment revaluation reserve. For available-for-sale debt investments, impairment losses are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

***Financial liabilities and equity***

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

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

**Effective interest method**

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

Interest expense is recognised on an effective interest basis.

**Other financial liabilities**

Other financial liabilities including trade and bills payables, other payables and accruals, dividend payables, bank borrowings and obligations under finance leases are subsequently measured at amortised cost, using the effective interest rate method.

**Equity instruments**

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

***Derecognition***

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

## 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### Financial instruments *(Continued)*

***Derecognition*** *(Continued)*

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

### Impairment losses on tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible 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. 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 as an expense immediately.

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

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### Critical judgements in applying the entity's accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

***Promissory note receivable designated as held-to-maturity investment***

The directors of the Company have reviewed the Group's held-to-maturity investment in light of its capital maintenance and liquidity requirements and have confirmed the Group's positive intention and ability to hold this asset to maturity. The carrying amount of the held-to-maturity investment is approximately HK$45,292,000 (2010: HK$40,391,000). Details of the asset are set out in note 18.

### Key sources of estimation uncertainty

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

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

### Key sources of estimation uncertainty *(Continued)*

***Estimated useful lives of plant and equipment***

The Group's carrying values of plant and equipment as at 31 March 2011 was approximately HK$2,751,000 (2010: HK$2,165,000). The Group depreciates the plant and equipment over the estimated useful lives, using the reducing balance method, at the rate of 15–25% per annum, commencing from the date the plant and equipment is placed into productive use. The estimated useful life reflects the directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's plant and equipment. The Group assesses annually the useful lives of plant and equipment and if the expectation differs from the original estimate, such a difference may impact the depreciation in the year and the estimate will be charged in the future period.

***Estimated impairment loss recognised in respect of trade and bills receivables, loan receivables, other receivables and prepayments and promissory note receivable***

Management regularly reviews and judges the recoverability and/or age of receivables. Appropriate impairment for estimated irrecoverable amounts are recognised in the consolidated income statement when there is objective evidence that the asset is impaired.

In determining whether an impairment on receivables is required, the Group takes into consideration the current creditworthiness, the past collection history, age status and likelihood of collection. Specific allowance is only made for receivables that are unlikely to be collected and is recognised on the difference between the estimated future cash flow expected to receive discounts using the original effective interest rate and its carrying value. If the financial conditions of customers of the Group were to deteriorate, resulting in impairment of their ability to make payments, additional impairment may be required. As at 31 March 2011, the carrying amount of trade and bills receivables is approximately HK$9,292,000 (net of accumulated impairment loss of approximately HK$671,000) (2010: carrying amount of trade receivables is approximately HK$11,414,000, net of accumulated impairment loss of approximately HK$1,843,000); the carrying amount of loan receivables is approximately HK$33,078,000 (net of accumulated impairment loss of approximately HK$14,213,000) (2010: carrying amount of loan receivables is approximately HK$31,485,000, net of accumulated impairment loss of approximately HK$15,902,000); the carrying amount of other receivables, deposits and prepayments is approximately HK$5,590,000 (2010: HK$2,223,000); and the carrying amount of promissory note receivable is approximately HK$45,292,000 (2010: HK$40,391,000).

***Estimated impairment loss recognised in respect of available-for-sale investments***

The Group had available-for-sale investments which were stated at their fair values on the basis of their quoted market prices at the end of the reporting date, on an individual basis. Any gains or losses are recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the consolidated income statement. Management has to assess whether objective evidence of significant impairment exists and consider whether it is appropriate to charge the cumulative loss to consolidated income statement.

In making its judgement, the Group considers if there has been a significant or prolonged decline in the fair value below its cost or whether other objective evidence of impairment exist. No impairment loss was recognised for the years ended 31 March 2011 and 2010 by the Group.

## 4. CRITICAL ACCOUNTINGS JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

**Key sources of estimation uncertainty** *(Continued)*

***Estimated impairment loss recognised in respect of available-for-sale investments*** *(Continued)*

For the available-for-sale investment not quoted in an active market, the management takes into consideration the estimation of future cash flows. The amount of impairment loss is measured on the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Where the actual future cash flows are more or less than expected, a material difference on the impairment loss recognised may arise. During the year ended 31 March 2011, the impairment loss in respect of available-for-sale investments is approximately HK$3,857,000 (2010: nil).

***Fair value of investment property***

Investment property is carried in the consolidated statement of financial position as at 31 March 2011 at the fair value of approximately HK$65,500,000 (2010: HK$57,000,000). The fair value was based on valuation on the property conducted by an independent firm of professional valuer using open market value by reference to comparable market transactions which involve certain assumptions of market conditions. Favourable or unfavourable changes to these assumptions would result in changes in the fair value of the Group's investment property and corresponding adjustments to the amount of gain or loss reported in the consolidated income statement.

***Pending petition of the Group***

In connection with the Group's pending petition as at 31 March 2011, the directors of the Company assessed the relevant facts and circumstances and considered the appropriateness of provisions, if any, to be made, based on legal advice obtained as and when it is necessary.

## 5. CAPITAL RISK MANAGEMENT

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

The Group is not subject to any externally imposed capital requirements except for certain subsidiaries which engage in securities dealing and broking service, corporate finance and advisory service are the regulated entities under the Hong Kong Securities and Futures Ordinance and are subject to the respective minimum capital requirements.

The capital structure of the Group consists of debts, which included the bank borrowings disclosed in note 31, obligations under finance leases disclosed in note 32, cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on an annual basis. As part of this review, the directors of the Company consider the cost of capital and risks associated with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through the raise of bank borrowings, payment of dividends and issue of convertible bonds, share options and new shares.

There is no change in the capital risk management policy adopted by the Company during the two years ended 31 March 2011 and 31 March 2010.

## 6. FINANCIAL INSTRUMENTS

### (a) Categories of financial instruments

| | 2011 HK$'000 | 2010 HK$'000 |
|---|---|---|
| **Financial assets** | | |
| Financial assets at fair value through profit or loss | | |
| — held for trading investments | **34,751** | 6,377 |
| Loans and receivables | | |
| — loan receivables | **33,078** | 31,485 |
| — trade and bills receivables | **9,292** | 11,414 |
| — other receivables and deposits | **4,949** | 1,770 |
| — client trust funds | **134,816** | 229,996 |
| — pledged bank deposit | **5,000** | 5,000 |
| — bank balances and cash | **100,043** | 77,776 |
| | **287,178** | 357,441 |
| Held-to-maturity investment | | |
| — promissory note receivable | **45,292** | 40,391 |
| Available-for-sale investments | **—** | 14,034 |
| | **367,221** | 418,243 |
| **Financial liabilities** | | |
| Other financial liabilities at amortised cost | | |
| — trade and bills payables | **148,732** | 239,134 |
| — other payables and accruals | **9,439** | 19,001 |
| — dividend payables | **325** | 1,294 |
| — bank borrowings | **6,900** | 8,100 |
| — obligations under finance leases | **186** | 269 |
| | **165,582** | 267,798 |

## 6. FINANCIAL INSTRUMENTS *(Continued)*

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

The Group's financial instruments include financial assets at fair value through profit or loss, loan receivables, trade and bills receivables, other receivables and deposits, client trust funds, pledged bank deposit, bank balances and cash, promissory note receivable, available-for-sale investments, trade and bills payables, other payables and accruals, dividend payables, bank borrowings and obligations under finance leases. Details of the financial instruments are disclosed in the relevant notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

***Market risk***

**(i) Currency risk**

The Group's business activities and its assets and liabilities were mainly denominated in HK$ and United States dollars ("USD"). The management considers the Group does not expose to significant foreign currency risk as majority of its operations and transaction are denominated in the functional currency of the group entity. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

USD is not the functional currency of the group entity, but HK$ is pegged to USD, the Group does not expect any significant movements in the USD/HK$ exchange rates. In the opinion of directors of the Company, the foreign currency sensitivity does not give additional value in view of insignificant movement in the USD/HK$ exchange rates and insignificant exposure of other foreign currencies in relation to bank balances (see note 27) at the end of the reporting period. Accordingly, no foreign currency sensitivity is disclosed.

**(ii) Interest rate risk**

The Group is exposed to fair value interest rate risk in relation to the promissory note receivable, the fixed-rate pledged bank deposit and obligations under finance leases (see notes 18, 26 and 32 respectively for details).

The Group is also exposed to cash flow interest rate risk in relation to loan receivables, client trust funds, bank balances, trade payables and bank borrowings (see notes 21, 25, 27, 29 and 31 respectively for details). The interest rate risk is managed by the directors of the Company on an ongoing basis with the primary objective of limiting extent to which interest expense could be affected by adverse movement in interest rates.

## 6. FINANCIAL INSTRUMENTS *(Continued)*

### (b) Financial risk management objectives and policies *(Continued)*

***Market risk*** *(Continued)*

**(ii) Interest rate risk** *(Continued)*

The sensitivity analysis below has been determined based on the exposure to interest rates for loan receivables, client trust funds, bank balances, trade payables and bank borrowings at the end of reporting period. The analysis is prepared assuming financial instruments outstanding at the end of reporting period were outstanding for the whole year. A 100 (2010: 50) basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 (2010: 50) basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2011 would increase/decrease by approximately HK$1,150,000 (2010: HK$528,000).

As a result of the volatility of financial market, the management adjusted the sensitivity rate from 50 basis points to 100 basis points in the current year for the purpose of analysing interest rate risk.

**(iii) Other price risk**

Other price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the values of individual securities. The Group is exposed to equity price risk arising from individual equity investment classified as FVTPL (note 24) and available-for-sale investments (note 19) as at 31 March 2011. The Group's listed investments are listed on the Stock Exchange and Ho Chi Minh Stock Exchange and are valued at quoted market prices at the reporting date. In addition, the Group monitors the price risk exposure and will consider hedging the risk exposure should the need arise.

The sensitivity analyses below have been determined based on the Group's exposure to equity price risks at the reporting date.

If the price of the respective equity instruments classified as FVTPL had been 5% (2010: 5%) higher/lower, the post-tax profit for the year ended 31 March 2011 would increase/decrease by approximately HK$1,451,000 (2010: HK$266,000) for the Group, as a result of the changes in fair value of financial assets classified as FVTPL.

If the price of the respective equity instruments classified as available-for-sale investments had been 5% (2010: 5%) higher/lower, the investment valuation reserve would increase/decrease by approximately nil (2010: HK$509,000) for the Group, as a result of the changes in fair value of available-for-sale investments.

## 6. FINANCIAL INSTRUMENTS *(Continued)*

### (b) Financial risk management objectives and policies *(Continued)*

***Credit risk***

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings.

For the securities dealing, broking and financial business, loan will be granted based on assessment on financial status, repayment records and the liquidity of collaterals placed by a customer and the interest rate will be determined thereon. The Group's loans to customers arising from the business of securities dealings are secured by the underlying pledged securities. Loan will be repayable on demand once a customer fails to repay any deposit, margin or other sum payable to the Group.

The account executives of the Group are responsible for making margin calls to customers whose trades exceed their respective limits. The deficiency report will be monitored daily by the Group's directors and responsible officers.

In addition, the management has considered the strong financial background of the issuer of the promissory note receivable, and therefore considered that there is no significant credit risk on the promissory note receivable. The Group has concentration of credit risk on the promissory note receivable as the total amount of the promissory note receivable is due from one counterparty.

The Group has concentration of credit risk as 74% (2010: 53%) and 71% (2010: 69%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively. The Group's concentration of credit risk by geographical locations is mainly in Hong Kong, which accounted for 100% (2010: 100%) of the total trade receivable as at 31 March 2011.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, trade receivables and the promissory note receivable, the Group has no significant concentration of credit risk on loan receivables and other receivables, with exposure spread over a number of counterparties.

## 6. FINANCIAL INSTRUMENTS *(Continued)*

### (b) Financial risk management objectives and policies *(Continued)*

***Liquidity risk***

The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants to ensure that it maintains sufficient amount of cash and adequate banking facilities from major financial institutions to meet its liquidity requirements in the short and long term.

The bank borrowings, amounted to approximately HK$5,700,000 (2010: HK$6,900,000) with a contractual repayment terms maturing in five year were classified as current liabilities as at 31 March 2011. Due to the inclusion of a repayment on demand clause in the respective facilities agreement, such loans are classified as current liabilities regardless of the original repayment term nor in the absence of any events of default.

In respect of the Group's securities dealing and broking services business, it is subject to various statutory liquidity requirements as prescribed by the Securities and Futures Commission. The Group has put in place monitoring system to ensure that it maintains adequate liquid capital to fund its business commitments and to comply with the relevant financial resources rules.

**Liquidity tables**

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

**As at 31 March 2011**

| | Interest rate | On demand/ within one year HK$'000 | One year to two years HK$'000 | Over two years HK$'000 | Total contractual undiscounted cash flow HK$'000 | Carrying amount HK$'000 |
|---|---|---|---|---|---|---|
| Trade and bills payables | 0.01% | 148,747 | — | — | 148,747 | 148,732 |
| Other payables and accruals | — | 9,439 | — | — | 9,439 | 9,439 |
| Dividend payables | — | 325 | — | — | 325 | 325 |
| Bank borrowings | 2.25% | 6,900 | — | — | 6,900 | 6,900 |
| Obligations under finance leases | 5.28% | 95 | 94 | 7 | 196 | 186 |
| | | 165,506 | 94 | 7 | 165,607 | 165,582 |

## 6. FINANCIAL INSTRUMENTS *(Continued)*

### (b) Financial risk management objectives and policies *(Continued)*

***Liquidity risk*** *(Continued)*

**Liquidity tables** *(Continued)*

As at 31 March 2010 (Restated)

| | Interest rate | On demand/ within one year HK$'000 | One year to two years HK$'000 | Over two years HK$'000 | Total contractual undiscounted cash flow HK$'000 | Carrying amount HK$'000 |
|---|---|---|---|---|---|---|
| Trade and bills payables | 0.01% | 239,158 | — | — | 239,158 | 239,134 |
| Other payables and accruals | — | 19,001 | — | — | 19,001 | 19,001 |
| Dividend payables | — | 1,294 | — | — | 1,294 | 1,294 |
| Bank borrowings | 2.25%–2.5% | 8,100 | — | — | 8,100 | 8,100 |
| Obligations under finance leases | 5.28% | 95 | 94 | 103 | 292 | 269 |
| | | 267,648 | 94 | 103 | 267,845 | 267,798 |

As at 31 March 2009 (Restated)

| | Interest rate | On demand/ within one year HK$'000 | One year to two years HK$'000 | Over two years HK$'000 | Total contractual undiscounted cash flow HK$'000 | Carrying amount HK$'000 |
|---|---|---|---|---|---|---|
| Trade and bills payables | 0.01% | 18,145 | — | — | 18,145 | 18,143 |
| Other payables and accruals | — | 14,471 | — | — | 14,471 | 14,471 |
| Bank borrowings | 2.25%–2.5% | 18,811 | — | — | 18,811 | 18,811 |
| Obligations under finance leases | 5.28% | 94 | 95 | 197 | 386 | 347 |
| | | 51,521 | 95 | 197 | 51,813 | 51,772 |

## 6. FINANCIAL INSTRUMENTS *(Continued)*

### (c) Fair value

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

- the fair value of financial assets with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices; and

- the fair value of other financial assets and liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input.

The directors of the Company consider that the other carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values due to short-term or immediate maturities.

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

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. 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 asset or liability that are not based on observable market data (unobservable inputs).

## 6. FINANCIAL INSTRUMENTS *(Continued)*

### (c) Fair value *(Continued)*

**31 March 2011**

| | **Level 1 HK$'000** | **Level 2 HK$'000** | **Level 3 HK$'000** | **Total HK$'000** |
|---|---|---|---|---|
| Non-derivative financial assets held for trading | **34,751** | **—** | **—** | **34,751** |

31 March 2010

| | Level 1 HK$'000 | Level 2 HK$'000 | Level 3 HK$'000 | Total HK$'000 |
|---|---|---|---|---|
| Non-derivative financial assets held for trading | 6,377 | — | — | 6,377 |
| Available-for-sales investments | 10,177 | — | — | 10,177 |

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

## 7. SEGMENT INFORMATION

Information reported to the board of directors of the Company, being the chief operating decision makers, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

The Group's reportable segments under HKFRS 8 are as follows:

— the securities dealing and broking services segment provides underwriting, trading and broking services mainly on marketable securities;

— the financing segment engages in money lending;

— the general import and export trading segment mainly engages in the trading of frozen foods, electronic accessories and garment;

— the trading of securities segment engages in dealing with listed securities;

— the property redevelopment and investment segment engages in property redevelopment and letting of property; and

— the strategic investments segment engages in investments for an identified long-term purpose.

## 7. SEGMENT INFORMATION *(Continued)*

### Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segments.

**For the year ended 31 March 2011**

| | Securities dealing and broking services HK$'000 | Financing HK$'000 | General import and export trading HK$'000 | Trading of securities HK$'000 | Property redevelopment and investment HK$'000 | Strategic investments HK$'000 | Eliminations HK$'000 | Consolidated HK$'000 |
|---|---|---|---|---|---|---|---|---|
| Segment revenue | | | | | | | | |
| External sales | **36,337** | **4,810** | **45,410** | **98** | **—** | **—** | **—** | **86,655** |
| Inter-segment sales | **964** | **65** | **—** | **—** | **—** | **—** | **(1,029)** | **—** |
| | **37,301** | **4,875** | **45,410** | **98** | **—** | **—** | **(1,029)** | **86,655** |
| Segment profit | **19,615** | **7,484** | **4,896** | **39,604** | **8,072** | **905** | **—** | **80,576** |
| Unallocated income and expenses | | | | | | | | **(15,262)** |
| Profit before tax | | | | | | | | **65,314** |

For the year ended 31 March 2010

| | Securities dealing and broking services HK$'000 | Financing HK$'000 | General import and export trading HK$'000 | Trading of securities HK$'000 | Property redevelopment and investment HK$'000 | Strategic investments HK$'000 | Eliminations HK$'000 | Consolidated HK$'000 |
|---|---|---|---|---|---|---|---|---|
| Segment revenue | | | | | | | | |
| External sales | 51,236 | 4,434 | 16,338 | 300 | — | — | — | 72,308 |
| Inter-segment sales | 584 | 158 | — | — | — | — | (742) | — |
| | 51,820 | 4,592 | 16,338 | 300 | — | — | (742) | 72,308 |
| Segment (loss) profit | 35,284 | 3,806 | (204) | 31,695 | 4,229 | 4,915 | — | 79,725 |
| Unallocated income and expenses | | | | | | | | (12,689) |
| Profit before tax | | | | | | | | 67,036 |

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment profit (loss) represents the profit earned by (loss from) each segment without allocation of central administrative costs, directors' salaries, bank interest income and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Inter-segment sales are changed at prevailing market rates.

## 7. SEGMENT INFORMATION *(Continued)*

### Segment assets and liabilities

The segment assets and liabilities at 31 March 2011 by reportable segments are as follows:

| | Securities dealing and broking services HK$'000 | Financing HK$'000 | General import and export trading HK$'000 | Trading of securities HK$'000 | Property redevelopment and investment HK$'000 | Strategic investments HK$'000 | Unallocated HK$'000 | Consolidated HK$'000 |
|---|---|---|---|---|---|---|---|---|
| Segment assets | **160,213** | **11,447** | **7,913** | **38,627** | **65,983** | **45,292** | **109,401** | **438,876** |
| Segment liabilities | **148,744** | **305** | **2,795** | **5** | **193** | **12** | **16,472** | **168,526** |

The segment assets and liabilities at 31 March 2010 by reportable segments are as follows:

| | Securities dealing and broking services HK$'000 | Financing HK$'000 | General import and export trading HK$'000 | Trading of securities HK$'000 | Property redevelopment and investment HK$'000 | Strategic investments HK$'000 | Unallocated HK$'000 | Consolidated HK$'000 |
|---|---|---|---|---|---|---|---|---|
| Segment assets | 260,982 | 1,516 | 8,298 | 20,429 | 57,036 | 44,259 | 85,685 | 478,205 |
| Segment liabilities | 249,968 | 138 | 1,407 | 300 | 1 | 18 | 19,319 | 271,151 |

For the purposes of monitoring segment performances and allocating resources between segments:

— all assets are allocated to reportable segments other than tax recoverable, pledged bank deposit, bank balances and cash, unallocated plant and equipment, and unallocated other receivables, deposits and prepayments; and

— all liabilities are allocated to reportable segments other than dividend payables, tax liabilities, bank borrowings, obligations under finance leases, and unallocated other payables and accruals.

## 7. SEGMENT INFORMATION *(Continued)*

### Other segment information

### For the year ended 31 March 2011:

| | Securities dealing and broking services HK$'000 | Financing HK$'000 | General import and export trading HK$'000 | Trading of securities HK$'000 | Property redevelopment and investment HK$'000 | Strategic investments HK$'000 | Unallocated HK$'000 | Consolidated HK$'000 |
|---|---|---|---|---|---|---|---|---|
| Amounts included in the measure of segment profit or loss or segment assets: | | | | | | | | |
| Change in fair value of investment properties | — | — | — | — | 8,500 | — | — | 8,500 |
| Change in fair value of financial assets at fair value through profit or loss | — | — | — | 3,077 | — | — | — | 3,077 |
| Gain on disposal of financial assets at fair value through profit or loss | — | — | — | 36,387 | — | — | — | 36,387 |
| Impairment loss recognised in respect of trade receivables | — | — | (7) | — | — | — | — | (7) |
| Reversal of impairment loss recognised in respect of trade receivables | — | — | 21 | — | — | — | — | 21 |
| Impairment loss recognised in respect of available-for-sales investments | — | — | — | — | — | (3,857) | — | (3,857) |
| Impairment loss recognised in respect of loan receivables | (11) | (1,263) | — | — | — | — | — | (1,274) |
| Reversal of impairment loss recognised in respect of loan receivables | 2,351 | 261 | — | — | — | — | — | 2,612 |
| Bad debt recovery from loan receivables | — | 96 | — | — | — | — | — | 96 |
| Depreciation | (211) | (1) | — | — | (38) | — | (371) | (621) |
| Gain on disposal of plant and equipment | — | — | — | — | — | — | 105 | 105 |
| Addition to non-current assets (Note) | 279 | 24 | — | — | 361 | — | 1,047 | 1,711 |
| Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets: | | | | | | | | |
| Interest income | 8 | 1 | 544 | — | — | 4,901 | 8 | 5,462 |
| Finance costs | — | — | — | — | (169) | — | (13) | (182) |
| Income tax expense | (853) | — | — | — | (31) | 39 | — | (845) |

Note: Non-current assets excluded financial instruments including promissory note receivable, loan receivables and available-for-sale investments.

## 7. SEGMENT INFORMATION *(Continued)*

### Other segment information *(Continued)*

For the year ended 31 March 2010:

| | Securities dealing and broking services HK$'000 | Financing HK$'000 | General import and export trading HK$'000 | Trading of securities HK$'000 | Property development and investment HK$'000 | Strategic investments HK$'000 | Unallocated HK$'000 | Consolidated HK$'000 |
|---|---|---|---|---|---|---|---|---|
| Amounts included in the measure of segment profit or loss or segment assets: | | | | | | | | |
| Change in fair value of investment properties | — | — | — | — | 2,000 | — | — | 2,000 |
| Change in fair value of financial assets at fair value through profit or loss | — | — | — | 107 | — | — | — | 107 |
| Gain on disposal of financial assets at fair value through profit or loss | — | — | — | 31,286 | — | — | — | 31,286 |
| Impairment loss recognised in respect of trade receivables | — | — | (239) | — | — | — | — | (239) |
| Reversal of impairment loss recognised in respect of trade receivables | — | — | 25 | — | — | — | — | 25 |
| Impairment loss recognised in respect of loan receivables | (320) | (492) | — | — | — | — | — | (812) |
| Reversal of impairment loss recognised in respect of loan receivables | 1,213 | 241 | — | — | — | — | — | 1,454 |
| Bad debt recovery from loan receivables | — | 110 | — | — | — | — | — | 110 |
| Gain on disposal of subsidiaries | — | — | — | — | 2,717 | 8,412 | — | 11,129 |
| Depreciation | (117) | — | — | — | (1) | — | (388) | (506) |
| Loss on disposal of plant and equipment | — | — | (14) | — | — | — | (14) | (28) |
| Reversal of allowance for inventories | — | — | 53 | — | — | — | — | 53 |
| Addition to non-current assets (Note) | 22 | — | — | — | — | — | 619 | 641 |
| Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets: | | | | | | | | |
| Interest income | 122 | — | 344 | — | — | — | 22 | 488 |
| Finance costs | — | — | (29) | — | (277) | — | (16) | (322) |
| Income tax expense | (1,376) | — | — | — | — | — | — | (1,376) |

Note: Non-current assets excluded financial instruments including promissory note receivable and available-for-sale investments.

## 7. SEGMENT INFORMATION *(Continued)*

### Revenue from major products and services

The following is an analysis of the Group's revenue from its major products and services:

| | 2011 HK$'000 | 2010 HK$'000 |
|---|---|---|
| Sales of frozen foods | **44,427** | 15,846 |
| Sales of electronic accessories | **983** | 148 |
| Sales of garment | **—** | 344 |
| Commission and brokerage income from securities dealing | **36,337** | 51,236 |
| Interest income from margin and other financing | **4,810** | 4,434 |
| Dividend income | **98** | 300 |
| | **86,655** | 72,308 |

### Geographical information

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

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

| | Revenue from external customers | | Non-current assets | |
|---|---|---|---|---|
| | 2011 HK$'000 | 2010 HK$'000 | 2011 HK$'000 | 2010 HK$'000 |
| Hong Kong | **85,672** | 72,141 | **68,251** | 59,165 |
| Europe | **983** | 149 | **—** | — |
| the PRC | **—** | 18 | **—** | — |
| | **86,655** | 72,308 | **68,251** | 59,165 |

Note: Non-current assets excluded promissory note receivable, loan receivables and available-for-sale investments.

### Information about major customers

During the year ended 31 March 2011, revenue from one customer of the Group's general import and export trading segment amounting to approximately HK$44,427,000 (2010: HK$10,369,000) had individually accounted for over 10% of the Group's total revenue.

## 8. TURNOVER, REVENUE, COST OF SALES AND OTHER INCOME

Turnover represents the amounts received and receivable for goods sold and services provided, trading of securities, commission and brokerage income from securities dealing, interest income from margin and other financing, and dividend income are analysed as follows:

| | 2011 HK$'000 | 2010 HK$'000 |
|---|---|---|
| Turnover comprises: | | |
| Proceeds from held for trading investments | **240,546** | 204,839 |
| Sale of goods | **45,410** | 16,338 |
| Commission and brokerage income from securities dealing | **36,337** | 51,236 |
| Interest income from margin and other financing | **4,810** | 4,434 |
| Dividend income | **98** | 300 |
| | **327,201** | 277,147 |
| Revenue comprises: | | |
| Sale of goods | **45,410** | 16,338 |
| Commission and brokerage income from securities dealing | **36,337** | 51,236 |
| Interest income from margin and other financing | **4,810** | 4,434 |
| Dividend income | **98** | 300 |
| | **86,655** | 72,308 |
| Cost of sales comprises: | | |
| Cost of sales of goods | **40,636** | 16,024 |
| Direct cost in respect of securities dealing business | **4,423** | 6,345 |
| | **45,059** | 22,369 |
| Gross profit comprises: | | |
| Sale of goods | **4,774** | 314 |
| Commission and brokerage income from securities dealing | **31,914** | 44,891 |
| Interest income from margin and other financing | **4,810** | 4,434 |
| Dividend income | **98** | 300 |
| | **41,596** | 49,939 |
| Other income comprises: | | |
| Interest income | **561** | 488 |
| Interest income on promissory note receivable | **4,901** | — |
| Reversal of impairment loss recognised in respect of trade receivable | **21** | 25 |
| Bad debt recovery from loan receivables | **96** | 110 |
| Gain on disposal of plant and equipment | **105** | — |
| Gain on disposal of available-for-sale investments | **345** | 9 |
| Sundry income | **937** | 2,661 |
| | **6,966** | 3,293 |

## 9. FINANCE COSTS

| | 2011 HK$'000 | 2010 HK$'000 |
|---|---|---|
| Interest on: | | |
| — bank overdrafts and bank borrowings wholly repayable within five years | **169** | 306 |
| — obligations under finance leases | **13** | 16 |
| | **182** | 322 |

## 10. INCOME TAX EXPENSE

| | 2011 HK$'000 | 2010 HK$'000 |
|---|---|---|
| Hong Kong Profits Tax | | |
| Current year | **884** | 1,400 |
| Overprovision in prior years | **(39)** | (24) |
| | **845** | 1,376 |

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

The income tax expenses for the year can be reconciled to the profit before tax per the consolidated income statements as follows:

| | 2011 HK$'000 | 2010 HK$'000 |
|---|---|---|
| Profit before tax | **65,314** | 67,036 |
| Tax at domestic income tax rate of 16.5% (2010: 16.5%) | **10,777** | 11,061 |
| Tax effect of expenses not deductible for tax purpose | **1,068** | 669 |
| Tax effect of income not taxable for tax purpose | **(2,320)** | (2,219) |
| Tax effect of tax losses not recognised | **836** | 562 |
| Overprovision in prior years | **(39)** | (24) |
| Utilisation of tax loss previously not recognised | **(9,477)** | (8,673) |
| Income tax expense for the year | **845** | 1,376 |

As at 31 March 2011, the Group has unused tax losses of approximately HK$178,882,000 (2010: HK$231,251,000) available for offset against future profits. No deferred tax asset has been recognised of such losses due to the unpredictability of future profit streams for certain of subsidiaries. The tax losses may be carried forward indefinitely.

## 11. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

| | 2011 HK$'000 | 2010 HK$'000 |
|---|---|---|
| Staff costs (including directors' remuneration): | | |
| — Salaries, allowances and other benefits | 14,196 | 12,653 |
| — Retirement benefit scheme contributions | 513 | 570 |
| | 14,709 | 13,223 |
| Auditor's remuneration | 680 | 680 |
| Depreciation | 621 | 506 |
| Loss on disposal of plant and equipment | — | 28 |
| Lease payments under operating leases for rented premises | 1,734 | 1,457 |
| Impairment loss recognised in respect of trade receivables | 7 | 239 |
| Cost of inventories recognised as an expense | 40,521 | 15,979 |
| Reversal of inventories (included in cost of sales) | — | (53) |

## 12. DIRECTORS' REMUNERATION

The remuneration paid or payable to each of eleven (2010: ten) directors were as follows:

| Name of director | Fees HK$'000 | Salaries and other benefits HK$'000 | Retirement benefit scheme contributions HK$'000 | Total HK$'000 |
|---|---|---|---|---|
| **For the year ended 31 March 2011** | | | | |
| *Executive directors* | | | | |
| Cheung Hoo Win | — | 481 | 12 | 493 |
| Yeung Han Yi Yvonne ("Ms. Yeung") (note a) | — | 515 | 26 | 541 |
| Chan Chi Mei Miranda ("Ms. Chan") (note a) | — | 442 | 22 | 464 |
| Ho Mei Sheung (note b) | — | 347 | 7 | 354 |
| Ng Yiu Chuen (note b) | — | 242 | 5 | 247 |
| Zhang Yuyan | — | 150 | — | 150 |
| Chen Lili | — | 120 | — | 120 |
| *Independent non-executive directors* | | | | |
| Yeung Shun Kee | 80 | — | — | 80 |
| Li Hancheng | 100 | — | — | 100 |
| Lo Tsz Fung Philip | 80 | — | — | 80 |
| Zhao Qingji | 200 | — | — | 200 |
| | 460 | 2,297 | 72 | 2,829 |

Notes:

(a) Retired on 5 December 2010

(b) Appointed on 5 December 2010

## 12. DIRECTORS' REMUNERATION *(Continued)*

| Name of director | Fees HK$'000 | Salaries and other benefits HK$'000 | Retirement benefit scheme contributions HK$'000 | Total HK$'000 |
|---|---|---|---|---|
| For the year ended 31 March 2010 | | | | |
| *Executive directors* | | | | |
| Cheung Hoo Win | — | 455 | 12 | 467 |
| Ms. Yeung | — | 735 | 36 | 771 |
| Ms. Chan | — | 601 | 30 | 631 |
| Zhang Yuyan | — | 150 | — | 150 |
| Chen Lili (note c) | — | 51 | — | 51 |
| *Independent non-executive directors* | | | | |
| Yeung Shun Kee | 80 | — | — | 80 |
| Li Hancheng | 100 | — | — | 100 |
| Lim Man San David (note a) | — | — | — | — |
| Lo Tsz Fung Philip (note b) | 79 | — | — | 79 |
| Zhao Qingji (note b) | 179 | — | — | 179 |
| | 438 | 1,992 | 78 | 2,508 |

Notes:

(a) Resigned on 6 April 2009

(b) Appointed on 6 April 2009

(c) Appointed on 29 October 2009

On 31 January 2011, the Company and each of former directors, Ms. Yeung and Ms. Chan (the "Former Directors") confirmed and signed the offer letters pursuant to which the Company granted to each of the Former Directors the gratuity of HK$3,000,000 to be paid wholly or partly in cash; or, at the option of the Former Directors, by way of new ordinary shares to be issued and allotted by the Company at the subscription price of HK$0.052 per gratuity share (the "Gratuity").

## 12. DIRECTORS' REMUNERATION *(Continued)*

The Board announced that in view of the potential issue of the Gratuity Shares to the Former Directors under the proposed grant of Gratuity, the grant of Gratuity to the Former Directors is subject to independent shareholders' approval requirements under the Listing Rules.

The granting of the Gratuity to each Former Director by way of issuing the Gratuity Shares in lieu of cash is conditional upon the followings:

(i) the approval of the independent shareholders the payment of the Gratuity at a special general meeting of the Company; and

(ii) the Listing Committee of the Stock Exchange having granted the listing of and permission to deal in the Gratuity Shares to be issued if the Former Directors elect to receive the Gratuity Shares in lieu of cash.

However, as the conditions (i) and (ii) have not been fulfilled, the granting of the Gratuity to Former Directors could not be proceeded up to the date of approval of these consolidated financial statements until further notice.

Details are set out in the announcements of the Company dated 1 February 2011 and 24 February 2011.

None of directors of the Company waived or agreed to waive any emoluments for the two years ended 31 March 2011 and 2010. No emoluments have been paid to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office during the two years ended 31 March 2011 and 31 March 2010.

## 13. EMPLOYEES' EMOLUMENTS

During the year, the five highest paid individuals included three directors (2010: three directors) of the Company, whose emoluments have been included in note 12 above. The emoluments of the remaining two individuals (2010: two individuals) for the year ended 31 March 2011 and 31 March 2010 were as follows:

| | **2011 HK$'000** | 2010 HK$'000 |
|---|---|---|
| Salaries, allowances and other benefits | **1,706** | 1,589 |
| Retirement benefit scheme contributions | **24** | 39 |
| | **1,730** | 1,628 |

No emoluments have been paid to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the two years ended 31 March 2011 and 31 March 2010.

The above emoluments fall within the following band:

| | **No. of employees** | |
|---|---|---|
| | **2011** | 2010 |
| — Nil to HK$1,000,000 | **2** | 2 |

## 14. DIVIDENDS

| | 2011<br>HK$'000 | 2010<br>HK$'000 |
|---|---|---|
| Proposed interim dividend | **936** | 2,994 |
| Proposed final dividend | **—** | 2,245 |
| | **936** | 5,239 |

**Interim Dividend for 2011**

On 22 November 2010, the Board resolved to propose an interim cash dividend of HK0.05 cent per share with a scrip alternative to offer the right to shareholders to elect to receive such interim dividend wholly or partly by allotment and issue of scrip shares credited as fully paid in lieu of cash dividend (the "2011 Interim Dividend").

On 22 November 2010, the Board also proposed a new bonus issue of shares to its shareholders, pursuant to which bonus shares will be issued to shareholders on the basis of 1 bonus share for every 20 shares held by the shareholders (the "2011 Bonus Issue Proposal").

Both the 2011 Interim Dividend and the 2011 Bonus Issue Proposal are conditional upon (i) the approval of shareholders at a special general meeting of the Company; (ii) the grant of the listing approval by the Stock Exchange for the listing of, and permission to deal in, the scrip shares and bonus shares to be issued thereof; and (iii) the resumption of trading in the shares of the Company.

The 2011 Interim Dividend and the 2011 Bonus Issue Proposal were approved by shareholders at the Special General Meeting of the Company held on 15 April 2011. However, as conditions (ii) and (iii) were not fulfilled up to the date of approval of these consolidated financial statements, the 2011 Interim Dividend (excluding the cash payment) and the 2011 Bonus Issue Proposal could not be proceeded for the time being until satisfaction of conditions (ii) and (iii). The cash payment, either wholly or partly, for the 2011 Interim Dividend was not subject to the resumption of trading in shares of the Company. An amount of approximately HK$325,000 was paid to shareholders who elected to receive cash for the 2011 Interim Dividend.

**Final Dividend for 2010**

On 19 July 2010, the Board resolved to propose a final cash dividend of HK0.12 cent per share with a scrip alternative to offer the right to shareholders to elect to receive such final dividend wholly or partly by allotment and issue of scrip shares credited as fully paid in lieu of cash dividend (the "2010 Final Dividend").

On 19 July 2010, the Board also proposed a bonus issue of shares to its shareholders, pursuant to which bonus shares will be issued to shareholders on the basis of 1 bonus share for every 10 shares held by the shareholders (the "2010 Bonus Issue Proposal II").

Both the 2010 Final Dividend and the 2010 Bonus Issue Proposal II are conditional upon (i) the approval of shareholders at the Annual General Meeting of the Company; and (ii) the grant of the listing approval by the Stock Exchange for the listing of, and permission to deal in, the scrip shares and bonus shares to be issued thereof.

## 14. DIVIDENDS *(Continued)*

**Final Dividend for 2010** *(Continued)*

The 2010 Final Dividend and the 2010 Bonus Issue Proposal II were approved by shareholders at the Annual General Meeting of the Company held on 29 September 2010. However, as condition (ii) was not fulfilled up to the date of approval of these consolidated financial statements, the 2010 Final Dividend (excluding the cash payment) and the 2010 Bonus Issue Proposal II could not be proceeded for the time being until satisfaction of condition (ii). The cash payment, either wholly or partly, for the 2010 Final Dividend was not subject to the resumption of trading in shares of the Company. An amount of approximately HK$860,000 was paid to shareholders who elected to receive cash for the 2010 Final Dividend.

**Interim Dividend for 2010**

On 27 November 2009, the Board resolved to propose an interim cash dividend of HK0.16 cent per share with a scrip alternative to offer the right to shareholders to elect to receive such interim dividend wholly or partly by allotment and issue of scrip shares credited as fully paid in lieu of cash dividend (the "2010 Interim Dividend").

On 27 November 2009, the Board also proposed a bonus issue of shares to its shareholders, pursuant to which bonus shares will be issued to shareholders on the basis of 1 bonus share for every 10 shares held by the shareholders (the "2010 Bonus Issue Proposal I").

Both the 2010 Interim Dividend and the 2010 Bonus Issue Proposal I are conditional upon (i) the approval of shareholders at a special general meeting of the Company; (ii) the grant of the listing approval by the Stock Exchange for the listing of, and permission to deal in, the scrip shares and bonus shares to be issued thereof; and (iii) the resumption of trading in shares of the Company.

The 2010 Interim Dividend and the 2010 Bonus Issue Proposal I were approved by shareholders at the Special General Meeting of the Company held on 30 March 2010. However, as conditions (ii) and (iii) were not fulfilled up to the date of approval of these consolidated financial statements, both the 2010 Interim Dividend (excluding the cash payment) and the 2010 Bonus Issue Proposal I could not be proceeded for the time being until satisfaction of conditions (ii) and (iii). The cash payment, either wholly or partly, for the 2010 Interim Dividend was not subject to the resumption of trading in shares of the Company. An amount of approximately HK$l,294,000 was paid to shareholders who elected to receive cash for the 2010 Interim Dividend.

**Interim Dividend for 2009**

On 19 December 2008, the Board resolved to propose an interim scrip dividend of HK0.18 cent per share wholly in the form of an allotment and issue of scrip shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment (the "2009 Interim Dividend").

The 2009 Interim Dividend is subject to (i) the approval of shareholders at a special general meeting of the Company; and (ii) the grant of the listing approval by the Stock Exchange for the listing of, and permission to deal in, the scrip shares to be issued thereof.

The 2009 Interim Dividend was approved by shareholders at the Special General Meeting of the Company held on 18 August 2009. However, as condition (ii) was not fulfilled up to the date of approval of these consolidated financial statements, the 2009 Interim Dividend could not be proceeded for the time being until satisfaction of condition (ii).

## 15. EARNINGS PER SHARE

The calculation of basic earnings per share for the year is based on the profit for the year attributable to owners of the Company of approximately HK$64,469,000 (2010: HK$66,418,000) and the weighted average number of 1,871,188,679 (2010: 1,871,188,679) ordinary shares in issue during the year.

The basic and diluted earnings per share are the same for the years ended 31 March 2011 and 2010 as there were no potential ordinary shares outstanding for both years.

## 16. PLANT AND EQUIPMENT

| | Leasehold improvements HK$'000 | Furniture, fixtures and equipment HK$'000 | Motor vehicles HK$'000 | Total HK$'000 |
|---|---|---|---|---|
| COST | | | | |
| At 1 April 2009 | 1,447 | 4,372 | 2,141 | 7,960 |
| Addition | — | 33 | 608 | 641 |
| Disposal | — | (102) | (207) | (309) |
| Disposal of subsidiaries | — | (32) | (414) | (446) |
| At 31 March 2010 and 1 April 2010 | 1,447 | 4,271 | 2,128 | 7,846 |
| Addition | 600 | 334 | 777 | 1,711 |
| Disposal | — | (27) | (879) | (906) |
| At 31 March 2011 | 2,047 | 4,578 | 2,026 | 8,651 |
| ACCUMULATED DEPRECIATION | | | | |
| At 1 April 2009 | 1,307 | 3,570 | 895 | 5,772 |
| Charge for the year | 37 | 185 | 284 | 506 |
| Eliminated on disposal | — | (66) | (85) | (151) |
| Disposal of subsidiaries | — | (32) | (414) | (446) |
| At 31 March 2010 and 1 April 2010 | 1,344 | 3,657 | 680 | 5,681 |
| Charge for the year | 149 | 199 | 273 | 621 |
| Eliminated on disposals | — | (18) | (384) | (402) |
| At 31 March 2011 | 1,493 | 3,838 | 569 | 5,900 |
| CARRYING VALUES | | | | |
| At 31 March 2011 | 554 | 740 | 1,457 | 2,751 |
| At 31 March 2010 | 103 | 614 | 1,448 | 2,165 |

## 16. PLANT AND EQUIPMENT *(Continued)*

The above items of plant and equipment are depreciated on a reducing balance method at the following rates per annum:

| | |
|---|---|
| Leasehold improvements | 25% |
| Furniture, fixtures and equipment | 15% |
| Motor vehicles | 20% |

At 31 March 2011, the carrying amount of the motor vehicles held by the Group under finance leases amounted to approximately HK$255,000 (2010: HK$318,000).

## 17. INVESTMENT PROPERTIES

| | **2011 HK$'000** | 2010 HK$'000 |
|---|---|---|
| FAIR VALUE | | |
| At 1 April | **57,000** | 78,000 |
| Changes in fair value recognised in profit or loss | **8,500** | 2,000 |
| Disposal of subsidiaries (note 38(a)) | **—** | (23,000) |
| At 31 March | **65,500** | 57,000 |
| Leasehold properties situated in Hong Kong held under medium-term lease | **65,500** | 57,000 |

The fair value of the Group's investment properties at 31 March 2011 and 2010 have been arrived at on the basis of valuation carried out on the respective year end date by LCH (Asia-Pacific) Surveyors Limited ("LCH"), an independent qualified professional valuer not connected with the Group. LCH is the member of the Hong Kong Institute of Surveyor, and has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation was arrived at by reference to market evidence of transaction prices for similar properties in the same locations and conditions.

All of the Group's property interests held under finance leases to earn rental or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

At the end of the reporting period, the Group's investment property of approximately HK$65,500,000 (2010: HK$57,000,000) has been pledged to secure the banking facilities granted to the Group as details stated in note 37.

## 18. PROMISSORY NOTE RECEIVABLE

The promissory note, which bears a 6% coupon rate per annum and a maturity period of 18 months i.e. payable on 30 September 2011 (the "Promissory Note"), was received in connection with the disposal of (i) 90% equity interests in Onland Investment Limited ("Onland"), the Company's former subsidiary, and its subsidiaries (the "Onland Group"); and (ii) the unsecured debts of approximately HK$253,396,000 owned by the Onland Group to Simplex Inc., a wholly-owned subsidiary of the Company, on 31 March 2010.

The Promissory Note with the nominal value of HK$44,000,000 is secured by (i) the 90% equity interests in the Onland Group held by Lucky Global Investments Limited (the "Note Issuer") which is in turn held by Mr. Lu Yu Dong (the "Guarantor"); (ii) personal guarantee from the Guarantor; and (iii) an assignment of all income from Onland payable to the Note Issuer in favour of Simplex Inc.. The Company is intended that the Promissory Note will be held for 18 months from the date of issue upon maturity. The effective interest rate of the Promissory Note is determined to be 12.13% per annum.

According to arbitration judgement from Wuhan Traffic Commission, the Onland Group is entitled to receive approximately RMB157,298,000 (equivalent to approximately HK$178,080,000) from 武漢公路橋樑建設集團有限公司 ("路橋公司"), out of which RMB75,000,000 has been received. As informed by the Note Issuer, to secure the recoverability of the balance sum of approximately RMB82,298,000 ("Balance Sum"), Sheng Da Investment Holding (Hong Kong) Limited, a non-wholly own subsidiary of the Note Issuer, applied for an enforcement order on 7 June 2011 from 武漢市中級人民法院 to request the settlement from 路橋公司 for payment of the Balance Sum of approximately RMB82,298,000. The enforcement order was issued by 武漢市中級人民法院 on 20 June 2011. However, the Group was advised by the Note Issuer that 路橋公司 has not yet paid for the Balance Sum as specified in the enforcement order up to the date of approval of these consolidated financial statement of the Company.

On 29 June 2011, the Company was informed by the Note Issuer that it has secured a loan facility granted by Worldly Holdings Limited on 29 June 2011 for a loan amount up to HK$48,000,000 (the "Facility"). The Facility is granted for the purpose of enabling the Note Issuer to repay all outstanding principal and interests accrued under the Promissory Note only but not otherwise. On the same date, the subscriber in relation to the subscription of 370,000,000 options of the Company at a price of HK$0.024 per share as mentioned in note 30(c) to these consolidated financial statements, has irrevocably and unconditionally guaranteed the performance of Worldly Holdings Limited of all its obligations under the Facility between Worldly Holdings Limited as the lender and Lucky Global Investments Limited as the borrower.

Based on their understanding of the circumstances and the available financial information of the Onland Group, the Note Issuer, the Guarantor and other relevant facts including those mentioned above, the directors of the Company considered that the Promissory Note would be fully recoverable at its maturity date on 30 September 2011.

## 19. AVAILABLE-FOR-SALE INVESTMENTS

| | **2011** **HK$'000** | 2010 HK$'000 |
|---|---|---|
| Listed investments: | | |
| — equity investments issued by corporate entities listed in Hong Kong, at fair value | **—** | — |
| — debt securities issued by corporate entities listed in Hong Kong with fixed interest of 5.55% per annum and maturity date on 11 February 2020, at fair value | **—** | 10,177 |
| | **—** | 10,177 |
| Unlisted investment: | | |
| — equity securities, at cost | **3,857** | 3,857 |
| | **3,857** | 14,034 |
| Less: Impairment loss recognised | **(3,857)** | — |
| Total | **—** | 14,034 |

The above unlisted equity investment represents the Group's 10% equity interest in the Onland Group. As set out in note 38(b), during the year ended 31 March 2010, the Group had partially disposed of its interests in the Onland Group, being the disposal of an aggregate of 9 shares in Onland representing 90% equity interests in the Onland Group previously held by the Group, for a consideration of approximately HK$48,000,000. The directors of the Company are of the opinion that upon the completion of disposal of the 90% equity interests in the Onland Group, the Group no longer had control, joint control or significant influence over the financing and operating policy decision of the Onland Group. Immediately after the disposal, the Group's remaining 10% equity interests in the Onland Group with a carrying amount of approximately HK$3,857,000 was reclassified to available-for-sale investment. The investment is measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that its fair value cannot be measured reliably.

During the year ended 31 March 2011, the Group recognised approximately HK$3,857,000 in respect of available-for-sale investments as a result of its decrease in the recoverable amounts.

## 20. INVENTORIES

| | 2011 HK$'000 | 2010 HK$'000 |
|---|---|---|
| Finished goods | **1,611** | 344 |

During the year ended 31 March 2010, there was an increase in the net realisable value of inventories due to market demands. As a result, a reversal of written-down of inventories of HK$53,000 has been recognised and included in cost of sales during the year ended 31 March 2010.

## 21. LOAN RECEIVABLES

| | 2011 HK$'000 | 2010 HK$'000 |
|---|---|---|
| Securities dealing and broking services | | |
| — secured margin loans (note 1) | **28,224** | 38,749 |
| Less: Impairment loss recognised | **(6,355)** | (8,695) |
| | **21,869** | 30,054 |
| Financing business | | |
| — unsecured loans | **8,187** | 8,638 |
| — secured mortgage loans (note 2) | **10,880** | — |
| Less: Impairment loss recognised | **(7,858)** | (7,207) |
| | **11,209** | 1,431 |
| The Group's loan receivables (net of impairment loss) are analysed into: | | |
| — Non-current assets | **3,885** | — |
| — Current assets | **29,193** | 31,485 |
| | **33,078** | 31,485 |

Notes:

1. Secured loans to margin clients are secured by the underlying pledged securities and are interest-bearing. No aged analysis is disclosed as, in the opinion of the directors, an aged analysis does not give additional value in view of the nature of the business of securities dealing and broking services.

2. Secured mortgage loans to mortgage loan clients are secured by the properties located in Hong Kong of the clients and are interest-bearing.

## 21. LOAN RECEIVABLES *(Continued)*

The amount of credit facilities granted to clients is determined by the market value of the collateral securities accepted by the Group. As at 31 March 2011, the total market value of securities pledged as collateral in respect of the loans to clients was approximately HK$111,000,000 (2010: HK$75,000,000).

Loan receivables on secured margin loans of approximately HK$28,224,000 (2010: HK$38,749,000) are repayable on demand and bear interests at interest rates with reference to prime rate plus a spread for both years.

Loan receivables on unsecured loans of approximately HK$3,519,000 (2010: HK$3,373,000) bear interests at interest rates with reference to commercial rates, the remaining balances of approximately HK$4,668,000 (2010: HK$5,265,000) are non-interest bearing.

Loan receivables on secured mortgage loans of approximately HK$10,880,000 (2010: nil) are repayable on demand or agreed by individual borrowers and bear interests at interest rates with reference to commercial rates. The loan receivables which would be received over one year were recorded as non-current receivables. As at 31 March 2011, the total market value of properties pledged as collateral in respect of the mortgage loans was approximately HK$69,100,000 (2010: nil).

The aged analysis of the Group's loan receivables for the financing business, net of accumulated impairment losses, based on the loans release date at the end of the reporting period for the financing business is as follows:

| | **2011 HK$'000** | 2010 HK$'000 |
|---|---|---|
| Within 6 months | **10,999** | 197 |
| 7 to 12 months | **—** | 698 |
| Over 1 year | **210** | 536 |
| | **11,209** | 1,431 |

The carrying amount of fixed-rate loans receivable have contractual maturity dates as follows:

| | **2011 HK$'000** | 2010 HK$'000 |
|---|---|---|
| On demand of within one year | **7,324** | 1,431 |
| In more than two years but not more than five years | **1,589** | — |
| Over five years | **2,296** | — |
| | **11,209** | 1,431 |

## 21. LOAN RECEIVABLES *(Continued)*

In respect of the loan receivables for the financing business, individual credit evaluations are performed on all customers. These evaluations focus on the customer's financial background and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates.

Apart from assessing the financial positions of the clients, the management further reviews value of the pledged properties by reference to recent market transactions in comparable properties for the loan receivables on every secured loan for the financing business. If the market value of secured real estate is deteriorated and is below the carrying amount of the corresponding financing advances, provision on impairment may be required.

The following is an aged analysis of the Group's loan receivables for the financing business which are past due but not impaired at the end of the reporting period:

| | | | Past due but not impaired | | | |
|---|---|---|---|---|---|---|
| | **Total** | **Neither past due nor impaired** | **< 90 days** | **91 to 180 days** | **181 to 365 days** | **Over 1 year** |
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| **2011** | **11,209** | **10,983** | **8** | **8** | **—** | **210** |
| 2010 | 1,431 | — | 25 | 25 | 549 | 832 |

The properties owned by clients were pledged to the Group over the amount of loan receivables on every secured loan for financing business. The Group has not hold any collateral over the total amount of unsecured loans for financing business.

At the end of each reporting date, the Group's loan receivables were individually determined to be impaired. The individually impaired loan receivables are recognised based on the credit history of its client, such as financial difficulties or default in payments, sufficiency of collateral and current market conditions. Consequently, specific impairment provision was recognised.

Receivables that were past due but not impaired relate to a number of independent clients that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no impairment is necessary in respect of these balances as there has not been significant change in credit quality and the balances are still considered fully recoverable.

## 21. LOAN RECEIVABLES *(Continued)*

The movement in the impairment of loan receivables is as follows:

| | Financing business | | Margin clients | | Total | |
|---|---|---|---|---|---|---|
| | **2011** **HK$'000** | 2010 HK$'000 | **2011** **HK$'000** | 2010 HK$'000 | **2011** **HK$'000** | 2010 HK$'000 |
| At 1 April | **7,207** | 17,690 | **8,695** | 9,587 | **15,902** | 27,277 |
| Impairment loss recognised for the year | **1,263** | 492 | **11** | 320 | **1,274** | 812 |
| Amounts written off as uncollectible for the year | **(351)** | (10,733) | **—** | — | **(351)** | (10,733) |
| Reversal of impairment loss recognised for the year | **(261)** | (242) | **(2,351)** | (1,212) | **(2,612)** | (1,454) |
| At 31 March | **7,858** | 7,207 | **6,355** | 8,695 | **14,213** | 15,902 |

Included in the impairment of loan receivables are individually impaired loan receivables with an aggregate balance of HK$14,213,000 (2010: HK$15,902,000) which have been in disputes with the Group or in severe financial difficulties.

## 22. TRADE AND BILLS RECEIVABLES

Trading terms with general trading customers are largely on credit, except for new customers, where payment in advance is normally required. Invoices are normally payable within 30 to 60 days of issuance, except for certain well-established customers, where the terms are extended to 90 days. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are regularly reviewed by senior management. The general settlement terms of trade receivable attributable to the securities dealing and the broking services are two days after the trade date.

| | **2011** **HK$'000** | 2010 HK$'000 |
|---|---|---|
| Trade receivables | **9,667** | 13,257 |
| Bills receivables | **296** | — |
| | **9,963** | 13,257 |
| Less: Impairment losses recognised | **(671)** | (1,843) |
| | **9,292** | 11,414 |

## 22. TRADE AND BILLS RECEIVABLES *(Continued)*

| | **2011** **HK$'000** | 2010 HK$'000 |
|---|---|---|
| Balance in relation to: | | |
| — securities dealing and broking services | **3,083** | 3,477 |
| — general trading and others | **6,209** | 7,937 |
| | **9,292** | 11,414 |

An aged analysis of the Group's trade and bills receivables net of impairment presented based on the invoice date at the end of the reporting period is as follows:

| | **2011** **HK$'000** | 2010 HK$'000 |
|---|---|---|
| Within 6 months | **9,255** | 10,392 |
| 7 to 12 months | **31** | 1,009 |
| Over 1 year | **6** | 13 |
| | **9,292** | 11,414 |

Include in the Group's trade receivable balances are trade debtors with aggregate carrying amount of HK$3,083,000 (2010: HK$3,484,000) which are past due at the reporting date for which the Group has not provided for impairment loss. These past due but not impaired balances mainly represent sales made to recognised and creditworthy customers. These customers who trade on credit terms are subject to credit verification procedures. For these past due but not impaired balances, no impairment is considered necessary by the directors of the Company based on the historical payment records.

## 22. TRADE AND BILLS RECEIVABLES *(Continued)*

The following is an aged analysis of trade receivables which are past due but not impaired at the reporting date:

| | Total | Neither past due nor impaired | Past due but not impaired < 90 days | 91 to 180 days | 181 to 365 days | 1 to 2 years |
|---|---|---|---|---|---|---|
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| **2011** | **9,292** | **6,209** | **2,995** | **51** | **31** | **6** |
| 2010 | 11,414 | 7,930 | 3,461 | 2 | 8 | 13 |

At the end of each reporting period, the Group's trade and bills receivables were individually determined to be impaired. The individually impaired trade and bills receivables are recognised based on the credit history of the counterparties, such as financial difficulties or default payments. Consequently, specific impairment loss was recognised.

The movement in the impairment of trade receivables is as follows:

| | **2011 HK$'000** | 2010 HK$'000 |
|---|---|---|
| At 1 April | **1,843** | 1,725 |
| Impairment loss recognised for the year | **7** | 239 |
| Amounts written off as uncollectible | **(1,158)** | (96) |
| Reserval of impairment loss recognised for the year | **(21)** | (25) |
| At 31 March | **671** | 1,843 |

Included in the impairment of trade receivables are individually impaired trade receivables with an aggregate balance of HK$671,000 (2010: HK$1,843,000) which have been in disputes with the Group or in severe financial difficulties. The Group held listed securities in client accounts with market value at 31 March 2011 of approximately HK$52,097,738 (2010: HK$39,574,775) as collateral over these balances.

## 22. TRADE AND BILLS RECEIVABLES *(Continued)*

The Group's trade and bills receivables that are denominated in currency other than the functional currency of the relevant group companies before impairment loss recognised are as follows:

| | **2011** **HK$'000** | 2010 HK$'000 |
|---|---|---|
| USD | **622** | 272 |

## 23. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

The movement in the impairment of other receivables is as follows:

| | **2011** **HK$'000** | 2010 HK$'000 |
|---|---|---|
| At 1 April | **—** | 17,204 |
| Impairment loss recognised for the year | **—** | — |
| Disposal (note 38(a)) | **—** | (17,204) |
| At 31 March | **—** | — |

Included in the impairment of other receivables as at 31 March 2009 were individually impaired other receivables with an aggregate balance of HK$17,204,000 which have been in disputes with the Group or in severe financial difficulties. The Group does not hold any collateral over these balances.

## 24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | **2011** **HK$'000** | 2010 HK$'000 |
|---|---|---|
| Fair value: | | |
| Listed securities issued by corporate entities | | |
| — listed in Hong Kong | **33,953** | 5,477 |
| — listed in Vietnam | **798** | 900 |
| | **34,751** | 6,377 |

The fair values of the above listed securities are determined based on the quoted market bid prices available on the relevant exchange and quoted prices provided by the financial institutions respectively.

## 24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS *(Continued)*

The Group's financial assets at fair value through profit or loss that are denominated in a currency other than the functional currency of the relevant group entities is as follows:

| | **2011 HK$'000** | 2010 HK$'000 |
|---|---|---|
| Vietnam Dong ("VND") | **798** | 900 |

## 25. CLIENT TRUST FUNDS

The Group maintains segregated trust accounts with authorised institutions to hold clients' monies arising from its securities brokerage and margin financing business. The Group has classified the clients' monies as client trust funds under the current assets of the consolidated statement of financial position and recognised the corresponding trade payable (note 29) to respective clients on grounds that it is liable for any loss or misappropriation of clients' monies. The Group is restricted to use the clients' monies to settle its own obligations.

Client trust funds are interest-bearing at bank deposit savings rate during the year ended 31 March 2011 (2010: bank deposit savings rate).

The Group's client trust funds that are denominated in a currency other than the functional currency of the relevant group entities is as follows:

| | **2011 HK$'000** | 2010 HK$'000 |
|---|---|---|
| USD | **12,488** | 70,646 |

## 26. PLEDGED BANK DEPOSIT

The pledged bank deposit carries fixed interest rate ranging from 0.05% to 0.25% (2010: 0.05% to 0.49%) per annum and has been pledged to bank to secure overdraft banking facilities granted to the Group and hence is classified as current assets. The Group covenants to maintain deposits of not less than HK$5,000,000 (2010: HK$5,000,000) with a bank as a condition precedent to an overdraft facility granted by the bank. The bank deposit will be released when the overdraft facility is expired.

## 27. BANK BALANCES AND CASH

Bank balances comprise mainly short-term bank balance and deposits of approximately HK$100,028,000 (2010: HK$77,759,000) which carry interest at prevailing market rate. The maturities of bank balances were within three months.

The Group's bank balances that are denominated in currencies other than the functional currency of the relevant group entities is as follows:

| | **2011 HK$'000** | 2010 HK$'000 |
|---|---|---|
| VND | **4** | 4 |
| EUR | **1** | 1 |
| USD | **631** | 270 |

## 28. INTEREST IN A JOINT VENTURE HELD-FOR-SALE

| | **2011 HK$'000** | 2010 HK$'000 |
|---|---|---|
| Unlisted investment, at cost | **—** | 551,837 |
| Less: Accumulated amortisation | **—** | (268,331) |
| Impairment loss recognised | **—** | (131,672) |
| | **—** | 151,834 |
| Effect of foreign exchange rate | **—** | 26,246 |
| | **—** | 178,080 |
| Disposal of subsidiaries (note 38(b)) | **—** | (178,080) |
| | **—** | — |

The investment in a joint venture held-for-sale represents the Group's investment in a Sino-foreign co-operative joint venture (the "JV"), Wuhan Dongseng Highway Building Development Company Limited ("Dongseng"). The principal activity of Dongseng is the development and operation of a section of the National Highway 318 as a toll expressway in Wuhan, China for a tenure of 19.5 years commenced from 10 November 1995, including 1.5 years of construction and development period and an operational period of 18 years.

Pursuant to the joint venture agreement, the Group does not control or exercise significant influence over Dongseng and is only entitled to profit distribution throughout the operational period of 18 years. Upon expiry of the joint venture, the toll expressway will be returned to the joint venture partner (the "Chinese JV partner").

## 28. INTEREST IN A JOINT VENTURE HELD-FOR-SALE *(Continued)*

As the Chinese JV partner had unilaterally decided to relocate the toll station of the National Highway 318 during the year ended 31 March 2004, the Group therefore decided to dispose of its interest in Dongseng to the Chinese JV partner. Pursuant to an arbitration judgement issued by Wuhan Arbitration Commission (武漢仲裁委員會) on 18 April 2006 (the "Arbitration Judgement"), the Group's interest in Dongseng shall be transferred to the Chinese JV partner at a value of approximately RMB157,298,000, equivalent to approximately HK$178,080,000 as at 31 March 2010 (the "judgement amount").

In prior years, the Group had been negotiating with the Chinese JV partner and Wuhan Traffic Commission (武漢市交通委員會) regarding the transfer of its interest in Dongseng in accordance with the arbitration judgement. In April 2007, the Group received a remittance of RMB75,000,000 (equivalent to approximately HK$84,909,000), stated as re-purchase fund (the "deposit received"), from Wuhan Traffic Commission (武漢市交通委員會). The fund received has been applied to repay in full the outstanding bank loan amounted to RMB74,000,000 which is secured by the Group's interest in Dongseng.

During the year ended 31 March 2009, the Group received a copy of notice from Wuhan Traffic Commission (武漢市交通委員會) which advised the Group that the operation of a section of the National Highway 318 as a toll expressway in Wuhan was transferred from the Chinese JV partner to 武漢公路橋樑建設集團有限公司 (the "new Chinese JV partner"). Therefore, the liability of repaying the remaining balance of judgement amount of approximately RMB82,298,000 was transferred from the Chinese JV partner to the new Chinese JV partner.

The Group continued to negotiate with the new Chinese JV partner and Wuhan Traffic Commission (武漢市交通委員會) regarding the transfer of its interest in Dongseng and payment of the remaining balance of the judgement amount in accordance with the Arbitration Judgement. The directors of the Company had sought legal advice and considered that the Arbitration Judgement and the disposal of the Group's interests in Dongseng is legally binding as of 31 March 2009. The directors of the Company considered it appropriate to account for (i) the Group's interests in the joint venture of HK$178,080,000 as held-for-sale and included the amount under current assets and (ii) the deposits received from the joint venture partner of RMB75,000,000 (equivalent to approximately HK$84,909,000) were recorded as current liabilities as of 31 March 2009.

Pursuant to a letter of undertaking signed on 24 July 2009 by a director of the Company, the directors of the Company considered that no impairment in respect of the Group's interest in the joint venture held-for-sale is necessary and the Group's interest in the joint venture held-for-sale as at 31 March 2009 would be fully recoverable.

The amount due to Dongseng was unsecured, interest-free and repayable on demand.

During the year ended 31 March 2010, the Group's interest in the joint venture held-for-sale, amount due to the joint venture and deposit received from the joint venture partner had been disposed of through the disposal of the 90% equity interest in Onland Investment Limited as stated in note 38(b).

The undertaking was released upon the disposal of the joint venture held-for-sale as at 31 March 2010.

## 29. TRADE AND BILLS PAYABLES

| | 2011 HK$'000 | 2010 HK$'000 |
|---|---|---|
| Trade payables | **148,509** | 239,134 |
| Bill payables | **223** | — |
| | **148,732** | 239,134 |

| | 2011 HK$'000 | 2010 HK$'000 |
|---|---|---|
| Balances in relation to: | | |
| — securities dealing and broking services (note) | **145,986** | 237,742 |
| — general trading and others | **2,746** | 1,392 |
| | **148,732** | 239,134 |

Note: Trade payables in relation to securities dealing and broking services are repayable on demand. No aged analysis is disclosed as in the opinion of the directors, an aged analysis does not give additional value in view of the nature of the business of securities dealing and broking services.

An aged analysis of the Group's trade and bills payables in relation to the business of general trading and others is as follows:

| | 2011 HK$'000 | 2010 HK$'000 |
|---|---|---|
| Within 6 months | **2,343** | 884 |
| 7 to 12 months | **1** | 24 |
| Over 1 year | **402** | 484 |
| | **2,746** | 1,392 |

Trade payables for securities dealing and broking services are interest-bearing at the bank deposit savings rate (2010: bank deposit savings rate) per annum, the trade payables for general trading and others are non-interest bearing.

The average credit period of purchases of goods for the general trading and others is 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

## 29. TRADE AND BILLS PAYABLES *(Continued)*

The Group's trade and bills payables that are denominated in a currency other than the functional currency of the Group are as follows:

| | **2011 HK$'000** | 2010 HK$'000 |
|---|---|---|
| USD | **14,439** | 70,636 |

## 30. OTHER PAYABLES AND ACCRUALS

| | **2011 HK$'000** | 2010 HK$'000 |
|---|---|---|
| Deposits received: | | |
| — subscription of new shares (note (a)) | **4,800** | 4,800 |
| — subscription of convertible bonds (note (b)) | **988** | 988 |
| — subscription of share options (note (c)) | **1,000** | 1,000 |
| Other payables and accruals (note (d)) | **4,639** | 14,201 |
| | **11,427** | 20,989 |

Notes:

Included in the balances are the following advances to or deposits received by the Group:

(a) Refundable deposits of HK$4,800,000 (2010: HK$4,800,000) were received from the subscribers in relation to the subscription of new shares in the Company. The balances are unsecured and refundable upon the expiry of the long stop date as prescribed in the subscription agreements or supplementary agreements. The long stop date for fulfillment of conditions precedent of the share subscription agreements has been extended to 30 June 2011 through various extensions of the long stop date.

(b) Non-refundable deposits of HK$988,000 (2010: HK$988,000) were received from the subscribers in relation to the subscription of convertible bonds of the Company. The long stop date for fulfillment of conditions precedent of the convertible bonds subscription agreements has been extended to 30 June 2011 through various extensions of the long stop date.

(c) Non-refundable deposits of HK$1,000,000 (2010: HK$1,000,000) was received by the subscriber in relation to the subscription of 370,000,000 options to purchase shares of the Company at a price of HK$0.024 per share. The long stop date for fulfillment of conditions precedent of the share option subscription has been extended to 30 June 2011 through various extensions of the long stop date.

(d) As at 31 March 2010, included in other payables and accruals were amounts due to independent non-executive directors of the Company as details stated in note 40(c).

## 31. BANK BORROWINGS

| | **31/3/2011 HK$'000** | 31/3/2010 HK$'000 (Restated) | 1/4/2009 HK$'000 (Restated) |
|---|---|---|---|
| Secured bank borrowings comprise: | | | |
| — Loans (note (a)) | **6,900** | 8,100 | 13,832 |
| — Overdrafts (note (b)) | **—** | — | 4,979 |
| | **6,900** | 8,100 | 18,811 |
| Bank borrowings are repayable: | | | |
| — Within one year | **1,200** | 1,200 | 6,875 |
| — Carrying amount of bank loans that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause | **5,700** | 6,900 | 11,936 |
| Amounts due within one year shown under current liabilities | **6,900** | 8,100 | 18,811 |

Notes:

(a) As at 31 March 2011, 2010 and 2009, the amounts were secured by investment properties (note 17) of the Group with aggregate net carrying value of approximately HK$65,500,000 (2010: HK$57,000,000, 2009: HK$78,000,000) respectively. For the three years ended 31 March 2011, 2010 and 2009, the floating-rate bank loans were carrying interest at the prime rate for Hong Kong Dollars as quoted by the Bank of China minus 2.75%, and their effective interest rate were 2.25% (2010 and 2009: 2.25%–2.5%) per annum.

(b) As at 1 April 2009, the amount was secured by pledged bank deposit (note 26) of the Group with aggregate net carrying value of approximately HK$5,000,000. For the year ended 31 March 2009, the floating-rate bank overdrafts were carrying interest at 1% plus the interest rate of the pledged bank deposit (note 26), and their effective interest rates ranged from 1.04%–4.79% per annum.

## 32. OBLIGATIONS UNDER FINANCE LEASES

**Amounts payable under finance leases**

| | Minimum lease payments | | Present value of minimum lease payments | |
|---|---|---|---|---|
| | **2011 HK$'000** | 2010 HK$'000 | **2011 HK$'000** | 2010 HK$'000 |
| Within one year | **95** | 95 | **87** | 83 |
| More than one year, but not exceeding two years | **94** | 95 | **92** | 87 |
| More than two years, but not exceeding five years | **7** | 102 | **7** | 99 |
| | **196** | 292 | **186** | 269 |
| Less: Future finance charges | **(10)** | (23) | **N/A** | N/A |
| Present value of lease obligations | **186** | 269 | **186** | 269 |
| Less: Amount due for settlement within 1 year (shown under current liabilities) | | | **(87)** | (83) |
| Amount due for settlement after 1 year | | | **99** | 186 |

It is the Group's policy to lease certain of its motor vehicles under finance leases. The average lease term is 3 years (2010: 4 years). For the year ended 31 March 2011, the average effective borrowing rate was 5.28% per annum (2010: 5.28%). Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets.

## 33. SHARE CAPITAL

| | Number of shares | Amount HK$'000 |
|---|---|---|
| **Authorised:** | | |
| Ordinary shares of HK$0.01 each | | |
| At 1 April 2009, 31 March 2010 and 31 March 2011 | 200,000,000,000 | 2,000,000 |
| **Issued and fully paid:** | | |
| Ordinary shares of HK$0.01 each | | |
| At 1 April 2009, 31 March 2010 and 31 March 2011 | 1,871,188,679 | 18,712 |

## 34. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Under the Scheme which was approved and adopted in a special general meeting of the Company held on 22 August 2002, the directors may, within a period of 10 years, grant to directors and/or executives of the Group, non-transferrable options to subscribe for shares in the Company.

The maximum number of shares issuable under share options to each eligible participant within any 12-month period is limited to 1% of the shares in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company or their associates are subject to approval in advance by the independent non-executive directors.

The exercise price of the share options is determined by the directors, but may not be less than the higher of (i) the Stock Exchange closing price of the shares on the date of grant of the share options; and (ii) the average Stock Exchange closing price of the shares for the five trading days immediately preceding the date of the grant of the share options.

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

As at 31 March 2011 and 31 March 2010, there was no outstanding share option under the Scheme.

## 35. RESERVES

### (a) Special capital reserve

Special capital reserve represents the amounts transferred from the Company's share capital upon adjustments of the nominal value of the Company's share in prior years. Under the Companies Act 1981 of Bermuda (the "Act"), the special capital reserve is distributable to shareholders under certain circumstances.

### (b) Contributed surplus

The contributed surplus represents the difference between the fair value of the subsidiaries acquired pursuant to the Group reorganisation in November 1991 and the nominal value of the shares issued by the Company and the transfer from share premium account of HK$605,473,000 in December 2000, less the transfer to the capital redemption reserve of HK$6,040,000 in November 2000. Under the Act, the Company's contributed surplus is distributable to shareholders under certain circumstances.

## 36. OPERATING LEASE COMMITMENTS

**The Group as lessee**

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

| | **2011 HK$'000** | 2010 HK$'000 |
|---|---|---|
| Within one year | **1,748** | 847 |
| In the second to fifth years, inclusive | **1,225** | 5 |
| | **2,973** | 852 |

Leases for rented premises are negotiated for an average of two years (2010: two years) and rentals are fixed for an average of two years (2010 and 2009: two years).

## 37. PLEDGED OF ASSETS

Assets with the following carrying amounts have been pledged to secure the banking facilities granted to the Group or the borrowings of the Group (see note 31):

| | **2011 HK$'000** | 2010 HK$'000 |
|---|---|---|
| Plant and equipment | **255** | 318 |
| Investment property | **65,500** | 57,000 |
| Pledged bank deposit | **5,000** | 5,000 |
| | **70,755** | 62,318 |

## 38. DISPOSAL OF SUBSIDIARIES

(a) On 27 October 2009, the Group entered into a conditional sale and purchase agreement with Madam Mai Xueqing, an independent third party of the Group, to dispose of the entire equity interest in City Faith and its subsidiary (collectively referred to as "City Faith Group") at a cash consideration of HK$25,000,000. The disposal was made by way of (i) disposal of the 100% equity interests in the City Faith Group; (ii) assignment to the purchaser the loan due from the City Faith Group to the Group ("City Faith Loan") at the completion date; and (iii) settlement by the Group of the outstanding bank borrowings pertaining to the property owned by City Faith at the completion date.

Upon completion on 29 January 2010, the Group ceased to hold any equity interest in the City Faith Group. Further details are set out in the announcement and the circular of the Company dated 4 November 2009 and 23 November 2009 respectively.

The net assets of the City Faith Group at the date of disposal were as follows:

| | **29/1/2010**<br>HK$'000 |
|---|---|
| Net assets disposed of: | |
| Investment property | 23,000 |
| Other receivables, deposits and prepayments | 1 |
| Bank balances and cash | 2 |
| City Faith Loan | (8,206) |
| Bank borrowing | (3,957) |
| Tax liability | (1,295) |
| | 9,545 |
| Assignment of City Faith Loan | 8,206 |
| Assignment of bank borrowings | 3,957 |
| Costs directly attributable to the disposal | 575 |
| Gain on disposal | 2,717 |
| Total consideration | 25,000 |
| Satisfied by: | |
| Cash | 25,000 |
| Net cash inflow arising on disposal: | |
| Cash consideration | 25,000 |
| Bank balances and cash disposed of | (2) |
| Costs directly attributable to the disposal | (575) |
| | 24,423 |

The impact of the City Faith Group on the Group's results and cash flows in the current and prior years is not significant.

## 38. DISPOSAL OF SUBSIDIARIES *(Continued)*

(b) On 10 February 2010, the Group entered into a conditional sale and purchase agreement with Lucky Global Investment Limited (the "purchaser"), an independent third party of the Group, to dispose of 90% equity interest in Onland Group at a total consideration of HK$48,000,000, of which HK$4,000,000 was satisfied in cash as of 31 March 2010 and the remaining HK$44,000,000 was satisfied by the promissory note issued by the purchaser. The fair value of the promissory note was approximately HK$40,391,000 as at 31 March 2010, which based on the professional valuation performed by LCH. The disposal was made by way of disposal of (i) the 90% equity interests in Onland Group; and (ii) the loan due from the Onland Group to the Group (the "Onland Investment Loan") at the completion date.

Upon completion on 31 March 2010, the Group's interest in the Onland Group was reduced from 100% to 10%. As a result, the Onland Group ceased to be subsidiaries of the Group and became an available-for-sale investment of the Group. Further details are set out in the announcement and the circular of the Company dated 24 February 2010 and 15 March 2010 respectively.

The net liabilities of the Onland Group at the date of disposal were as follows:

| | **31/3/2010**<br>HK$'000 |
|---|---|
| Net liabilities disposed of: | |
| Interest in a joint venture held-for-sale | 178,080 |
| Other receivables, deposits and prepayment | 2,240 |
| Bank balances and cash | 2,299 |
| Other payables and accruals | (105,975) |
| Onland Investment Loan | (253,396) |
| Non-controlling interests | (38,073) |
| | (214,825) |
| Assignment of Onland Investment Loan | 253,396 |
| Transfer to available-for-sale investment | (3,857) |
| Cost directly attributable to the disposal | 1,265 |
| Gain on disposal | 8,412 |
| Total consideration | 44,391 |
| Satisfied by: | |
| Cash | 4,000 |
| Promissory note receivable | 40,391 |
| | 44,391 |
| Net cash inflow arising on disposal: | |
| Cash consideration | 4,000 |
| Bank balances and cash disposed of | (2,299) |
| Cost directly attributable to the disposal | (1,265) |
| | 436 |

The impact of the Onland Group on the Group's results and cash flows in the current and prior years is not significant.

## 39. RETIREMENT BENEFITS SCHEMES

The Group has arranged for its Hong Kong employees to join the MPF Scheme, a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, each of the Group and its Hong Kong employees make monthly contributions to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund legislation. Both the Group's and the employees' contributions are subject to a cap of HK$1,000 per month.

Under the Employment Ordinance, the Group is obliged to make lump sum payments on cessation of employment in certain circumstances to certain employees who have completed at least five years of service with the Group. The amount payable is dependent on the employees' final salary and years of service, and is reduced by entitlements accrued under the Group's retirement plan that are attributable to contributions made by the Group. The Group does not set aside any assets to fund any remaining obligations.

During the year ended 31 March 2011, the aggregate amount of the Group's contributions to the aforementioned pension schemes was approximately HK$513,000 (2010: HK$570,000).

## 40. RELATED PARTY TRANSACTIONS

(a) Compensation to directors and key management personnel of the Group:

| | **2011**<br>**HK$'000** | 2010<br>HK$'000 |
|---|---|---|
| Short-term benefits | **2,757** | 2,430 |
| Post-employment benefits | **72** | 78 |
| | **2,829** | 2,508 |

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individual and market trends.

(b) During the year, the Group entered into the following material transactions with its related parties:

| | **2011**<br>**HK$'000** | 2010<br>HK$'000 |
|---|---|---|
| Consultancy fee paid to Mr. Cheung Chi Shing (note (i)) | **888** | 888 |
| Commission income from Hoowin Limited (note (ii)) | **112** | 56 |
| Commission income from Ms. Chan Chi Mei Miranda (note (ii)) | **—** | 1 |
| Commission income from Mr. Cheung Chi Shing (note (ii)) | **651** | 119 |
| Commission income from Mr. Cheung Hoo Win (note (ii)) | **17** | — |
| Commission income from Mr. Yeung Shun Kee (note (ii)) | **3** | 9 |

## 40. RELATED PARTY TRANSACTIONS *(Continued)*

(b) *(Continued)*

Notes:

(i) Mr. Cheung Chi Shing, the spouse of Ms. Yeung Han Yi Yvonne and the father of Mr. Cheung Hoo Win, is a beneficial shareholder of the Company. Mr. Cheung Hoo Win is the director of the Company for both years. Ms. Yeung Han Yi Yvonne was the director of the Company up to 5 December 2010.

(ii) All of them were clients of the Group's brokerage business. Total value of sales and purchases of trading securities transactions of Hoowin Limited, Ms. Chan Chi Mei Miranda, Mr. Cheung Chi Shing, Mr. Cheung Hoo Win and Mr. Yeung Shun Kee during the year are approximately HK$55,917,000 (2010: HK$22,231,000), nil (2010: HK$300,000), HK$262,855,000 (2010: HK$47,599,000), HK$6,693,000 (2010: nil) and HK$1,177,000 (2010: HK$3,343,000) respectively.

Hoowin Limited is beneficially owned by Mr. Cheung Chi Shing and Ms. Yeung Han Yi Yvonne.

Ms. Chan Chi Mei Miranda was a director of the Company up to 5 December 2010 and Mr. Yeung Shun Kee is an independent non-executive director of the Company for both years.

(c) Save as disclosed above, as at the reporting date, the Group had the following balances with its related parties:

| | **2011**<br>**HK$'000** | 2010<br>HK$'000 |
|---|---|---|
| Trade payables: | | |
| Amount due to Hoowin Limited (note i) | **10,514** | 25 |
| Amount due to Mr. Cheung Chi Shing (note ii) | **15,754** | 20,406 |
| Amount due to Ms. Chan Chi Mei Miranda (note ii) | **—** | 7 |
| Other payables: | | |
| Amount due to Mr. Zhao Qingji (note iii) | **—** | 100 |
| Amount due to Mr. Yeung Shun Kee (note iii) | **—** | 40 |
| Amount due to Mr. Li Hancheng (note iii) | **—** | 50 |
| Amount due to Mr. Lo Tsz Fung Phillip (note iii) | **—** | 40 |

Notes:

(i) Hoowin Limited is beneficially owned by Mr. Cheung Chi Shing and Ms. Yeung Han Yi Yvonne. The directors of Hoowin Limited are Mr. Cheung Chi Shing, Ms. Yeung Han Yi Yvonne and Mr. Cheung Hoo Win. The amount is unsecured, interest bearing at the bank deposit saving rate (2010: bank deposit savings rate) per annum and repayable on demand.

(ii) The amount is unsecured, interest bearing at the bank deposit saving rate (2010: bank deposit savings rate) per annum and repayable on demand.

(iii) The amounts represent the accrued directors fees and were unsecured, non-interest bearing and repayable on demand.

## 41. PETITION

As more fully detailed in the Company's announcement dated 11 September 2008 and a supplemental circular dated 9 April 2009, it has been disclosed that the Company, as one of the defendants, and certain of its former directors have been served a petition (the "Petition") by the Securities and Futures Commission in relation to certain past transactions of the Group. The Petition was first heard on 17 December 2008. After the submission of affirmations by the defendants, the hearing was restored on 16 December 2009 for directions. Further hearing for the Petition was heard and completed in January 2011. The directors of the Company consider that the case does not have significant financial and operating impact to the Group.

## 42. PRINCIPAL SUBSIDIARIES

The following is a list of the principal subsidiaries of the Company as at 31 March 2011 and 2010:

| Name of subsidiaries | Place of incorporation/ operations | Class of shares held | Issued and fully paid share capital | Percentage of ownership interest and voting power held by the Company | | Principal activities |
|---|---|---|---|---|---|---|
| | | | | **2011** | 2010 | |
| **Direct subsidiary** | | | | | | |
| Styland Enterprises Limited | Hong Kong | Ordinary | HK$2 | **100** | 100 | Provision of management services |
| **Indirect subsidiaries** | | | | | | |
| Devonia Development Limited | Hong Kong | Ordinary | HK$10,000 | **100** | 100 | Property investment |
| Ever-Long Asset Management Limited | Hong Kong | Ordinary | HK$10,000,000 | **100** | 100 | Securities trading |
| Ever-Long Capital Limited | British Virgin Islands ("BVI") | Ordinary | US$4,000,000 | **100** | 100 | Provision of financing services |
| Ever-Long Finance Limited | Hong Kong | Ordinary | HK$22,500,000 | **100** | 100 | Provision of financing services |
| Ever-Long Securities Company Limited | Hong Kong | Ordinary | HK$100,000,000 | **100** | 100 | Securities broking and provision of financing services |
| Kalomex (International) Limited | Hong Kong | Ordinary | HK$2,000,000 | **100** | 100 | Trading of garment |
| Long River Investments Holdings Limited | BVI | Ordinary | US$200 | **100** | 100 | Securities trading |
| Styland (International) Limited | Hong Kong | Ordinary | HK$100,000 | **100** | 100 | Securities trading and general trading |

## 42. PRINCIPAL SUBSIDIARIES *(Continued)*

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

None of the subsidiaries had issued any debt securities subsisting at the end of the years or at any time during both years.

## 43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

| | Notes | **2011 HK$'000** | 2010 HK$'000 |
|---|---|---|---|
| Non-current asset | | | |
| Investments in subsidiaries | | **—** | — |
| Current assets | | | |
| Other receivables | | **448** | 213 |
| Amounts due from subsidiaries | (a) | **233,634** | 178,330 |
| Bank balances and cash | | **41** | 882 |
| | | **234,123** | 179,425 |
| Current liabilities | | | |
| Other payables and accruals | | **7,504** | 7,796 |
| Dividend payables | | **325** | 1,294 |
| | | **7,829** | 9,090 |
| | | **226,294** | 170,335 |
| Capital and reserves | | | |
| Share capital | | **18,712** | 18,712 |
| Reserves | (b) | **207,582** | 151,623 |
| | | **226,294** | 170,335 |

Notes:

**(a) Amounts due from subsidiaries**

The amounts due from subsidiaries were unsecured, interest-free and repayable on demand.

## 43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Notes: *(Continued)*

**(b) Reserves**

| | Share premium | Capital redemption reserve | Special capital reserve (Note 35) | Contributed surplus (Note 35) | Accumulated losses | Total |
|---|---|---|---|---|---|---|
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| At 31 March 2009 | 35,831 | 6,040 | 571,147 | 617,668 | (1,253,981) | (23,295) |
| Profit for the year and total recognised income for the year | — | — | — | — | 176,212 | 176,212 |
| Dividend recognised as distribution (note 14) | — | — | — | (1,294) | — | (1,294) |
| At 31 March 2010 and 1 April 2010 | **35,831** | **6,040** | **571,147** | **616,374** | **(1,077,769)** | **151,623** |
| Profit for the year and total recognised expense for the year | **—** | **—** | **—** | **—** | **57,144** | **57,144** |
| Dividend recognised as distribution (note 14) | **—** | **—** | **—** | **(1,185)** | **—** | **(1,185)** |
| At 31 March 2011 | **35,831** | **6,040** | **571,147** | **615,189** | **(1,020,625)** | **207,582** |

## 44. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the presentation of the current year and such reclassification has no impact on the Group's profit for the year ended 31 March 2011 and 2010. In particular, for the purpose of better representation of the Group's activities, certain reclassifications are set out below:

(i) The impairment loss recognised in respect of trade receivables of approximately HK$239,000, which had previously been recorded under "Impairment loss recognised in respect of trade receivables" in the consolidated financial statements for 2010, was grouped to "Administrative expenses".

(ii) The reversal of impairment loss recognised in respect of trade receivables of approximately HK$25,000, which had previously been recorded under "Reversal of impairment loss recognised in respect of trade receivables" in the consolidated financial statements for 2010, was grouped to "Other income".

(iii) The bad debt recovery from loan receivables of approximately HK$110,000, which had previously been recorded under "Bad debt recovery from loan receivables" in the consolidated financial statements for 2010, was grouped to "Other income".

Comparatives have been restated to conform to the presentation of the current year. However, the changes to the comparatives have not affected the consolidated statement of financial position at 1 April 2009 and accordingly the third consolidated statement of financial position as at 1 April 2009 is not presented.

# Summary of Financial Information

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited consolidated financial statements and reclassified and restated as appropriate, is set out below:

## RESULTS

| | Year ended 31 March | | | | |
|---|---|---|---|---|---|
| | **2011** | 2010 | 2009 | 2008 | 2007 |
| | **HK$'000** | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| Turnover | **327,201** | 277,147 | 132,146 | 187,604 | 108,793 |
| Profit/(loss) before tax | **65,314** | 67,036 | (18,507) | 15,850 | 809 |
| Income tax (expenses)/credit | **(845)** | (1,376) | (87) | (1,551) | 4,790 |
| Profit/(loss) before non-controlling interests | **64,469** | 65,660 | (18,594) | 14,299 | 5,599 |
| Non-controlling interests | **—** | 758 | (224) | 4,250 | 409 |
| Profit/(loss) attributable to owners of the Company | **64,469** | 66,418 | (18,818) | 18,549 | 6,008 |

## ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

| | As at 31 March | | | | |
|---|---|---|---|---|---|
| | **2011** | 2010 | 2009 | 2008 | 2007 |
| | **HK$'000** | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| Total assets | **438,876** | 478,205 | 341,607 | 358,903 | 315,295 |
| Total liabilities | **(168,526)** | (271,151) | (160,831) | (159,580) | (130,285) |
| Non-controlling interests | **—** | — | (38,831) | (38,607) | (42,857) |
| | **270,350** | 207,054 | 141,945 | 160,716 | 142,153 |

# Details of Property Held

## INVESTMENT PROPERTY

| Property | Lot no./location | Category of lease | Use |
|---|---|---|---|
| House 4, Customs Pass<br>No. 18 Fei Ngo Shan Road<br>Sai Kung, New Territories<br>Hong Kong | 31 In D.D. 228 | Medium term | Redevelopment |

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