



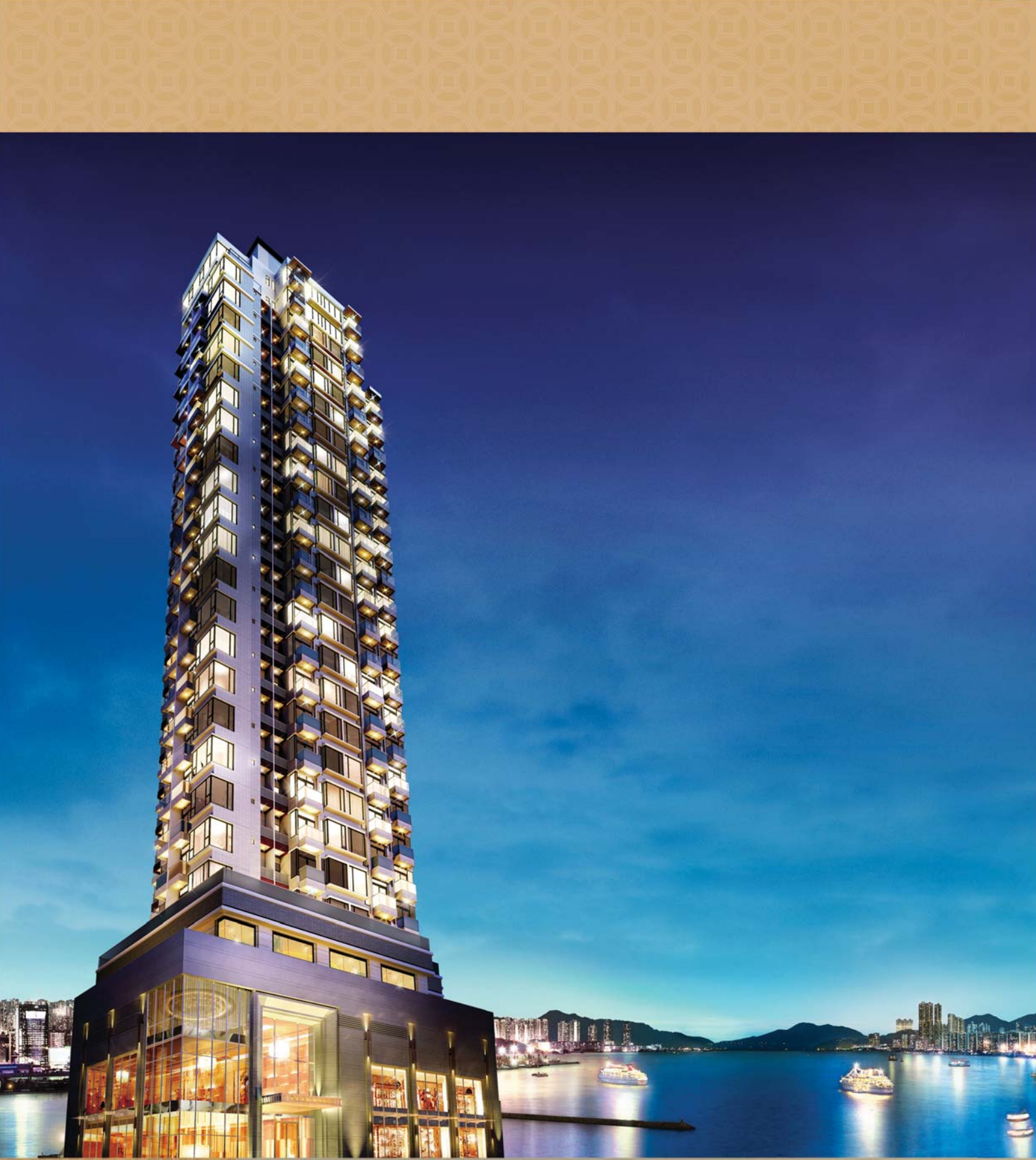
# 遠東發展有限公司

Far East Consortium International Limited

Stock Code 股份代號 : 035



2012 年報  
Annual Report



**STAR RUBY** Hong Kong



# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

David CHIU, Tan Sri Dato', B.Sc.  
(Chairman and Chief Executive Officer)  
Dennis CHIU, B.A.  
Craig Grenfell WILLIAMS, B. ENG. (CIVIL)

### Non-Executive Director

Daniel Tat Jung CHIU

### Independent Non-Executive Directors

Kwok Wai CHAN  
Peter Man Kong WONG, J.P.  
Kwong Siu LAM

## AUDIT COMMITTEE

Kwok Wai CHAN (Chairman)  
Peter Man Kong WONG  
Kwong Siu LAM

## NOMINATION COMMITTEE

David CHIU (Chairman)  
Kwok Wai CHAN  
Peter Man Kong WONG  
Kwong Siu LAM

## REMUNERATION COMMITTEE

Kwok Wai CHAN (Chairman)  
David CHIU  
Peter Man Kong WONG

## EXECUTIVE COMMITTEE

David CHIU  
Dennis CHIU  
Craig Grenfell WILLIAMS  
Chris Cheong Thard HOONG  
Denny Chi Hing CHAN  
Boswell Wai Hung CHEUNG

## MANAGING DIRECTOR

Chris Cheong Thard HOONG, B. ENG, ACA

## CHIEF OPERATING OFFICER

Denny Chi Hing CHAN

## CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY

Boswell Wai Hung CHEUNG

## AUTHORIZED REPRESENTATIVES

David CHIU  
Boswell Wai Hung CHEUNG

## LEGAL ADVISORS

Woo, Kwan, Lee & Lo  
Reed Smith Richards Butler  
Maples and Calder  
HWL Ebsworth Lawyers

## AUDITOR

Deloitte Touche Tohmatsu  
Certified Public Accountants  
Hong Kong

## PRINCIPAL BANKERS

### Hong Kong

Cathay United Bank Company, Limited  
Chong Hing Bank Limited  
Citic Bank International Limited  
Dah Sing Bank, Limited  
DBS Bank (Hong Kong) Limited  
Hang Seng Bank Limited  
Industrial and Commercial Bank of China (Asia) Limited  
Nanyang Commercial Bank, Limited  
Public Bank (Hong Kong) Limited  
The Hongkong and Shanghai Banking Corporation Limited  
Wing Hang Bank, Limited

### Malaysia

AmBank (M) Berhad  
OCBC Bank (Malaysia) Berhad  
Public Bank Berhad

### Singapore

The Hongkong and Shanghai Banking Corporation Limited

### Australia

Australia and New Zealand Banking Group Limited  
Commonwealth Bank of Australia Limited

### Mainland China

Agricultural Bank of China Limited  
China Construction Bank Corporation  
DBS Bank (China) Limited  
HSBC Bank (China) Company Limited  
Shanghai Pudong Development Bank Company, Limited  
Wing Hang Bank (China) Limited

## PLACE OF INCORPORATION

Cayman Islands

## REGISTERED OFFICE

P.O. Box 1043, Ground Floor,  
Caledonian House, Mary Street,  
George Town,  
Grand Cayman, Cayman Islands,  
British West Indies

## PRINCIPAL OFFICE

16th Floor, Far East Consortium Building,  
121 Des Voeux Road Central,  
Hong Kong

## SHARE REGISTRAR

Tricor Standard Limited  
26th Floor, Tesbury Centre,  
28 Queen's Road East,  
Wanchai,  
Hong Kong

## LISTING INFORMATION

Ordinary Shares (Code: 035)  
Convertible Bonds 2015 (Code: 4317)  
The Stock Exchange of Hong Kong Limited

## WEBSITE

<http://www.fecil.com.hk>

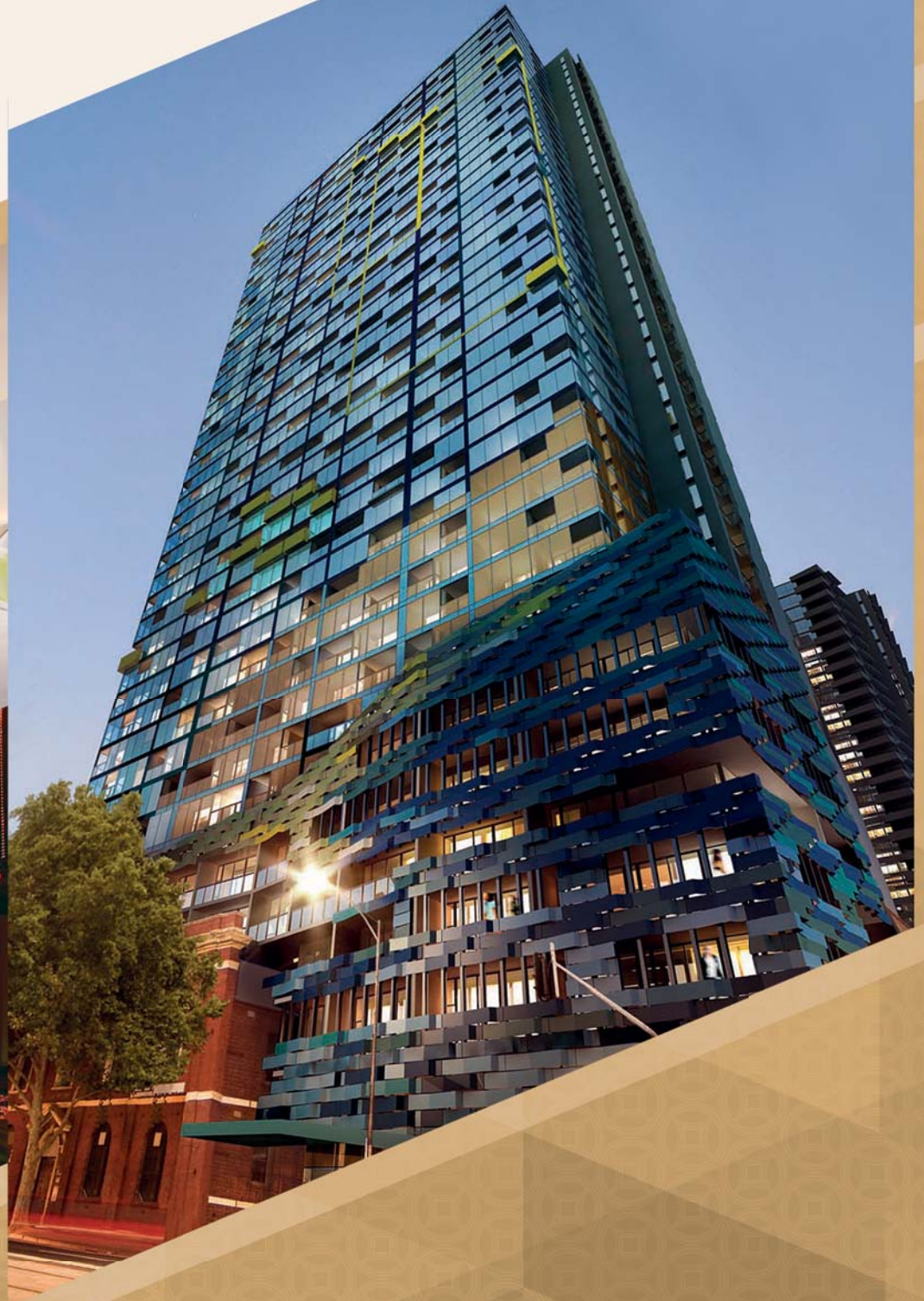
*Note: This annual report was originally prepared in English and was subsequently translated into Chinese. In the event of any inconsistency between the 2 versions, the English version shall prevail.*

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# Report of Chairman and Chief Executive Officer



I am pleased to present the annual results of Far East Consortium International Limited (the “Company”) together with its subsidiaries (the “Group”) for the financial year ended 31 March 2012.

Despite uncertainties in the global economic environment, we continue to see growth in the Group’s overall business during the financial year ended 31 March 2012 with a 13.7% increase in the net profit attributable to owners of the Company. Our property division launched a number of major projects and achieved a cumulative presale totaling HK\$4.8 billion as at 31 March 2012. Our hotel division performed extremely well with a record of net profit attributable the owners of the Company of approximately HK\$442 million. Our car park division continued to make steady contribution to the Group with turnover reaching HK\$537 million during the financial year ended 31 March 2012. These achievements were the direct results of our strategic efforts to actively develop and diversify our residential development pipeline and to expand our business which has revenue stream with recurring nature, namely, the car park and hotel operations.



Star Ruby, Hong Kong

684 Clear Water Bay Road, Hong Kong

### PROPERTY DEVELOPMENT

In the past years, the Group has undertaken significant steps to strengthen its residential property development pipeline and made preparation work for new launches. During the financial year 2012, we launched stage 2 of the Upper West Side project (namely Madison at Upper West Side) in Melbourne, Australia and the Star Ruby, Hong Kong. Together with presales recorded at stage 1 of Upper West Side and presales recorded at Dorsett Regency Residences in Singapore (which is owned by Kosmopolito Hotels International Ltd (“KHI”)), the Group’s total cumulative presales as at 31 March 2012 amounted to HK\$4.8 billion. Following the financial year end, the Group launched the presale of 288 apartments in its California Garden project in Shanghai, Mainland China. Through a joint venture set up between KHI and Mayland Valiant Sdn Bhd, the pre-sale of 1,989 serviced apartments at Subang (named as Dorsett Place Waterfront, Subang) in Malaysia was also launched. Other new residential development projects/phases for launch in the coming 24 months include projects in Guangzhou, Shanghai, Hong Kong and Malaysia. Total Gross Floor Area (“GFA”) of the properties available for sale and presale amounted to approximately 3.5 million sq. ft. during this period. With current presales and anticipated new projects in the pipeline, the Group expects financial performance of the property development business to be strong in the coming years.



Dorsett Regency London, London

The Group will continue to focus on developing future projects in the regions where we have an existing presence. The diversified location of our presence allows the Group to take advantage of the property cycle in different markets and the effect of cyclical risks can therefore be reduced. Our current development pipeline together with our land bank amounted to approximately 10 million sq. ft. in GFA as at 31 March 2012, which is sufficient for our property development in the coming 6 to 7 years. The Group will continue to search for attractive development opportunities to replenish our pipeline going forward.

### HOTEL OPERATION

KHI being a hotel developer, owner and operator has business spreading over Hong Kong, Mainland China, Malaysia, Singapore and the United Kingdom. During the financial year 2012, KHI continued to achieve strong growth in both room rates and occupancy rates with average daily Revenue Per Available Room ("RevPar") at HK\$663, representing an increase of 23.9%, compared with last year. As at 31 March 2012, KHI was operating approximately 4,000 rooms. This is expected to increase to approximately 7,000 rooms in the upcoming years. Such increase is expected to continue to generate growth in operating profit.

The transaction involving a disposal of Dorsett Regency, Kennedy Town in Hong Kong has again proven the Group's capability in creating value for our shareholders. The Group will continue its strategy to recycle its capital by selling smaller hotels and investing in bigger ones with greater number of rooms and better operational efficiencies. This anticipated disposal, which is expected to be completed in September 2012, together with the Group's hotel development pipeline, and the expected contribution from sales of serviced apartments in Singapore (namely Dorsett Regency Residences) and Malaysia (namely Dorsett Place Waterfront, Subang), will continue to drive a strong growth of KHI in the coming few years.

### CAR PARK OPERATION

The Group's car park business continued to grow with revenue reaching HK\$537 million for the year ended 31 March 2012, representing an increase of 15.7% as compared with last year. Steady growth in the business strengthened recurring cash flow stream. As at 31 March 2012, the Group managed more than 250 car parks, consisting of a car park management portfolio of approximately 49,000 car park bays. During the financial year 2012, approximately 3,000 car park bays under management were added to the portfolio. With steady increase in the number of car park bays under management, the car park business is expected to continue to contribute to stable income and cash flow to the Group.

### INVESTMENT PROPERTY

The Group's investment properties have provided a stable source of rental income to the Group. In June 2012, the Group disposed of an investment property (namely 51 strata units in Parkway Centre) in Singapore. The disposal provided an additional capital for the Group's future expansion. The property investment business will continue to provide the Group with solid cash flow stream.



## FINANCIAL POSITION

With total assets of approximately HK\$24.1 billion as at 31 March 2012 including the valuation surplus on hotel assets amounting to HK\$7,750 million which is not recorded in the consolidated financial statements, the net gearing ratio of the Group was 28.8% as at 31 March 2012. The Group believes that it has strong financing capacity for its future developments and for capturing new business opportunities that may arise.

In July 2012, it is expected that the Company will complete a share repurchase of 230 million shares, which represents approximately 11.7% of the issued share capital of the Company as at 31 March 2012. The share repurchase price was at a 67.6% discount to the net assets attributable to owners of the Company of approximately HK\$3.8 as at 31 March 2012 and resulted in an immediate enhancement in net asset value per share of 8.9% based on the financial position of the Group as at 31 March 2012. We believe the transaction is beneficial to the shareholders of the Company.

## CONCLUSION

We are proud of the achievements of our Group in the past years. Going forward, the Group will continue its strategy of expanding its residential property development pipeline and hotel portfolio. Despite the uncertainties surrounding global economic situation, the Group believes that the long term prospects of the property sector remain good in Asia. The Group is confident that it is well positioned to continue its growth in the coming years.

All of the works heading to our growth are undertaken by our staff. They are the most valuable assets of the Group. I would like to take this opportunity to express my gratitude to my fellow directors and senior management team for their supports and all staff members for their dedications and hard work.

### David CHIU

*Chairman and Chief Executive Officer*



Lan Kwai Fong Hotel@Kau U Fong, Hong Kong

Dorsett Regency Hong Kong, Hong Kong

# Profile of Directors and Senior Management

## **Tan Sri Dato' David CHIU, B.Sc.**

### **(Executive Director, Chairman and Chief Executive Officer)**

Tan Sri Dato' David CHIU, aged 58, holds a double degree of Bachelor of Science in Business Administration and Economics at the University of Sophia, Japan. He is a prominent businessman with over 30 years' experience in the property development and extensive experience in the hotel development. In his business career, he established a number of highly successful business operation through organic growth and acquisitions, covering mainland China, Hong Kong, Japan, Malaysia, Singapore and Australia. Since 1978, Tan Sri Dato' David CHIU had been the Managing Director of Far East Consortium Limited (the predecessor of the Company). He was appointed as Deputy Chairman and Chief Executive Officer of the Company on 8 December 1994 and 8 October 1997 respectively. On 8 September 2011, Tan Sri Dato' David CHIU has been appointed as the Chairman of the Company. He is also a director of certain subsidiaries of the Company. Besides, he is a non-executive director of Kosmopolito Hotels International Limited (stock code: 2266, a subsidiary of the Company).

With regard to Tan Sri Dato' David CHIU's devotion to the community services, he is a trustee member of "The Better Hong Kong Foundation" and the former chairman of "the Festival Celebration for the Chinese People's Liberation Army Force" in Hong Kong. He is also a member of the "Concerted Efforts Resource Centre", a member of "Hong Kong General Chamber Commerce", a member of the "Constitutional Reform Synergy" and a member of "The Real Estate Developers Association of Hong Kong". In Malaysia, Tan Sri Dato' David CHIU was awarded an honorary award which carried the title "Dato" and a more senior honorary title of "Tan Sri" by His Majesty, King of Malaysia in 1997 and 2005 respectively. He is the brother of Mr. Dennis CHIU (Executive Director of the Company) and Mr. Daniel Tat Jung CHIU (Non-executive Director of the Company).

## **Mr. Dennis CHIU, B.A.**

### **(Executive Director)**

Mr. CHIU, aged 53, was appointed as an Executive Director of the Far East Consortium Limited (the predecessor of the Company) in 1978. He has been actively involved in the business development in the Mainland China, Singapore and Malaysia. Mr. CHIU is a non-executive director of Far East Hotels and Entertainment Limited (stock code: 37). He is also a non-executive director of Fortune Oil PLC, a company listed on the stock exchange in London. He is the brother of Tan Sri Dato' David CHIU (Executive Director of the Company) and Mr. Daniel Tat Jung CHIU (Non-executive Director of the Company).

## **Mr. Craig Grenfell WILLIAMS, B.ENG. (CIVIL)**

### **(Executive Director)**

Mr. WILLIAMS, aged 60, was appointed as an Executive Director of the Company in 2000. He is responsible for all property development in Australia. He resides in Melbourne, Australia. He holds a degree of Bachelor of Civil Engineering from Melbourne University. Before joining the Australian operations of the Company, he was a director of all development companies of the Lend Lease Group, Australia's largest property developer. Mr. WILLIAMS has extensive experience in all facets of property development and is the immediate Past President of the St. Kilda Road Campaign Inc. He is a director of Care Park Group Pty. Ltd., a subsidiary of the Company and a director of AGORA Hospitality Group Co., Ltd., a company listed on the Tokyo Stock Exchange.

### **Mr. Daniel Tat Jung CHIU**

#### **(Non-executive Director)**

Mr. CHIU, aged 51, was appointed as a Director of Far East Consortium Limited (the predecessor of the Company) in 1984. He has extensive experience in Mainland China trade, petroleum trading and infrastructure investments. He also takes an active part in several kinds of projects in Hong Kong and Mainland China. Mr. CHIU is the major shareholder and vice chairman of Fortune Oil PLC. He is the founder of Harrow International School. He is the brother of Tan Sri Dato' David CHIU (Executive Director of the Company) and Mr. Dennis CHIU (Executive Director of the Company).

### **Mr. Kwok Wai CHAN**

#### **(Independent Non-executive Director)**

Mr. CHAN, aged 53, was appointed as an Independent Non-executive Director of the Company in November 2005. He is a member of The Hong Kong Securities Institute and an associate member of CPA Australia. Mr. CHAN is a director of High Progress Consultants Limited and also an independent non-executive director of Chinese Estates Holdings Limited (stock code: 127), Junefield Department Store Group Limited (stock code: 758), China Investments Holdings Limited (stock code: 132), Tern Properties Company Limited (stock code: 277) and National Electronics Holdings Limited (stock code: 213).

### **Mr. Peter Man Kong WONG, J.P.**

#### **(Independent Non-executive Director)**

Mr. WONG, aged 63, was appointed as an Independent Non-executive Director of the Company in May 2007. He graduated from the University of California at Berkeley with a Bachelor of Science Degree and was an awardee of the "Young Industrialist Award of Hong Kong" in 1988. He has over 38 years of experience in industrial, commercial and public service. Mr. WONG is the chairman of M.K. Corporation Limited and North West Development Limited. Besides, he is an independent non-executive director of China Travel International Investment Hong Kong Limited (stock code: 308), Chinney Investments Limited (stock code: 216), Glorious Sun Enterprises Limited (stock code: 393), Sino Hotels (Holdings) Limited (stock code: 1221) and Sun Hung Kai & Co, Limited (stock code: 86). He is also a non-executive director of Hong Kong Ferry (Holdings) Co. Ltd. (stock code: 50) and New Times Energy Corporation Limited (stock code: 166). Mr. WONG is a deputy of the 11th National People's Congress of Mainland China.

### **Mr. Kwong Siu LAM**

#### **(Independent Non-executive Director)**

Mr. LAM, aged 78, was appointed as an Independent Non-Executive Director of the Company in September 2011. He was a delegate of the 10th National People's Congress. He currently serves as the vice chairman of BOC International Holdings Limited, the Honorary Chairman of Hong Kong Federation of Fujian Association, the Life Honorary Chairman of Hong Kong Fukien Chamber of Commerce, the Vice Chairman of Fujian Hong Kong Economic Co-operation, the Life Honorary Chairman of the Chinese General Chamber of Commerce, Adviser of the Hong Kong Chinese Enterprises Association and the Honorary President of the Chinese Bankers Club of Hong Kong. In addition, Mr. LAM has been a non-executive director of Bank of China International Limited (formerly known as "BOCI Capital Limited") since July 2002, CITIC International Financial Holdings Limited since September 1996, and CITIC Bank International Limited (formerly known as "CITIC Ka Wah Bank Limited") since January 2002. He is an independent non-executive director of China Overseas Land & Investment Limited (stock code: 688), Fujian Holdings Limited (stock code: 181), Xinyi Glass Holdings Limited (stock code: 868) and Yuzhou Properties Company Limited (stock code: 1628). Mr. LAM was awarded the HKSAR Silver Bauhinia Star in 2003. He has more than 50 years of banking experience.

### **Mr. Chris Cheong Thard HOONG, B. ENG, ACA**

#### **(Managing Director)**

Mr. HOONG, aged 43, joined the Group in September 2008 as the Managing Director. He is responsible for the formulation and implementation of the Group overall strategies for development. He brings with him a wealth of knowledge in corporate development and extensive experience in mergers and acquisitions as well as international capital markets.

Prior to joining the Group, Mr. HOONG was the chief executive officer of China LotSynergy Holdings Limited (stock code: 8161). He was instrumental in implementing a number of important initiatives which established international relationships for the company and built solid foundations for business expansion whereas he is currently a non-executive director of the company. Mr. HOONG was an investment banker for over 12 years and had held senior positions at Deutsche Bank and UBS where he was responsible for corporate finance business in Asia. He is also a non-executive director of Kosmopolito Hotels International Limited (stock code: 2266, a subsidiary company of the Company), a director of Care Park Group Pty. Ltd., a subsidiary of the Company, a director of AGORA Hospitality Group Co., Ltd., a company listed on the Tokyo Stock Exchange and a non-executive director of Land & General Berhad, a company listed on the KLSE Bursa Malaysia.

Mr. HOONG is a member of the Institute of Chartered Accountants in England and Wales and holds a bachelor's degree in Mechanical Engineering from Imperial College, University of London.

### **Mr. Denny Chi Hing CHAN**

#### **(Chief Operating Officer)**

Mr. CHAN, aged 48, has been the Group's Chief Operating Officer since March 2004. He is responsible for the Hong Kong and the Mainland China based activities with emphasis on the commercial management, property development and investment, and project development. He joined the Company in 1990 as the Group Chief Accountant and promoted as the Group Financial Controller in 2002. From 1990 to 2003, he was responsible for the Group's financial, treasury and accounting functions. He has extensive experience in accounting and auditing of Hong Kong listed companies. Mr. CHAN is a director of various subsidiaries of the Company. He is a non-executive director of Kosmopolito Hotels International Limited (stock code: 2266, a subsidiary company of the Company) and an independent non-executive director of Hidili Industry International Development Limited (stock code: 1393).

Prior to joining the Group, he was an audit manager of a big four international accounting firm with over ten years of audit experience. Mr. CHAN became a member of the Hong Kong Institute of Project Management since February 2011.

### **Mr. Boswell Wai Hung CHEUNG**

#### **(Chief Financial Officer and Company Secretary)**

Mr. Cheung, aged 41, joined the Company as Chief Financial Officer and Company Secretary in September 2010. He is responsible for all financial functions, company secretarial compliances and investors' relationship of the Company. Currently, he is also a director of Care Park Group Pty. Ltd., a subsidiary of the Company, and an audit committee member of AGORA Hospitality Group Co., Ltd., a company listed on the Tokyo Stock Exchange.

Prior to joining the Company, Mr. Cheung was chief operating officer and company secretary of Fook Woo Group Holdings Limited (stock code: 923), senior financial strategy advisor of China Pacific Insurance (Group) Company Limited (stock code: 2601), an executive director and a non-executive director of Bright International Group Limited (now named as Dejin Resources Group Company Limited, stock code: 1163), and also held audit posts in Deloitte Touche Tohmatsu and Ernst & Young.

Mr. Cheung graduated in Scotland with a Bachelor's degree in Accounting in 1992, obtained a Master degree of Business Administration from University of Leicester in England in 1995 and a Master degree of Professional Accounting in 2007. Mr. Cheung is a Chartered Marketer of the Chartered Institute of Marketing in the United Kingdom, a non-practicing member of the HKICPA and a qualified accountant of CPA Australia.

# Five-Year Financial Summary

	For the year ended 31 March				
	2008 HK\$'000	2009 HK\$'000	2010 HK\$'000	2011 HK\$'000	2012 HK\$'000
<b>RESULTS</b>					
Revenue	2,159,514	1,732,841	2,342,235	1,654,446	<b>1,760,951</b>
Profit before taxation	658,396	221,947	492,856	555,029	<b>717,656</b>
Taxation	(215,016)	(116,847)	(134,484)	(108,548)	<b>(103,131)</b>
Profit for the year	443,380	105,100	358,372	446,481	<b>614,525</b>
Earnings per share	28 cents	5 cents	18 cents	21 cents	<b>23 cents</b>

	At 31 March				
	2008 HK\$'000	2009 HK\$'000	2010 HK\$'000	2011 HK\$'000	2012 HK\$'000
<b>ASSETS AND LIABILITIES</b>					
Total assets	9,585,961	10,514,725	13,135,051	15,168,734	<b>16,393,315</b>
Total liabilities	(4,633,817)	(5,631,389)	(6,913,272)	(7,249,941)	<b>(7,893,306)</b>
Minority interests	4,952,144 (39,467)	4,883,336 (30,456)	6,221,779 (95,780)	7,918,793 (892,205)	<b>8,500,009 (1,048,389)</b>
Shareholders' funds	4,912,677	4,852,880	6,125,999	7,026,588	<b>7,451,620</b>

Note: The figures for the prior year 2009/10 have been restated pursuant to the adoption of the applicable Hong Kong Financial Reporting Standards.

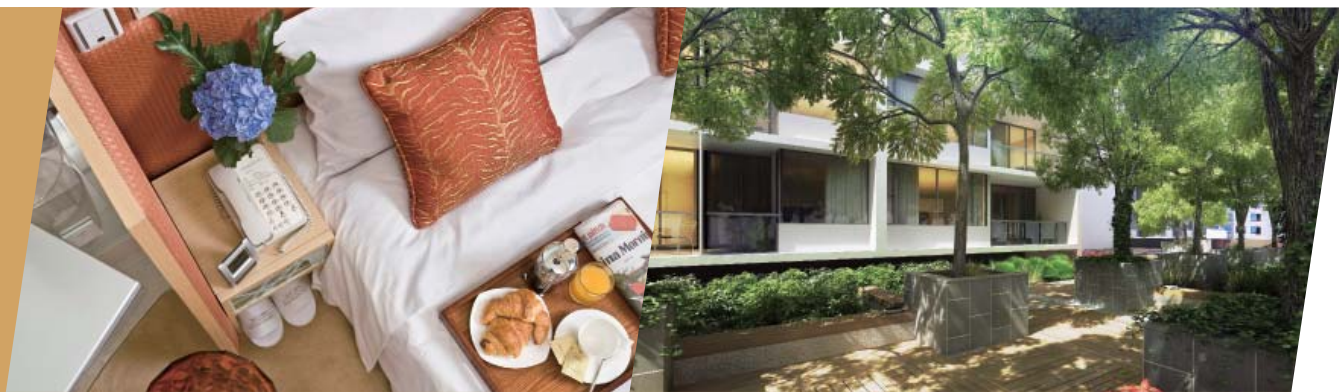


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# Management Discussion and Analysis

# Management Discussion and Analysis



Cosmo Hotel Mongkok, Hong Kong

Upper West Side, Melbourne

## FINANCIAL HIGHLIGHTS

- Net profit attributable to owners increased by 13.7% to HK\$448 million. Earnings per share increased by 9.5% to HK\$0.23.
- Net assets attributable to owners increased from HK\$3.7 per share to HK\$3.8 per share. Adjusting for hotel revaluation surplus, net assets attributable to owners as at 31 March 2012 was HK\$6.7 per share.
- Net gearing ratio at 28.8%<sup>(i)</sup> and cash position at approximately HK\$1.7 billion as at 31 March 2012.
- Final dividend of HK\$0.05 per share for the year ended 31 March 2012 recommended (2011: HK\$0.05 per share).
- Presale value of properties under development at approximately HK\$4.8 billion as at 31 March 2012.

Note:

(i) Revaluation surplus on hotel assets of HK\$7,750 million as at 31 March 2012 was not recognized in the Company's consolidated financial statements, but adjusted for calculation of the net gearing ratio.

## FINANCIAL REVIEW

### 1. Annual results

The Company's consolidated revenue for the financial year ended 31 March 2012 was HK\$1,761 million, representing an increase of 6.4% as compared with last financial year. Hotel operation and car park business contributed revenue of HK\$1,096 million and HK\$537 million respectively, representing an increase of 26.4% and 15.7% respectively as compared with last financial year. Revenue from investment property was HK\$66 million, representing an increase of 9.8% as compared with last financial year. Property development business recorded a decrease in revenue by 81.2% to HK\$46 million for the financial year ended 31 March 2012 due to low property completion during the financial year.

Gross profit of the Company for the financial year ended 31 March 2012 was HK\$848 million, representing an increase of 12.2% as compared with last financial year. Gross profit margin for the financial year ended 31 March 2012 was 48.1% (2011: 45.7%). Improvement in gross profit margin was mainly contributed by improvement in gross profit margin in the Group's hotel operations. For the financial year ended 31 March 2012, gross profit margin of hotel operation increased from 54.5% to 59.4% and that of property development increased from 46.1% to 61.8%. Gross profit margin of investment property for the financial year ended 31 March 2012 decreased from 60.9% to 56.1% and that of car park business decreased from 25.1% to 21.9%.



Net profit attributable to owners of the Company for the financial year ended 31 March 2012 was HK\$448 million, representing an increase of 13.7% as compared with last financial year. Other than increase in contribution from hotel operations, a gain on disposal of "Central Park Hotel" in Hong Kong of HK\$278 million (after minority interests) and investment property fair value gain of HK\$148 million also made contribution to the net profit of the Group.

## 2. Liquidity and financial resources

	KHI (HK\$ million)	Consolidated Group (HK\$ million)
Bank and cash balances	875	1,744
Bank loans, convertible bonds and borrowings	3,627	6,416
Carrying amount of total equity	3,420	8,500
Add: hotel revaluation surplus	7,750	7,750
Total equity	11,170	16,250
Net gearing ratio	24.6%	28.8%

As at 31 March 2012, the Company's total consolidated equity attributable to owners amounted to HK\$7,452 million, an increase of 6.0% as compared with that as at 31 March 2011. KHI recorded a revaluation surplus of HK\$7,750 million over the carrying value of its hotel portfolio as at 31 March 2012. This surplus was not recognized in the Company's consolidated statement of financial position. Taking into account the hotel assets revaluation surplus, KHI's net gearing ratio was 24.6% and the net gearing ratio of the Group was 28.8%. The Group maintained a strong financial position and had sufficient financial resources to cater for its operating activities as well as its existing and potential investment activities.



Dorsett Place Waterfront,  
Kuala Lumpur



Upper West Side, Melbourne

### 3. Property presales

As at 31 March 2012, total presale value of properties under development reached HK\$4.8 billion. Completion of the developments is expected to take place in the coming 3 years. A breakdown of property presales as at 31 March 2012 is set out below:

Developments	Location	Presale value
Upper West Side stage 1	Australia	HK\$2.1 billion
Upper West Side stage 2	Australia	HK\$1.9 billion
Star Ruby	Hong Kong	HK\$311 million
Dorsett Regency Residences <sup>(i)</sup>	Singapore	HK\$500 million
Total presale value as at 31 March 2012		HK\$4.8 billion

Note: (i) Dorsett Regency Residences in Singapore is 100% owned by KHI.

The above presales do not include the presales of Dorsett Place Waterfront, Subang in Malaysia and The Royal Crest, Shanghai in Mainland China which were launched after 31 March 2012.

### 4. Convertible bonds (the “Bonds”) redemption

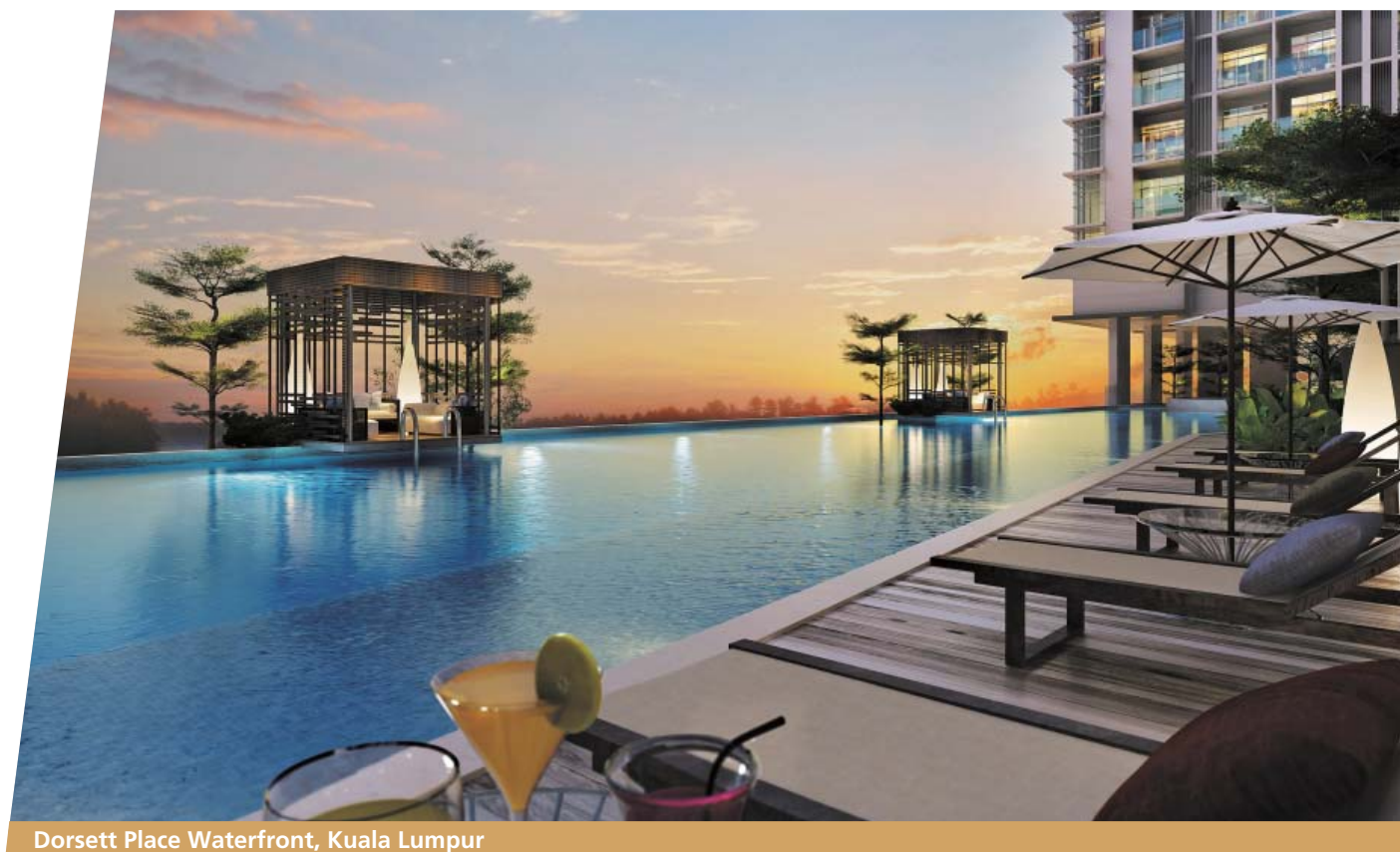
On 5 March 2012, the Company redeemed part of the Bonds with a principal amount of HK\$649.5 million upon the exercise of the put option by bondholders. Following the redemption, the remaining outstanding principal amount of the Bonds was HK\$33.5 million as at 31 March 2012.

### 5. Contingent liabilities

During the year ended 31 March 2010, a subsidiary of the Company took out legal action in High Court of Hong Kong to claim against the contractor for breach of contract for the unsatisfactory performance in relation to the construction of a hotel for an amount of HK\$14,356,000 and in response to the claim, the contractor filed counterclaims against the subsidiary for an amount of HK\$25,841,000. The trial will commence on 30 July 2012. In the opinion of the Directors, there is a fair chance of winning the lawsuit after obtaining legal advice from the lawyer. Accordingly, no provision for potential liability has been made in the consolidated financial statements.

**6. Capital commitments**

	2012 HK\$'000	2011 HK\$'000
Capital expenditure contracted but not provided for in the consolidated financial statements in respect of:		
Acquisition, development and refurbishment of hotel properties	<b>585,760</b>	595,557
Others	<b>4,421</b>	1,528
	<b>590,181</b>	597,085
Capital expenditure authorized but not contracted for in respect of:		
Development and refurbishment of hotel properties	<b>319,593</b>	28,177
Others	<b>19,274</b>	22,933
	<b>338,867</b>	51,110
	<b>929,048</b>	648,195



Dorsett Place Waterfront, Kuala Lumpur



### 7. Subsequent events

#### (i) *Repurchase of 230 million shares (11.7% of issued shares capital) at HK\$1.23 per share*

On 16 April 2012, the Company entered into a Share Repurchase Agreement to acquire 230 million shares of the Company from Penta Investment Advisers Limited at HK\$1.23 per share. The Share Repurchase Agreement is conditional upon, inter alia, (i) the Executive granting the Whitewash Waiver and approving the Share Repurchase; and (ii) the Disinterested Shareholders approving (a) the Share Repurchase Agreement and the transactions contemplated thereunder; and (b) the Whitewash Waiver, at the Company's extraordinary general meeting. Subject to the above conditions, the Share Repurchase is expected to complete by the end of July 2012, following which the shares repurchased shall be cancelled. The Company will fund the Share Repurchase from internal financial resources. For details of the Share Repurchase and the meanings of the capitalized terms used in this paragraph, please refer to the Company's announcement dated 16 April 2012.

#### (ii) *Sale of Dorsett Regency Hong Kong, Kennedy Town*

On 25 May 2012, KHI entered into an agreement to dispose of its entire equity interest in (together with the assignment of the loans to) Hong Kong (SAR) Hotel Limited which is the owner and operator of Dorsett Regency Hong Kong, Kennedy Town, for HK\$800 million. Subject to the Shareholders' approval at the Company's extraordinary general meeting, the transaction is expected to complete in September 2012. The estimated gain from the disposal attributable to the owners of the Company is approximately HK\$329 million.

## BUSINESS REVIEW

### 1. Property division

The property division includes property development and investment property holding.

Investment properties mainly comprise retail and office buildings located in Shanghai, Hong Kong, Melbourne, Singapore and Malaysia. As at 31 March 2012, investment properties were valued at HK\$2.5 billion. A fair value gain of HK\$148 million was recorded in respect of the Group's investment properties during the financial year ended 31 March 2012. Revenue from investment property for the financial year ended 31 March 2012 increased to HK\$66 million, representing an increase of 9.8%.

The Group entered into an agreement in March 2012 to sell 51 strata units in Parkway Centre located in Singapore for SG\$53.4 million (approximately HK\$327 million). The transaction is expected to complete in June 2012. The Group considers that it is beneficial for the Group to cash in one of its investment properties, as it allows shareholders' value to be realized. The disposal will also reduce the Group's total bank borrowings following repayment of the property's mortgage loan. This would also provide additional cash flows to the Group to enable it to redeploy its resources to other value-accretive investment opportunities.

The Company is committed to providing quality residential properties, geographically covering Mainland China, Australia, Hong Kong, Malaysia and Singapore. Such geographic coverage enables the Company to time property cycles in different countries or regions. As at 31 March 2012, the GFA in our property development pipeline reached more than 10 million sq. ft., which is sufficient for our property development in the coming 6 to 7 years.

For the financial year ended 31 March 2012, revenue from property development decreased by 81.2% to HK\$46 million due to decrease in completion of property development projects. However, currently construction works of our 10 projects amounting to approximately 5.5 million sq. ft. in GFA are being carried out across the Asia Pacific region and are expected to complete within the coming 3 years.

**Australia**

The major property development in Australia is the Upper West Side development which is a high rise residential development located at Central Business District in Melbourne and the total development consists of approximately 1.3 million sq. ft. in GFA divided into 4 stages.

Total GFA of Upper West Side stage 1 development is approximately 400,000 sq. ft., consisting of 700 apartments. As at 31 March 2012, presale value of stage 1 reached HK\$2.1 billion (AU\$272 million), accounting for approximately 98% of stage 1 development. Completion of stage 1 is expected to take place by stages in the financial years ending 31 March 2013 and 2014.

Upper West Side stage 2 development (named as "Madison at Upper West Side") with approximately 400,000 sq. ft. in GFA consists of 584 apartments. As at 31 March 2012, presale value of stage 2 reached HK\$1.9 billion (AU\$238 million), accounting for approximately 75% of stage 2 development. Completion of stage 2 is expected to take place in financial year ending 31 March 2015. Stages 3 and 4 with approximately 500,000 sq. ft. in GFA will follow thereafter. Currently, planning works have been commenced for the stage 3 development.





The Royal Crest, Shanghai

### **Mainland China**

As at 31 March 2012, the property development pipeline in Mainland China comprised approximately 6.5 million sq. ft. in GFA, with major focus in Shanghai and Guangzhou. In Shanghai, presale of “The Royal Crest” consisting of 288 low rise residential apartments (approximately 270,000 sq. ft. in GFA) under California Garden has been commenced in May 2012. The development is expected to complete in financial year 2014. Currently developments of another approximately 1,000 low rise residential apartments and 50 town houses with total GFA of approximately 1.2 million sq. ft. are undergoing. Completion is expected to take place mainly in financial year 2014.

In Guangzhou, earthworks of a residential development (namely, “Huadijiayuen”) consisting of approximately 1 million sq. ft. in GFA have been commenced. Presales and completion are expected to take place in financial years 2014 and 2015 respectively.

### **Hong Kong**

Presale of Star Ruby located in Hunghom district commenced in the second half of the financial year ended 31 March 2012. Star Ruby consists of 124 high rise residential apartments with approximately 66,000 sq. ft. in GFA. As at 31 March 2012, presale value reached HK\$311 million and the development is expected to complete in financial year 2015.

Presale of a property development at No. 287–293, Sai Yeung Choi Street North in Sham Shui Po, consisting of 39,000 sq. ft. in GFA, will be launched in the second half of financial year 2013. Earthworks have been commenced and completion is expected to take place in financial year 2015. Another development project at No. 90–100 Hill Road in Pok Fu Lam, consisting of 45,000 sq. ft. in GFA, is in the planning stage following the Group’s successful acquisition of the entire legal title of the development site in the second half of the financial year ended 31 March 2012.

## **2. Hotel operation and management — Kosmopolito Hotels International Limited (“KHI”)**

For the financial year ended 31 March 2012, revenue and gross profit of KHI increased by 26.4% and 37.8% to HK\$1,096 million and HK\$651 million respectively, as compared with last financial year. Gross profit margin reached 59.4% from 54.5% of last financial year. KHI’s net profit for the financial year 2012 increased by 190.3% and the net profit attributable to owners of the Company was HK\$442 million. The factors driving such growth include (i) the improvement in RevPar which increased by an average of 23.9% as compared with last year across all regions; (ii) contribution from the newly opened hotel, namely Dorsett Regency Hong Kong, Kennedy Town; (iii) full year contribution from Cosmo Hotel Mongkok, Hong Kong since its opening in July 2010, and (iv) a gain on disposal of Central Park Hotel in Hong Kong attributable to owners of the Company of HK\$278 million.

A revaluation surplus on hotel assets at approximately HK\$7,750 million has not been accounted for in the consolidated financial statements of the Company as at 31 March 2012.

As at 31 March 2012, KHI owned 21 hotels, of which 15 owned hotels are operating whilst the remaining 6 owned hotels are under construction and planning stages. KHI's hotel business is spread over Hong Kong, Malaysia, Mainland China, Singapore and United Kingdom. KHI has 8 owned hotels amounting to more than 1,900 rooms in Hong Kong and 5 owned hotels amounting to more than 1,400 rooms in Malaysia. In Mainland China, KHI is operating 2 owned hotels consisting of approximately 600 rooms. Taking into account the management contracts (The Mercer by Kosmopolito and Central Park Hotel), the total number of rooms under KHI's management reached more than 4,000 rooms as at 31 March 2012.

KHI completed the acquisition of a redevelopment property (namely, "Big Orange") in Hong Kong for HK\$210 million on 17 April 2012 with a plan to developing a hotel of 420 rooms under the Silka series. This is at planning stage and is expected to complete for operation in first half of financial year 2015.

Together with the Big Orange being added to the pipeline, it is anticipated that KHI will increase the hotel rooms to approximately 7,000 within the coming 3 financial years. This pipeline includes 3 hotels in Hong Kong consisting of approximately 1,300 rooms, 2 hotels in Mainland China consisting of approximately 1,000 rooms, 1 hotel in Singapore consisting of approximately 300 rooms and 1 hotel in United Kingdom consisting of approximately 300 rooms.

### 3. Car Park division

The Company's car park management portfolio comprises third-party-owned car parks and self-owned car parks in Australia, New Zealand and Hartamas shopping mall in Kuala Lumpur, Malaysia. As at 31 March 2012, the portfolio consisted of more than 250 car parks, with approximately 49,000 car park bays under the Group's management. In this portfolio, 20 were self-owned car parks amounting to approximately 5,600 car park bays. They are located in Australia and Malaysia. The remaining car parks were third-party-owned car parks under the Group's management. Third-party owners included local governments, shopping malls, retailers, universities, airport, hotels, hospitals, governmental departments and commercial and office buildings. During the financial year 2012, approximately 3,000 car park bays were added to the management portfolio.

During the financial year ended 31 March 2012, the Group's Car Park division generated revenue of HK\$537 million, representing an increase of 15.7% as compared with that of previous year. The division recorded steady growth and will continue to contribute to the recurring income of the Group.

On 30 May 2012, upon exercise of the second anniversary put options granted under the shareholder agreement dated 7 May 2009, non-controlling shareholders of Care Park Group Pty Ltd ("Care Park") sold 2.3% of the total issued share capital of Care Park, which owns the Group's car park operations in Australia, to the Group for a consideration of AU\$1,416,800 (approximately HK\$11.3 million). Following the transaction, the Group increased its shareholding in Care Park to 76.05%. This will further strengthen the profit attributable to owners of the Company from recurring income base in the coming years.



# Directors' Report

The Directors present their annual report and the audited financial statements of the Group for the year ended 31 March 2012.

## PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. Its subsidiaries are engaged in property development and investment, hotel operation, car park operation, and treasury management. These divisions are the basis on which the Group reports its primary segment information.

## PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

Details of the Company's principal subsidiaries, associates and jointly controlled entities at 31 March 2012 are set out in notes 50, 21 and 22 to the consolidated financial statements, respectively.

## RESULTS AND DIVIDENDS

The results of the Group for the year are set out in the consolidated income statement on page 42.

An interim dividend of HK1 cent per share amounting to HK\$19,496,000 was paid to the shareholders during the year. The Directors recommended the payment of a final dividend for the year of HK5 cents (2011: HK5 cents) per share (the "Proposed Final Dividend"). The Proposed Final Dividend will be paid in the form of a scrip dividend with shareholders being given an option to elect to receive cash in lieu of all or part of their scrip dividend entitlements (the "Scrip Dividend Scheme").

The Scrip Dividend Scheme will be subject to (i) Shareholders' approval of the Proposed Final Dividend at the 2012 AGM and (ii) Stock Exchange granting listing of and permission to deal in the new shares to be allotted thereunder. For the purpose of determining the number of new shares to be allotted, the market value of new shares will be calculated as the average of the closing prices of the existing shares of the Company on the Stock Exchange for the 5 trading days prior to and including 11 September 2012. Full details of the Scrip Dividend Scheme will be set out in a circular which is expected to be sent to shareholders together with a form of election on or around 20 September 2012. Dividend warrants and/or new share certificates will be posted on or around 25 October 2012.

## CLOSURE OF REGISTER OF MEMBERS

Details of the periods of closure of the Company's Register of Members are as follows:

### (a) For determining the entitlement to attend and vote at the 2012 AGM

As set out above, the 2012 AGM is scheduled to be held on Friday, 31 August 2012. For determining the entitlement to attend and vote at the 2012 AGM, the Register of Members of the Company will be closed from Wednesday, 29 August 2012 to Friday, 31 August 2012, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the 2012 AGM, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Standard Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 28 August 2012.



**(b) For determining the entitlement to the Proposed Final Dividend**

As stated above, the Proposed Final Dividend is subject to the approval of Shareholders at the 2012 AGM. For determining the entitlement to the Proposed Final Dividend, the Register of Members of the Company will also be closed from Friday, 7 September 2012 to Tuesday, 11 September 2012, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for entitlement to the Proposed Final Dividend, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Standard Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 6 September 2012.

**FINANCIAL SUMMARY**

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 11.

**DISTRIBUTABLE RESERVES**

In the opinion of the Directors, the reserves of the Company which are available for distribution to shareholders at 31 March 2012, amounted to approximately HK\$594,457,000 (2011: HK\$732,474,000), representing the retained profits.

**INVESTMENT PROPERTIES**

The Group revalued all of its investment properties at 31 March 2012. The increase in fair value of investment properties, which has been credited directly to consolidated income statement, amounted to HK\$146,298,000.

Details of these and other movements during the year in the investment properties of the Group are set out in note 16 to the consolidated financial statements.

**PROPERTY, PLANT AND EQUIPMENT**

During the year, the Group spent approximately HK\$696,324,000 on development and refurbishment of hotel properties.

Details of these and other movements during the year in the property, plant and equipment of the Group are set out in note 17.

**MAJOR PROPERTIES**

Details of the major properties of the Group at 31 March 2012 are set out on pages 130 to 145.

**SHARE CAPITAL**

Details of movements during the year in the share capital of the Company are set out in note 35 to the consolidated financial statements.

## PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the year ended 31 March 2012, the Company has purchased a total principal amount of HK\$57,000,000 of the convertible bonds of the Company (Stock Code: 4317) on the Stock Exchange via its subsidiary, Singford Holdings Limited, and redeemed the principal amount of HK\$649,500,000 of the said convertible bonds upon the exercise of the put option by the bonds holders and details of which are as follows:

Month of Repurchase	Principal Amount Repurchased (HK\$)
September 2011	27,000,000
November 2011	10,000,000
December 2011	20,000,000

Month of Redemption	Principal Amount Redeemed (HK\$)
March 2012	649,500,000

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2012.

## DIRECTORS

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

### Executive Directors

Mr. Deacon Te Ken CHIU (Retired on 8 September 2011)  
 Tan Sri Dato' David CHIU (Chairman and Chief Executive Officer)  
 Mr. Dennis CHIU  
 Mr. Craig Grenfell WILLIAMS

### Non-executive Directors

Madam Ching Lan JU CHIU (Retired on 8 September 2011)  
 Mr. Daniel Tat Jung CHIU

### Independent Non-executive Directors

Mr. Kwok Wai CHAN  
 Mr. Peter Man Kong WONG  
 Mr. Kwong Siu LAM (Appointed on 8 September 2011)  
 Mr. Jian Yin JIANG (Retired on 8 September 2011)

Pursuant to the provisions of the Articles, Mr. Daniel Tat Jung CHIU, Mr. Kwok Wai CHAN and Mr. Kwong Siu LAM shall retire at the 2012 AGM and are eligible to offer themselves for re-election in the meeting.

### DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the 2012 AGM has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

### DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contract of significance to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

### DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year and up to the date of this report, none of the Directors (not being the Independent Non-executive Directors) are considered to have interests in the businesses which compete or are likely to compete with the businesses of the Group pursuant to the Listing Rules.

### CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

### DIRECTORS' INTERESTS

As at 31 March 2012, the interests of the Directors in the shares of the Company and its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept under Section 352 of SFO; or as otherwise notified to the Company and the Model Code were as follows:

#### (a) Long position in shares of the Company:

Name of director	Capacity	Number of ordinary shares held	Approximate % of the relevant issued share capital*
David CHIU	Beneficial owner	13,607,249	0.69%
	Interest of spouse	557,000 <sup>(i)</sup>	0.03%
	Interest of controlled corporations	685,862,201 <sup>(i)</sup>	35.00%
Dennis CHIU	Beneficial owner	10,373	0.00%
	Interest of controlled corporations	5,301,849 <sup>(iii)</sup>	0.27%
Daniel Tat Jung CHIU	Beneficial owner	44,561	0.00%
	Interest of controlled corporation	3,877,218 <sup>(iii)</sup>	0.20%

Notes:

- (i) 685,849,880 Shares were held by Sumptuous Assets Limited and 12,321 Shares were held by Modest Secretarial Services Limited, companies controlled by Tan Sri Dato' David CHIU and 557,000 shares were held by Ms. Nancy NG, spouse of Tan Sri Dato' David CHIU.
- (ii) 1,424,631 Shares were held by Chiu Capital N.V., a company controlled by Mr. Dennis CHIU, and 3,877,218 Shares are held by First Level Holdings Limited, a company controlled by Mr. Dennis CHIU and Mr. Daniel Tat Jung CHIU.
- (iii) These Shares were held by First Level Holdings Limited, a company controlled by Mr. Dennis CHIU and Mr. Daniel Tat Jung CHIU, and are entirely duplicated and included in the corporate interest of Mr. Dennis CHIU.

\* The percentage represents the number of ordinary shares interested divided by the number of the Company's issued shares as at 31 March 2012.

## (b) Interest in shares of associated corporations:

Name of director	Name of associated corporation	Capacity	Number of ordinary shares held	Approximate % of the relevant issued share capital*
David CHIU	KHI	Interest of spouse	8,355 <sup>(i)</sup>	0.00%
		Interest of controlled corporations	1,469,773,254 <sup>(i)</sup>	73.49%
	Oi Tak Enterprises Limited	Interest of controlled corporation	250,000 <sup>(ii)</sup>	25.00%
Dennis CHIU	KHI	Beneficial owner	30	0.00%
		Interest of controlled corporations	78,423 <sup>(iii)</sup>	0.00%
Daniel Tat Jung CHIU	KHI	Interest of controlled corporation	58,158 <sup>(iv)</sup>	0.00%
Craig Grenfell WILLIAMS	Care Park Group Pty. Ltd.	Beneficiary of a discretionary trust	925 <sup>(v)</sup>	9.25%

Notes:

- (i) 7,773,254 shares in KHI were held by Sumptuous Assets Limited, a company controlled by Tan Sri Dato' David CHIU. 1,462,000,000 shares in KHI were held by Ample Bonus Limited, a wholly owned subsidiary of the Company in which Tan Sri Dato' David CHIU owned approximately 35.7% interest in the issued share capital of the Company and was therefore deemed to have an interest in the shares in KHI. 8,355 shares in KHI were held by Ms. Nancy NG, spouse of Tan Sri Dato' David CHIU.
- (ii) These shares in Oi Tak Enterprises Limited were held by Commodious Property Limited, a company controlled by Tan Sri Dato' David CHIU.
- (iii) 20,265 shares in KHI were held by Chiu Capital N.V., a company controlled by Mr. Dennis CHIU, and 58,158 shares in KHI were held by First Level Holdings Limited, a company controlled by Mr. Dennis CHIU and Mr. Daniel Tat Jung CHIU.
- (iv) These shares in KHI were held by First Level Holdings Limited, a company controlled by Mr. Dennis CHIU and Mr. Daniel Tat Jung CHIU, and are entirely duplicated and included in the interest of controlled corporation of Mr. Dennis CHIU.
- (v) These shares in Care Park Group Pty. Ltd. were held by Chartbridge Pty Ltd in its capacity as the trustee of The Craig Williams Family Trust, and Mr. Craig Grenfell WILLIAMS, as a beneficiary of The Craig Williams Family Trust, was deemed to be interested in these shares.

\* The percentage represents the number of ordinary shares interested divided by the number of the respective associated corporations' issued shares as at 31 March 2012.

Save as disclosed above, none of the directors of the Company had registered an interest and short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as at 31 March 2012.

## SHARE OPTION SCHEME

### (a) FECIL Share Option Scheme

FECIL Share Option Scheme for the purpose of providing incentives and rewards to employees or executives or officers of the Company or any of its subsidiaries (including executive and non-executive directors) and business consultants, agents and legal or financial advisers who will contribute or have contributed to the Company or any of its subsidiaries. Under FECIL Share Option Scheme, the directors of the Company may grant options to eligible employees including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

The following table discloses movements in the Company's share option during the year:

Category of grantee	Date of grant	Exercise price per share HK\$	Number of share options				Outstanding at 31.03.2012	Exercise period*
			Outstanding at 01.04.2011	Granted during the year	Exercised during the year	Lapsed/ cancelled during the year		
<b>Senior management</b>								
Chris Cheong Thard HOONG	08.05.2009	1.500	1,850,000	—	—	—	1,850,000	16.09.2009–15.09.2019
			1,850,000	—	—	—	1,850,000	16.09.2010–15.09.2019
			1,850,000	—	—	—	1,850,000	16.09.2011–15.09.2019
			1,850,000	—	—	—	1,850,000	16.09.2012–15.09.2019
			7,400,000	—	—	—	7,400,000	
Denny Chi Hing CHAN	21.10.2004	2.075	500,000	—	—	—	500,000	01.01.2007–20.10.2014
			1,800,000	—	—	—	1,800,000	01.01.2008–20.10.2014
			2,000,000	—	—	—	2,000,000	01.01.2009–20.10.2014
			4,300,000	—	—	—	4,300,000	
Bill Kwai Pui MOK	21.10.2004	2.075	1,200,000	—	—	—	1,200,000	01.01.2007–20.10.2014
			1,800,000	—	—	—	1,800,000	01.01.2008–20.10.2014
			2,000,000	—	—	—	2,000,000	01.01.2009–20.10.2014
			5,000,000	—	—	—	5,000,000	

Category of grantee	Date of grant	Exercise price per share HK\$	Number of share options				Outstanding at 31.03.2012	Exercise period*	
			Outstanding at 01.04.2011	Granted during the year	Exercised during the year	Lapsed/ cancelled during the year			
Other employees in aggregate	21.10.2004	2.075	250,000	—	—	—	250,000	01.11.2004–20.10.2014	
			425,000	—	—	—	425,000	01.01.2006–20.10.2014	
			1,075,000	—	—	—	1,075,000	01.01.2007–20.10.2014	
			2,275,000	—	—	—	2,275,000	01.01.2008–20.10.2014	
			2,975,000	—	—	—	2,975,000	01.01.2009–20.10.2014	
			7,000,000	—	—	—	7,000,000		
Other employees in aggregate	25.08.2006	3.290	450,000	—	—	—	450,000	01.01.2009–24.08.2016	
			500,000	—	—	—	500,000	01.01.2010–24.08.2016	
			950,000	—	—	—	950,000		
			Total	24,650,000	—	—	—	24,650,000	

\* The vesting period of the share options is from the date of grant until the commencement of the exercise period.

As at the date of this annual report, the total number of shares available for issue under FECIL Share Option Scheme is 57,924,000, representing approximately 2.96% of the issued share capital of the Company as at the date of this annual report. Further information on FECIL Share Option Scheme and the options granted by the Company is set out in note 47 to the consolidated financial statements.

## (b) Kosmopolito Share Option Scheme

Kosmopolito Share Option Scheme was adopted for the purpose of providing incentives or rewards to selected eligible participants for their contribution to the Group. Eligible participants of Kosmopolito Share Option Scheme include directors of Kosmopolito (including executive directors, non-executive directors and independent non-executive directors) and employees of the Kosmopolito and the Group and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, service providers of any member of the Group who the board of Kosmopolito considers, in its sole discretion, have contributed or will contribute to the Group.

Details of the movement of share options under Kosmopolito Share Option Scheme during the year were as follows:

Category of grantee	Date of grant	Exercise price per share HK\$	Number of share options				Outstanding at 31.03.2012	Exercise period*
			Outstanding at 01.04.2011	Granted during the year	Exercised during the year	Lapsed/cancelled during the year		
<b>Directors of Kosmopolito</b>								
Bill Kwai Pui MOK <sup>(i)</sup>	11.10.2010	2.20	709,090	—	—	—	709,090	11.10.2011–10.10.2014
			709,090	—	—	—	709,090	11.10.2012–10.10.2015
			709,090	—	—	—	709,090	11.10.2013–10.10.2016
			709,090	—	—	—	709,090	11.10.2014–10.10.2017
			709,094	—	—	—	709,094	11.10.2015–10.10.2018
			3,545,454	—	—	—	3,545,454	
Chee Seng CHU <sup>(ii)</sup>	11.10.2010	2.20	1,056,818	—	—	(1,056,818)	—	11.10.2011–10.10.2014
			1,056,818	—	—	(1,056,818)	—	11.10.2012–10.10.2015
			1,409,091	—	—	(1,409,091)	—	11.10.2013–10.10.2016
			3,522,727	—	—	(3,522,727)	—	
Wai Keung LAI	11.10.2010	2.20	318,181	—	—	—	318,181	11.10.2011–10.10.2014
			318,181	—	—	—	318,181	11.10.2012–10.10.2015
			318,181	—	—	—	318,181	11.10.2013–10.10.2016
			318,181	—	—	—	318,181	11.10.2014–10.10.2017
			318,185	—	—	—	318,185	11.10.2015–10.10.2018
			1,590,909	—	—	—	1,590,909	

Category of grantee	Date of grant	Exercise price per share HK\$	Number of share options					Outstanding at 31.03.2012	Exercise period*
			Outstanding at 01.04.2011	Granted during the year	Exercised during the year	Lapsed/cancelled during the year	Outstanding at		
Winnie Wing Kwan CHIU	11.10.2010	2.20	454,545	—	—	—	454,545	11.10.2011–10.10.2014	
			454,545	—	—	—	454,545	11.10.2012–10.10.2015	
			454,545	—	—	—	454,545	11.10.2013–10.10.2016	
			454,545	—	—	—	454,545	11.10.2014–10.10.2017	
			454,547	—	—	—	454,547	11.10.2015–10.10.2018	
			2,272,727	—	—	—	2,272,727		
Chris Cheong Thard HOONG	11.10.2010	2.20	567,272	—	—	—	567,272	11.10.2011–10.10.2014	
			567,272	—	—	—	567,272	11.10.2012–10.10.2015	
			567,272	—	—	—	567,272	11.10.2013–10.10.2016	
			567,272	—	—	—	567,272	11.10.2014–10.10.2017	
			567,275	—	—	—	567,275	11.10.2015–10.10.2018	
			2,836,363	—	—	—	2,836,363		
Denny Chi Hing CHAN	11.10.2010	2.20	709,090	—	—	—	709,090	11.10.2011–10.10.2014	
			709,090	—	—	—	709,090	11.10.2012–10.10.2015	
			709,090	—	—	—	709,090	11.10.2013–10.10.2016	
			709,090	—	—	—	709,090	11.10.2014–10.10.2017	
			709,094	—	—	—	709,094	11.10.2015–10.10.2018	
			3,545,454	—	—	—	3,545,454		
Employees in aggregate	11.10.2010	2.20	2,829,539	—	—	(1,056,818)	1,772,721	11.10.2011–10.10.2014	
			2,829,539	—	—	(1,056,818)	1,772,721	11.10.2012–10.10.2015	
			3,181,812	—	—	(1,409,091)	1,772,721	11.10.2013–10.10.2016	
			1,772,721	—	—	—	1,772,721	11.10.2014–10.10.2017	
			1,772,745	—	—	—	1,772,745	11.10.2015–10.10.2018	
			12,386,356	—	—	(3,522,727)	8,863,629		
<b>Total</b>			29,699,990	—	—	(7,045,454)	22,654,536		

Notes:

- (i) Mr. Bill Kwai Pui MOK, was re-designated from executive director to non-executive director of Kosmopolito with effect from 1 November 2011 and has remained as an eligible participant of Kosmopolito Share Option Scheme.
- (ii) Mr. Chee Seng CHU resigned as an executive director of Kosmopolito with effect from 19 October 2011 and therefore the share options granted to him lapsed on the date of termination of his employment pursuant to Kosmopolito Share Option Scheme.

\* The vesting period of the share options is from the date of grant until the commencement of the exercise period.

No share options were cancelled during the year. Further information on Kosmopolito Share Option Scheme and the options granted by Kosmopolito is set out in note 47 to the consolidated financial statements.

As at the date of this annual report, the total number of shares available for issue under Kosmopolito Share Option Scheme is 177,345,464, representing approximately 8.87% of the issued share capital of Kosmopolito as at the date of this annual report.



## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 March 2012, according to the register of interests in shares or short positions as recorded in the register, required to be kept under Section 336 of the SFO (other than the interests of Directors as set out above) and as far as the Directors are aware, the following persons had interests of 5% or more or short positions in the shares of the Company:

Name of substantial shareholder	Capacity	Number of ordinary shares held	Approximate % of the relevant issued share capital*
Sumptuous Assets Limited	Beneficial owner	685,849,880 <sup>(i)</sup> (long position)	35.00%
Penta Investment Advisers Limited	Investment manager	556,773,697 <sup>(ii)</sup> (long position)	28.41%
Penta Asia Long/Short Fund, Ltd.	Beneficial owner	185,295,305 <sup>(iii)</sup> (long position)	9.46%
Credit Suisse Group AG	Interest of controlled corporations	156,289,728 <sup>(iv)</sup> (long position)	7.97%
		281 <sup>(iv)</sup> (short position)	0.00%
Deacon Te Ken CHIU	Beneficial owner	13,022,647 (long position)	0.67%
	Interest of controlled corporations	140,942,693 <sup>(v)</sup> (long position)	7.19%
	Interest of spouse	1,624,301 <sup>(v)</sup> (long position)	0.08%
Penta Master Fund, Limited	Beneficial owner	149,872,797 <sup>(vi)</sup> (long position)	7.65%

### Notes:

- (i) The interests of Sumptuous Assets Limited were also disclosed as the interests of Tan Sri Dato' David CHIU in the above section headed "Directors' Interests". Tan Sri Dato' David CHIU is a director of Sumptuous Assets Limited.
- (ii) The long position in the shares of the Company was held by Penta Asia Domestic Partners, L.P. and Old Peak Ltd., controlled corporations of Penta Management (BVI) Ltd. which in turn was controlled by Penta Investment Advisers Limited. Among these shares, the interest in 5,424,664 shares were cash settled unlisted derivatives.
- (iii) Among these shares, the interest in 4,242,555 shares were cash settled unlisted derivatives.
- (iv) The long position and short position in the shares of the Company were held by various companies controlled by Credit Suisse Group AG.
- (v) 140,942,693 shares were held by various companies controlled by Mr. Deacon Te Ken CHIU and 1,624,301 shares were held by Mrs. Ching Lan JU CHIU, spouse of Mr. Deacon Te Ken CHIU.
- (vi) Among these shares, the interest in 3,915,766 shares were cash settled unlisted derivatives.
- \* The percentage represents the number of ordinary shares interested divided by the number of the Company's issued shares as at 31 March 2012.

Save as disclosed above, as at 31 March 2012, the Company has not been notified of any persons (other than directors or chief executives of the Company) who had an interest or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

### **DONATIONS**

During the year, the Group made charitable and other donations amounting to approximately HK\$1,613,000.

### **MAJOR CUSTOMERS AND SUPPLIERS**

The aggregate purchases attributable to the Group's five largest suppliers were less than 30% of total purchases and the aggregate revenue attributable to the Group's five largest customers was less than 30% of total turnover during the year.

### **EMOLUMENT POLICY**

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

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

The Company has adopted FECIL Share Option Scheme as an incentive to Directors and eligible participants, details of the scheme is set out in note 47 to the consolidated financial statements.

### **CORPORATE GOVERNANCE**

A report on the principal corporate governance practices adopted by the Company is set out on pages 33 to 40.

### **SUFFICIENCY OF PUBLIC FLOAT**

The Company has maintained a sufficient public float throughout the year ended 31 March 2012.

### **PRE-EMPTIVE RIGHTS**

There are no provisions for pre-emptive rights under the Memorandum and Articles of Association of the Company and the Companies Law of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

### **AUDITOR**

A resolution will be submitted to the 2012 AGM to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

**David CHIU**

*Chairman and Chief Executive Officer*

20 June 2012

# Corporate Governance Report

The Board presents this Corporate Governance Report in the Company's annual report for the year ended 31 March 2012.

## **CORPORATE GOVERNANCE PRACTICES OF THE COMPANY**

The Company recognizes the importance of maintaining good corporate governance practices. The Board sets policies and implements corporate governance practices appropriate to the conduct of the Group's business.

The CG Code has been revised and renamed as the "Corporate Governance Code and Corporate Governance Report" with effect from 1 April 2012. As this Corporate Governance Report covers the year ended 31 March 2012, unless the otherwise is stated, all the corporate governance principles and code provisions mentioned herein refer to those stated in the CG Code, not the revised Corporate Governance Code.

In the opinion of the Board, the Company has complied with the code provisions (the "Code Provisions"), set out in the CG Code, during the year ended 31 March 2012, except for the deviations from Code Provisions A.2.1, A.4.1 and A.4.2. Key corporate governance principles and practices of the Company as well as details of the foregoing deviations of Code Provisions are summarized below.

## **A. THE BOARD**

### **A.1 Responsibilities and Delegation**

The Board is responsible for the management and control of the business and affairs of the Group, and oversees the Group's business strategic direction and performance, with the objectives of promoting the success of the Group and enhancing shareholder value. Directors carry out their duties in good faith and in the interests of the Company and its shareholders. They have access to relevant information as well as the advice and services of the Company Secretary and senior management. They are also able to seek independent professional advice in appropriate circumstances at the Company's expense, upon reasonable request made to the Board.

The Board reserves for its decision on all major policy, strategy, financial and risk management and control matters. The day-to-day management, administration and operations of the Group are delegated to the Executive Committee and senior management. The delegated functions and responsibilities are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the senior management team.

### **A.2 Board Composition**

The Board currently comprises seven directors, three of whom are executive directors, one is non-executive director and three are independent non-executive directors. The composition of the Board is set out in the "Corporate Information" section of this annual report. The respective profiles of the current directors and the relationship among them are disclosed in the "Profile of Directors and Senior Management" section of this annual report.

The list of directors (by category) is also disclosed in all corporate communications issued by the Company from time to time pursuant to the Listing Rules. The independent non-executive directors are expressly identified in all corporate communications of the Company.

Throughout the year ended 31 March 2012, the Company has met the Listing Rules requirements of having at least three independent non-executive directors with one of them possessing appropriate professional qualifications and accounting and related financial management expertise. In addition, the Company has received from each of the three independent non-executive directors an annual written confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of them independent.

The composition of the Board reflects the necessary balance of skills and experience appropriate to the requirements of the business of the Group and to the exercising of independent judgement. All directors bring a wide range of valuable business and financial expertise, experiences and professionalism to the Board for its effective functioning. Independent non-executive directors are invited to serve on the Audit, Remuneration and Nomination Committees of the Company.

### **A.3 Chairman and Chief Executive Officer**

Code Provision A.2.1 stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual.

Following the retirement of Mr. Deacon Te Ken CHIU as an executive director and Chairman of the Board and the appointment of Tan Sri Dato' David CHIU as the Chairman of the Board, Tan Sri Dato' David CHIU assumes the roles of both the Chairman and Chief Executive Officer of the Company. The Board believes that this structure provides the Group with strong and consistent leadership and allows for more effective and efficient business planning and decisions as well as execution of long term business strategies. As such, it is beneficial to the business prospects of the Group.

The Board also considers that the current structure of vesting the roles of Chairman and Chief Executive Officer in the same person will not impair the balance of power and authority between the Board and the management of the Company.

### **A.4 Appointment, Re-election and Removal of Directors**

The procedures and process of appointment, re-election and removal of directors are laid down in the Articles.

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. The non-executive directors of the Company (except Mr. Kwong Siu LAM) are not appointed for a specific term of office. However, they are subject to retirement by rotation and Shareholders' re-election at annual general meetings in accordance with the Articles. The Board considers that such provision in the Articles meets the objective of the said Code Provision A.4.1.

Pursuant to Code Provision A.4.2, directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after appointment. Though no proposal was made to the Shareholders for re-election of Mr. Kwong Siu LAM as a director of the Company at the Company's extraordinary general meeting held on 31 October 2011 (being the first general meeting after Mr. LAM's appointment on 8 September 2011), the Company has scheduled to submit such re-election proposal, together with proposals for re-electing other retiring directors, to its Shareholders at the 2012 AGM. This arrangement is made as the Board considers that grouping directors for re-election in the same general meeting will provide a clearer and simpler picture to the Shareholders.

In addition, pursuant to the provisions in the Articles, Mr. Daniel Tat Jung CHIU, Mr. Kwok Wai CHAN and Mr. Kwong Siu LAM shall retire and are eligible to offer themselves for re-election at the 2012 AGM. The Board recommended the re-appointment of the above three retiring directors standing for re-election at the 2012 AGM. The Company's circular, sent together with this annual report, contains detailed information of Mr. Daniel Tat Jung CHIU, Mr. Kwok Wai CHAN and Mr. Kwong Siu LAM as required by the Listing Rules.

To comply with the Code Provision A.5.1 set out in the revised Corporate Governance Code, the Company had set up its Nomination Committee on 16 March 2012. Before that, the Board as a whole took up the responsibility of the Nomination Committee and was responsible for reviewing the composition of the Board, developing and formulating relevant procedures for nomination and appointment of directors, monitoring the succession planning of directors and assessing the independence of independent non-executive directors. During the year ended 31 March 2012, the Board, through its meetings held on the following dates, performed the following works regarding matters relating to the board composition and nomination of directors:

- (i) 27 June 2011 (with the presence of Mr. Deacon Te Ken CHIU, Tan Sri Dato' David CHIU, Mr. Craig Grenfell WILLIAMS, Mr. Kwok Wai CHAN and Mr. Peter Man Kong WONG; and in the absence of Mr. Dennis CHIU, Madam Ching Lan JU CHIU, Mr. Daniel Tat Jung CHIU and Mr. Jian Yin JIANG): review of the structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate to the requirements for the business of the Group; recommendation of the re-election of the retiring directors standing for re-election at the 2011 annual general meeting of the Company; and assessment of the independence of all the Company's then independent non-executive directors.
- (ii) 5 September 2011 (with the presence of Tan Sri Dato' David CHIU, Mr. Craig Grenfell WILLIAMS, Mr. Kwok Wai CHAN and Mr. Peter Man Kong WONG and in the absence of Mr. Deacon Te Ken CHIU, Mr. Dennis CHIU, Madam Ching Lan JU CHIU, Mr. Daniel Tat Jung CHIU and Mr. Jian Yin JIANG): acceptance of retirement of Mr. Deacon Te Ken CHIU, Madam Ching Lan JU CHIU and Mr. Jian Yin JIANG as directors of the Company; appointment of Mr. Kwong Siu LAM as an independent non-executive director of the Company and a member of the Audit Committee; appointment of Mr. Deacon Te Ken CHIU as the Honorary Chairman of the Company; and appointment of Tan Sri Dato' David CHIU as the Chairman of the Board.

## A.5 Board Meetings

### A.5.1 Board Practices and Conduct of Meetings

Schedules for regular Board meetings are normally agreed with the directors in advance in order to facilitate them to attend. In addition to the above, notice of at least 14 days is given of a regular Board meeting. For other Board meetings, reasonable notice is generally given.

Draft agenda of each Board meeting is usually sent to all directors together with the notice in order to give them an opportunity to include any other matters in the agenda for discussion in the meeting. Board papers together with appropriate and reliable information are usually sent to the directors at least 3 days before each Board meeting to keep the directors apprised of the latest developments and financial position of the Group and to enable them to make informed decisions. The Board and each director also have separate and independent access to the senior management whenever necessary.

The Chief Financial Officer and Company Secretary and other relevant senior management normally attend regular Board meetings and, where necessary, other Board meetings to advise on business developments, financial and accounting matters, statutory compliance, corporate governance and other major aspects of the Group.

The Company Secretary is responsible to keep minutes of all Board meetings. Draft minutes are normally circulated to directors for comments within a reasonable time after each meeting and the final version is open for directors' inspection.

According to the current Board practice, any material transaction, which involves a conflict of interest for a substantial shareholder or a director, will be considered and dealt with by the Board at a duly convened Board meeting. The Articles contain provisions requiring directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such directors or any of their associates have a material interest.

### A.5.2 Directors' Attendance Records in Board Meetings

The Board has met regularly with a total of 5 Board meetings held during the year ended 31 March 2012 at approximately quarterly intervals for reviewing and discussing on the financial and operating performance and business plan of the Group and related matters. The attendance records of each director at the Board meetings are set out below:

Name of Director	Attendance/ Number of Board Meetings Held
<b>Executive Directors</b>	
Mr. Deacon Te Ken CHIU <sup>(i)</sup>	1/2
Tan Sri Dato' David CHIU, Chairman and Chief Executive Officer	5/5
Mr. Dennis CHIU	0/5
Mr. Craig Grenfell WILLIAMS	5/5
<b>Non-executive Directors</b>	
Madam Ching Lan JU CHIU <sup>(i)</sup>	0/2
Mr. Daniel Tat Jung CHIU	1/5
<b>Independent Non-executive Directors</b>	
Mr. Jian Yin JIANG <sup>(i)</sup>	0/2
Mr. Kwok Wai CHAN	4/5
Mr. Peter Man Kong WONG	5/5
Mr. Kwong Siu LAM <sup>(ii)</sup>	3/3

Notes:

- (i) Mr. Deacon Te Ken CHIU, Madam Ching Lan JU CHIU and Mr. Jian Yin JIANG retired as the directors of the Company at the conclusion of the Company's annual general meeting held on 8 September 2011. Before their retirement, there were a total of 2 Board meetings held during the year ended 31 March 2012.
- (ii) Mr. Kwong Siu LAM was appointed as an independent non-executive director of the Company on 8 September 2011. Subsequent to his appointment, there were a total of 3 Board meetings held during the year ended 31 March 2012.

## A.6 Model Code for Securities Transactions

The Company has adopted the Model Code as its own code of conduct regarding directors' securities transactions in the Company. All the directors have confirmed, following specific enquiry made by the Company, that they have complied with the required standard set out in the Model Code during the year ended 31 March 2012.

The Company has also applied the principles of the Model Code for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company and/or its securities. No incident of non-compliance of the principles of the Model Code by the Group's employees has been noted by the Company.

The Company has been notifying directors and relevant employees, if any, of the prohibitions on dealings in the securities of the Company according to the Model Code, whenever black-out periods arise. In addition, the Company requires directors and relevant employees to copy their notifications of intended dealings to the Company Secretary as well as one designated director for receiving such notifications.

## B. BOARD COMMITTEES

As at 31 March 2012, the Board has established 4 Board committees, namely, the Executive Committee, the Audit Committee, the Remuneration Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees have been established with defined written terms of reference which are available on the Stock Exchange's website ([www.hkexnews.hk](http://www.hkexnews.hk)) and on the Company's website (except for the written terms of reference of the Executive Committee). All the Board committees should report to the Board on their decisions or recommendations made.

The practices, procedures and arrangements in conducting meetings of the Board Committees follow in line with, so far as applicable, those of the Board meetings set out in section A.5.1 above.

Board Committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances at the Company's expenses.

### B.1 Executive Committee

The Executive Committee currently comprises 6 members, namely, Tan Sri Dato' David CHIU, Mr. Dennis CHIU, Mr. Craig Grenfell WILLIAMS, Mr. Chris Cheong Thard HOONG, Mr. Denny Chi Hing CHAN and Mr. Boswell Wai Hung CHEUNG. The Executive Committee operates as a general management committee under the direct authority of the Board to increase the efficiency for the business decision. It monitors the execution of the Company's strategic plans and operations of all business units of the Company and discusses and makes decisions on matters relating to the management and day-to-day operations of the Company.

### B.2 Audit Committee

The Audit Committee currently comprises 3 members, being the 3 independent non-executive directors, namely Mr. Kwok Wai CHAN, Mr. Peter Man Kong WONG and Mr. Kwong Siu LAM. The chairman of the Audit Committee is Mr. Kwok Wai CHAN who possesses the appropriate professional qualifications and accounting and related financial management expertise as required under Rule 3.10(2) of the Listing Rules.

The principal duties of the Audit Committee include monitoring the Group's financial reporting system, reviewing financial statements and internal control procedures. It also acts as an important link between the Board and the Company's auditor in matters within the terms of reference of the Audit Committee.

During the year ended 31 March 2012, the Audit Committee had met twice and performed the following major works:

- Review and discussion of the annual financial statements and annual results for the year ended 31 March 2011, the related accounting principles and practices adopted by the Company and the relevant audit findings;
- Review and discussion of the interim financial statements and interim results for the six months ended 30 September 2011 and the related accounting principles and practices adopted by the Company;
- Review and discussion of financial reporting and internal control system of the Group; and
- Discussion and recommendation of the re-appointment of external auditor.

There is no disagreement between the Board and the Audit Committee regarding the appointment of external auditor.

The attendance records of the foregoing two Audit Committee meetings are set out below:

Name of Audit Committee Member	Attendance/ Number of Audit Committee Meetings Held
Mr. Kwok Wai CHAN, <i>Chairman</i>	2/2
Mr. Peter Man Kong WONG	2/2
Mr. Jian Yin JIANG <sup>(i)</sup>	0/1
Mr. Kwong Siu LAM <sup>(ii)</sup>	1/1

Notes:

- (i) Mr. Jian Yin JIANG ceased to be a member of the Audit Committee following his retirement as an independent non-executive director at the conclusion of the Company's annual general meeting held on 8 September 2011. One Audit Committee meeting was held up to his retirement.
- (ii) Mr. Kwong Siu LAM was appointed as a member of the Audit Committee on 8 September 2011. Subsequent to his appointment, there was one Audit Committee meeting held during the year ended 31 March 2012.

### B.3 Remuneration Committee

The Remuneration Committee currently comprises 3 members, being 1 executive director, namely Tan Sri Dato' David CHIU, and 2 independent non-executive directors, namely Mr. Kwok Wai CHAN and Mr. Peter Man Kong WONG. The chairman of the Remuneration Committee is Mr. Kwok Wai CHAN. Accordingly, the requirement of having a majority of the members being independent non-executive directors as set out in the CG Code has been met by the Company.



The primary duties of the Remuneration Committee are to make recommendations to the Board on the Group's policy and structure for the overall remuneration of the directors and the senior management. In accordance with the CG Code, no director or any of his/her associates should be involved in determining his/her own remuneration.

During the year ended 31 March 2012, the Remuneration Committee had met once to discuss about the overall remuneration of the senior management. The attendance records of the foregoing Remuneration Committee meeting are set out below:

Name of Remuneration Committee Member	Attendance/ Number of Remuneration Committee Meeting Held
Mr. Kwok Wai CHAN, <i>Chairman</i>	1/1
Tan Sri Dato' David CHIU	1/1
Mr. Peter Man Kong WONG	1/1

#### B.4 Nomination Committee

The Nomination Committee was established on 16 March 2012 in compliance with the Code Provision A.5.1 set out in the revised Corporate Governance Code. Tan Sri Dato' David CHIU was appointed as the chairman while Mr. Kwok Wai CHAN, Mr. Peter Man Kong WONG and Mr. Kwong Siu LAM were appointed as the members of the Nomination Committee.

The primary duties of the Nomination Committee are to review the structure, size and composition of the Board on a regular basis and to make relevant recommendation to the Board; to consider the retirement and re-election of the directors of the Company and to make relevant recommendation to the Board; and to assess the independence of independent non-executive directors of the Company.

Subsequent to the setting up of the Nomination Committee on 16 March 2012, no Nomination Committee meeting was held during the year ended 31 March 2012.

### C. DIRECTORS' AND AUDITOR'S ACKNOWLEDGEMENT

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price sensitive information announcements and other disclosures required under the Listing Rules and other regulatory requirements. The management has provided such explanation and information to the Board as necessary to enable the Board to make an informed assessment of the financial information and position of the Group put forward to the Board for approval.

The Company's directors have acknowledged their responsibilities for preparing the financial statements of the Company for the year ended 31 March 2012.

Deloitte Touche Tohmatsu, the auditor of the Company, has acknowledged its reporting responsibilities in the auditor's report on the Company's financial statements for the year ended 31 March 2012.

There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

### **D. AUDITOR'S REMUNERATION**

The remuneration paid to the external auditor in respect of audit services provided to the Company for the year ended 31 March 2012 amounted to HK\$11,569,000.

### **E. INTERNAL CONTROLS**

The Board is responsible for maintaining an adequate internal control system to safeguard the interests of shareholders and the Group's assets and for reviewing the effectiveness of such system on an annual basis. The senior management reviews and evaluates the control process, monitors any risk factors on a regular basis and reports to the Audit Committee on any findings and measures to address the variances and identified risks.

During the year ended 31 March 2012, the Board has conducted a review of the effectiveness of the internal control system of the Company.

### **F. COMMUNICATION WITH SHAREHOLDERS**

The Company believes that effective communication with shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Group also recognizes the importance of transparency and timely disclosure of its corporate information, which enables shareholders and investors to make the best investment decision.

Extensive information on the Group's activities, business strategies and developments is provided in the Company's annual reports, interim reports and other corporate communications. In addition, the Company maintains a website at [www.fecil.com.hk](http://www.fecil.com.hk), as a communication platform with shareholders and investors, where information and updates on the Company's business developments and operations and other information are available for public access. Investors may write directly to the Company's principal place of business in Hong Kong for any inquiries.

Shareholders of the Company are encouraged to attend general meeting of the Company, which provide a valuable forum for dialogue and interaction with the management. Board and Board Committee members and appropriate senior staff of the Group are available at the meeting to answer any questions raised by shareholders.

### **G. SHAREHOLDER RIGHTS**

As one of the measures to safeguard shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors, for shareholders' consideration and voting. Besides, the rights of shareholders for proposing resolutions are contained in the Articles.

All resolutions put forward at shareholders' meetings will be voted by way of poll pursuant to the Listing Rules and the poll results will be posted on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.fecil.com.hk](http://www.fecil.com.hk)) after each shareholders' meeting.

# Independent Auditor's Report



**TO THE MEMBERS OF FAR EAST CONSORTIUM INTERNATIONAL LIMITED**  
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Far East Consortium International Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 42 to 129, which comprise the consolidated statement of financial position as at 31 March 2012, 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 the 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 our agreed terms of engagement 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 statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

## **Opinion**

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 March 2012 and of its 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.

**Deloitte Touche Tohmatsu**  
Certified Public Accountants  
Hong Kong  
20 June 2012

# Consolidated Income Statement

For the year ended 31 March 2012

	Notes	2012 HK\$'000	2011 HK\$'000
Revenue	8	<b>1,760,951</b>	1,654,446
Cost of sales and services		<b>(778,045)</b>	(787,867)
Depreciation and amortisation		<b>(135,304)</b>	(110,935)
Gross profit		<b>847,602</b>	755,644
Other income		<b>18,181</b>	18,055
Gain on disposal of property, plant and equipment	12	<b>380,799</b>	1,285
Gain on disposal of a subsidiary	39(b)	—	81,385
Other gains and losses	9	<b>87,038</b>	287,037
Administrative expenses		<b>(480,342)</b>	(417,719)
Kosmopolito's initial public offering expenses		—	(22,506)
Share of results of associates		<b>23,843</b>	33,231
Share of results of jointly controlled entities		<b>7,014</b>	4,742
Finance costs	10	<b>(166,479)</b>	(186,125)
Profit before taxation		<b>717,656</b>	555,029
Income tax expense	11	<b>(103,131)</b>	(108,548)
Profit for the year	12	<b>614,525</b>	446,481
Attributable to:			
Owners of the Company		<b>448,102</b>	394,212
Non-controlling interests		<b>166,423</b>	52,269
		<b>614,525</b>	446,481
Earnings per share	13		
Basic (HK cents)		<b>23</b>	21
Diluted (HK cents)		<b>23</b>	21

# Consolidated Statement of Comprehensive Income

For the year ended 31 March 2012

	2012 HK\$'000	2011 HK\$'000
Profit for the year	<b>614,525</b>	446,481
Other comprehensive income (expense):		
Exchange differences arising on translation of foreign operations	<b>41,379</b>	222,040
(Decrease) increase in fair value of available-for-sale investments	<b>(17,763)</b>	8,857
Revaluation increase on prepaid lease payments on transfer to investment properties	—	3,176
Deferred tax on revaluation increase of prepaid lease payments	—	(794)
Reclassify to profit or loss on disposal of available-for-sale investments	<b>15,027</b>	(37,591)
Other comprehensive income for the year	<b>38,643</b>	195,688
Total comprehensive income for the year	<b>653,168</b>	642,169
Total comprehensive income attributable to:		
Owners of the Company	<b>468,578</b>	570,237
Non-controlling interests	<b>184,590</b>	71,932
	<b>653,168</b>	642,169

# Consolidated Statement of Financial Position

At 31 March 2012

	Notes	2012 HK\$'000	2011 HK\$'000
<b>Non-current Assets</b>			
Investment properties	16	2,456,469	2,581,274
Property, plant and equipment	17	5,988,002	5,442,801
Prepaid lease payments	18	597,485	586,070
Goodwill	19	68,400	68,400
Other intangible assets	20	2,100	4,672
Interests in associates	21	256,158	209,010
Interests in jointly controlled entities	22(a)	90,966	63,441
Available-for-sale investments	23	16,190	175,919
Financial assets at fair value through profit or loss	24	7,750	4,671
Deposit for acquisition of property, plant and equipment		149,315	121,357
Amounts due from associates	25	70,784	96,650
Amount due from jointly controlled entity	46	26,936	—
Amount due from investee company	46	119,995	119,995
Other receivables	26	141,407	136,896
Pledged deposits	27	25,252	12,928
		<b>10,017,209</b>	9,624,084
<b>Current Assets</b>			
Properties for sale	28		
Completed properties		100,699	132,490
Properties for/under development		3,797,152	2,718,531
Other inventories		10,719	8,225
Prepaid lease payments	18	18,867	13,636
Debtors, deposits and prepayments	29	280,570	229,326
Amounts due from associates	25	—	4,863
Tax recoverable		11,386	13,352
Available-for-sale investments	23	18,694	23,566
Financial assets at fair value through profit or loss	24	458	69,708
Derivative financial instruments	30	10	398
Pledged deposits	27	342,672	261,870
Restricted bank deposits	27	971	2,690
Bank balances and cash	27	1,374,980	1,986,347
		<b>5,957,178</b>	5,465,002
Assets classified as held for sale	31	418,928	79,648
		<b>6,376,106</b>	5,544,650

# Consolidated Statement of Financial Position

At 31 March 2012

	Notes	2012 HK\$'000	2011 HK\$'000
<b>Current Liabilities</b>			
Creditors and accruals	32	606,298	406,976
Obligations under finance leases	33	218	474
Amounts due to related companies	46	46,165	44,803
Amounts due to associates	46	12,877	17,950
Amounts due to non-controlling shareholders of subsidiaries	46	30,070	30,233
Customers' deposits received		197,140	176,100
Derivative financial instruments	30	1,245	751
Tax payable		345,774	308,266
Convertible bonds	36	—	716,785
Secured bank and other borrowings	34	1,764,289	1,112,991
		<b>3,004,076</b>	2,815,329
Liabilities associated with assets classified as held for sale	31	2,994	—
		<b>3,007,070</b>	2,815,329
<b>Net Current Assets</b>		<b>3,369,036</b>	2,729,321
<b>Total Assets less Current Liabilities</b>		<b>13,386,245</b>	12,353,405
<b>Non-current Liabilities</b>			
Secured bank and other borrowings	34	4,620,800	4,139,282
Obligations under finance leases	33	474	84
Derivative financial instruments	30	—	68,615
Deferred tax liabilities	37	234,888	226,631
Convertible bonds	36	30,074	—
		<b>4,886,236</b>	4,434,612
<b>Net Assets</b>		<b>8,500,009</b>	7,918,793
<b>Capital and Reserves</b>			
Share capital	35	195,976	191,826
Share premium		2,822,611	2,770,185
Reserves		4,433,033	4,064,577
Equity attributable to owners of the Company		<b>7,451,620</b>	7,026,588
Non-controlling interests	38	1,048,389	892,205
<b>Total Equity</b>		<b>8,500,009</b>	7,918,793

The consolidated financial statements on pages 42 to 129 were approved and authorised for issue by the Board of Directors on 20 June 2012 and are signed on its behalf by:

**David CHIU**  
DIRECTOR

**Dennis CHIU**  
DIRECTOR

# Consolidated Statement of Changes in Equity

For the year ended 31 March 2012

	Attributable to equity holders of the Company											Non-controlling interests	Total
	Share capital	Share premium	Capital redemption reserve	Assets revaluation reserve	Investment revaluation reserve	Exchange reserve	Share options reserve	Convertible bond equity reserve	Other reserve	Retained profits	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
At 1 April 2010	190,638	2,746,668	2,500	13,860	27,414	222,467	5,137	30,745	1,038,709	1,847,861	6,125,999	95,780	6,221,779
Profit for the year	—	—	—	—	—	—	—	—	—	394,212	394,212	52,269	446,481
Revaluation increase on available-for-sale investments	—	—	—	—	8,857	—	—	—	—	—	8,857	—	8,857
Exchange difference on translation of foreign operations	—	—	—	—	—	203,020	—	—	—	—	203,020	19,020	222,040
Reclassify to profit or loss on disposal of available-for-sale investments	—	—	—	—	(37,591)	—	—	—	—	—	(37,591)	—	(37,591)
Revaluation increase on property, plant and equipment on transfer of investment properties less deferred tax	—	—	—	1,739	—	—	—	—	—	—	1,739	643	2,382
Other comprehensive income for the year	—	—	—	1,739	(28,734)	203,020	—	—	—	—	176,025	19,663	195,688
Total comprehensive income for the year	—	—	—	1,739	(28,734)	203,020	—	—	—	394,212	570,237	71,932	642,169
Shares issued in lieu of cash dividend, net of expenses	1,595	32,410	—	—	—	—	—	—	—	—	34,005	—	34,005
Repurchase of own shares	(407)	(8,893)	—	—	—	—	—	—	—	—	(9,300)	—	(9,300)
Repurchase of convertible bonds	—	—	—	—	—	—	—	(8,206)	—	1,956	(6,250)	—	(6,250)
Reversal of deferred tax on equity component on repurchase of convertible bonds	—	—	—	—	—	—	—	1,428	—	—	1,428	—	1,428
Decrease in interest in Kosmopolito	—	—	—	—	—	—	—	—	417,926	—	417,926	723,060	1,140,986
Reclassify previously recognised post-acquisition reserves on spin-off of Kosmopolito	—	—	—	(1,791)	—	(20,475)	—	—	22,266	—	—	—	—
Recognition of equity-settled share based payments	—	—	—	—	—	—	6,803	—	—	—	6,803	3,299	10,102
Dividends paid	—	—	—	—	—	—	—	—	—	(114,260)	(114,260)	—	(114,260)
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	(1,866)	(1,866)
At 31 March 2011	191,826	2,770,185	2,500	13,808	(1,320)	405,012	11,940	23,967	1,478,901	2,129,769	7,026,588	892,205	7,918,793



# Consolidated Statement of Changes in Equity

For the year ended 31 March 2012

	Attributable to equity holders of the Company												
	Share capital	Share premium	Capital	Assets	Investment	Exchange reserve	Share	Convertible	Other reserve	Retained	Total	Non-controlling interests	Total
			redemption	revaluation	revaluation		options	bond equity		profits			
			reserve	reserve	reserve		reserve	reserve		reserves			
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Profit for the year	—	—	—	—	—	—	—	—	448,102	448,102	166,423	614,525	
Revaluation decrease on available for sale investments	—	—	—	—	(17,763)	—	—	—	—	(17,763)	—	(17,763)	
Exchange difference on translation of foreign operations	—	—	—	—	—	23,212	—	—	—	23,212	18,167	41,379	
Reclassify to profit or loss on disposal of available-for-sale investments	—	—	—	—	15,027	—	—	—	—	15,027	—	15,027	
Other comprehensive income for the year	—	—	—	—	(2,736)	23,212	—	—	—	20,476	18,167	38,643	
Total comprehensive income for the year	—	—	—	—	(2,736)	23,212	—	—	448,102	468,578	184,590	653,168	
Shares issued in lieu of cash dividend, net of expenses	4,150	52,426	—	—	—	—	—	—	—	56,576	—	56,576	
Repurchase/redemption of convertible bonds	—	—	—	—	—	—	—	(28,328)	—	37,746	9,418	9,418	
Reversal of deferred tax on equity component on repurchase/redemption of convertible bonds	—	—	—	—	—	—	—	4,361	—	4,361	—	4,361	
Recognition of equity-settled share based payments	—	—	—	—	—	—	484	—	—	484	4,898	5,382	
Lapse of share options transferred to retained profits	—	—	—	—	—	—	—	—	1,024	1,024	(1,024)	—	
Dividends paid	—	—	—	—	—	—	—	—	(115,409)	(115,409)	—	(115,409)	
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	—	—	—	(32,280)	(32,280)	
At 31 March 2012	195,976	2,822,611	2,500	13,808	(4,056)	428,224	12,424	—	1,478,901	2,501,232	7,451,620	1,048,389	8,500,009

Other reserve arises from (a) group reorganisation in 1991 representing the excess of the value of the net assets of the subsidiaries acquired and the nominal value of the shares issued by the Company for the acquisition; and (b) gain on decrease in interest in indirect subsidiary, Kosmopolito Hotels International Limited (“Kosmopolito”).

# Consolidated Statement of Cash Flows

For the year ended 31 March 2012

	2012 HK\$'000	2011 HK\$'000
<b>Operating activities</b>		
Profit before taxation	<b>717,656</b>	555,029
Adjustments for:		
Share of results of jointly controlled entities	<b>(7,014)</b>	(4,742)
Share of results of associates	<b>(23,843)</b>	(33,231)
Depreciation and amortisation	<b>149,407</b>	126,295
Dividend from listed investments	<b>(4,112)</b>	(1,422)
Interest income	<b>(3,808)</b>	(2,123)
Interest expenses	<b>166,479</b>	186,125
Gain on disposal of a subsidiary	—	(81,385)
Increase in fair value of investment properties	<b>(148,302)</b>	(312,796)
Loss on transfer of property inventory to investment properties	<b>2,004</b>	—
Amortisation of issue expenses on convertible bonds	<b>11,661</b>	2,690
Loss (gain) on disposal of available-for-sale investments	<b>15,027</b>	(37,591)
Change in fair value of financial assets at fair value through profit or loss	<b>9,830</b>	(6,284)
Change in fair value of derivative financial instruments	<b>34,403</b>	64,482
Recognition of share-based payments	<b>5,382</b>	10,102
Gain on disposal of property, plant and equipment	<b>(380,799)</b>	(1,285)
Net impairment loss (reversed) recognised on bad and doubtful debts	<b>(528)</b>	3,816
Operating cash flows before movements in working capital	<b>543,443</b>	467,680
Decrease in other receivables	—	635
Increase in properties for sale	<b>(941,130)</b>	(626,055)
Increase in other inventories	<b>(2,494)</b>	(1,773)
Increase in debtors, deposits and prepayments	<b>(48,099)</b>	(302)
Decrease (increase) in financial assets at fair value through profit or loss	<b>56,341</b>	(43,960)
Decrease in derivative financial instruments	<b>(102,136)</b>	(38,280)
Increase (decrease) in creditors and accruals	<b>196,085</b>	(10,969)
Increase in customers' deposits received	<b>21,040</b>	85,386
Increase in amount due from associates	—	(3,332)
Cash used in operations	<b>(276,950)</b>	(170,970)
Income tax paid	<b>(51,039)</b>	(50,237)
<b>Net cash used in operating activities</b>	<b>(327,989)</b>	(221,207)

# Consolidated Statement of Cash Flows

For the year ended 31 March 2012

	Note	2012 HK\$'000	2011 HK\$'000
<b>Investing activities</b>			
Acquisition and development expenditures of property, plant and equipment		(779,705)	(372,644)
Addition of prepaid lease payments		(16,388)	(24,509)
Development expenditures and additional cost of investment properties		(27,760)	(7,854)
Additional cost in assets classified as held for sale		(10,419)	—
Acquisition of an associate		(36,395)	—
Net cash inflow from disposal of a subsidiary	39(b)	—	289,044
Proceeds from disposal of property, plant and equipment		509,048	3,945
Proceeds from disposal of investments properties		—	14,200
Purchase of available-for-sale investments		(235,794)	(122,666)
Proceeds from disposal of available-for-sale investments		359,063	260,991
Deposit paid for acquisition of property, plant and equipment		(24,880)	(12,348)
Placement of pledged bank deposits		(364,516)	(245,033)
Release of pledged bank deposits and restricted bank deposits		273,169	273,112
Repayment from (advance to) associates		4,327	(1,235)
Capital refund from a jointly controlled entity		—	10,276
Dividend and distribution received from associates and jointly controlled entity		16,169	12,768
Dividend received from listed investments		4,112	1,422
Bank interest received		3,808	2,123
<b>Net cash (used in) from investing activities</b>		<b>(326,161)</b>	81,592
<b>Financing activities</b>			
Repurchase/redemption of convertible bonds		(698,487)	(59,173)
Proceeds from offer for sale of Kosmopolito's shares		—	1,188,000
Share issue expenses		—	(47,014)
Repurchase of own shares		—	(9,376)
New bank and other borrowings raised		1,797,732	600,941
Repayments of bank and other borrowings		(725,694)	(559,858)
Payments of finance lease obligation		(345)	(1,399)
Repayments to a director		—	(892)
Repayments to related companies		(129)	(3,160)
Repayments to associates		(5,073)	(2)
Dividend paid		(58,833)	(80,255)
Dividend paid to non-controlling shareholders of subsidiaries		(32,280)	(1,866)
Interest paid		(241,948)	(224,432)
<b>Net cash from financing activities</b>		<b>34,943</b>	801,514
<b>Net (decrease) increase in cash and cash equivalents</b>		<b>(619,207)</b>	661,899
<b>Cash and cash equivalents brought forward</b>		<b>1,986,347</b>	1,291,942
Effect of foreign exchange rate changes		7,840	32,506
<b>Cash and cash equivalents carried forward</b>		<b>1,374,980</b>	1,986,347
<b>Analysis of the balances of cash and cash equivalents</b>			
Bank balances and cash		1,374,980	1,986,347

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

## 1. GENERAL

The Company is a public limited company incorporated in the Cayman Islands with its shares listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the 2012 annual report issued by the Company.

The principal activities of the Group are property development, property investment and property trading, hotel operations and management, car park operations and treasury management.

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

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

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

HKFRSs (Amendments)	Improvements to HKFRSs 2010
HKAS 24 (Revised)	Related Party Disclosures
HK(IFRIC)-Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments

The adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements for the current or prior accounting periods.

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

Amendments to HKFRSs	Annual improvements to HKFRSs 2009-2011 Cycle <sup>2</sup>
HKFRS 7 (Amendments)	Disclosures — Transfers of Financial Assets <sup>1</sup>
HKFRS 7 (Amendments)	Disclosures — Offsetting Financial Assets and Financial Liabilities <sup>2</sup>
HKFRS 9	Financial Instruments <sup>3</sup>
HKFRS 9 and HKFRS 7 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures <sup>3</sup>
HKFRS 10	Consolidated Financial Statements <sup>2</sup>
HKFRS 11	Joint Arrangements <sup>2</sup>
HKFRS 12	Disclosure of Interests in Other Entities <sup>2</sup>
HKFRS 13	Fair Value Measurement <sup>2</sup>
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income <sup>4</sup>
HKAS 19 (as revised in 2011)	Employee Benefits <sup>2</sup>
HKAS 27 (as revised in 2011)	Separate Financial Statements <sup>2</sup>
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures <sup>2</sup>
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities <sup>5</sup>
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 July 2011

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2013

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2015

<sup>4</sup> Effective for annual periods beginning on or after 1 July 2012

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2014

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

The directors of the Company anticipate that the application of the new and revised standards, amendments or interpretation will have no material impact on the consolidated financial statements of the Group except those which may be relevant as disclosed below.

### HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes requirements for financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- HKFRS 9 required 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 values at the end of subsequent accounting periods.
- The most significant change of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. 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 recognition 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. 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 2015, with earlier application permitted.

The directors anticipate that HKFRS 9 will be adopted in the Group’s financial statements for the financial period beginning 1 April 2015 and may have impact on amounts reported in respect of the Group’s equity available-for-sale investments currently stated at cost, which will be measured at fair value. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

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

#### **New and revised standards on consolidation, joint arrangements, associates and disclosure**

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 “Consolidated and Separate Financial Statements” that deal with consolidated financial statements and HK(SIC)-Int 12 “Consolidation — Special Purpose Entities”. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor’s returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 “Interests in Joint Ventures” and HK(SIC)-Int 13 “Jointly Controlled Entities — Non-Monetary Contributions by Ventures”. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint ventures and joint operations, depend on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three different types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied at the same time.

The directors anticipate that these standards will be adopted in the Group’s financial period beginning 1 April 2013. However, the application of these standards may not have significant impact on amounts reported in the consolidated financial statements.

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

### HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 13 will be adopted in the Group's financial period beginning 1 April 2013 and the application of the new standard may result in more extensive disclosures in the consolidated financial statements.

## 3. PRINCIPAL ACCOUNTING POLICIES

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

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

The principal accounting policies adopted are as follows:

### Basis of consolidation

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

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition and 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.

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

#### **Basis of consolidation** *(Continued)*

All intra-group transactions, balances, income and expenses have been 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 (effective from 1 January 2010 onwards).

#### ***Changes in the Group's ownership interests in existing subsidiaries***

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

When the Group loses control of a subsidiary, it (i) derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost, (ii) derecognises the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them), and (iii) recognises the aggregate of the fair value of the consideration received and the fair value of any retained interest, with any resulting difference being recognised as a gain or loss in profit or loss attributable to the Group. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 "Financial Instruments: Recognition and Measurement" or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

#### **Business combinations**

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



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

#### **Business combinations** *(Continued)*

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

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 “Income Taxes” and HKAS 19 “Employee Benefits” respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 “Share-based Payment” at the acquisition date (see the accounting policy below); and
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” are measured in accordance with that standard.

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

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

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the “measurement period” (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

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

#### **Business combinations** *(Continued)*

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

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

Business combinations achieved in stages were accounted for as separate steps. Goodwill was determined at each step. Any additional acquisition did not affect the previously recognised goodwill.

#### **Goodwill**

Goodwill arising on an acquisition of a business is carried at cost less accumulated impairment losses, and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the cash-generating units, (or groups of cash-generating units), that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently whenever there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated income statement. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

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

#### **Investment properties**

Investment properties are properties held to earn rentals and/or capital appreciation including properties under construction for such purpose.

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

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

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

Transfer from investment property to property, plant and equipment will be made when there is a change in use, evidenced by commencement of owner occupation. The fair value at the date of transfer becomes the deemed cost for subsequent accounting as property, plant and equipment.

Property inventory is transferred to investment properties when it is evidenced by the commencement of an operating lease to another party. The difference between the fair value and the carrying amount at the date of transfer is recognised in profit or loss.

#### **Property, plant and equipment**

Property, plant and equipment other than buildings and hotel under development are stated in the consolidated statement of financial position at cost less accumulated depreciation and accumulated impairment loss, if any.

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

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the terms of the leases. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

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

#### **Property, plant and equipment** *(Continued)*

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

If an item of property, plant and equipment is transferred to an investment property when there is a change of use, evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in asset revaluation reserve. On the subsequent sale or retirement of the asset, the asset revaluation reserve will be transferred directly to retained profits.

When owner occupation of property, plant and equipment ceased and was to be held for sale in the course of ordinary activities, the property, plant and equipment was transferred to properties held for sale at their carrying amount.

#### **Properties for/under development**

Hotel under development held for owner's operation are stated at cost less any impairment loss recognised. Cost comprises development expenditure including professional charges directly attributable to the development and interest capitalised during the development period. No depreciation is provided on the cost of the buildings until hotel operation commences.

When the building on the leasehold land is in the course of development and the leasehold land component is accounted for as operating lease, the amortisation charge for the leasehold land is included as part of the costs of the buildings under construction during the construction period. If the leasehold land is accounted for as finance lease, the cost of land is included within hotel properties under development.

Properties which are intended for sale after completion of development within the Group's normal operating cycle are stated at the lower of cost and net realisable value. Cost includes costs of land, development expenditure, borrowing costs capitalised and other direct costs attributable to such properties. Such properties are recorded as properties for sales under current assets. Net realisable value represents the estimated selling price less all anticipated costs of completion and costs to incur in marketing and selling the properties.

#### **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 lessor***

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

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

#### **Leasing** *(Continued)*

##### ***The Group as lessee***

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

##### ***Leasehold land and building***

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease.

##### **Interests in associates**

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

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

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

#### **Interests in associates** *(Continued)*

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 "Impairment of Assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

#### **Joint ventures**

##### ***Jointly controlled operations***

When a group entity undertakes its activities under joint venture arrangements directly, constituted as jointly controlled operations, the assets and liabilities arising from those jointly controlled operations are recognised in the statement of financial position of the relevant entity on an accrual basis and classified according to the nature of the item. The Group's share of the income from jointly controlled operations, together with the expenses that it incurs are included in the consolidated income statement when it is probable that the economic benefits associated with the transactions will flow to/from the Group and their amount can be measured reliably.

##### ***Jointly controlled entities***

Joint venture arrangements which involve the establishment of a separate entity in which each venturer has joint control over the economic activity of the entity are referred to as jointly controlled entities.

The results and assets and liabilities of jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in jointly controlled entities are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the profit or loss and other comprehensive income of the jointly controlled entities, less any identified impairment loss. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity, the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

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

#### **Joint ventures** *(Continued)*

#### **Jointly controlled entities** *(Continued)*

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a jointly controlled entity. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 "Impairment of Assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

#### **Intangible assets acquired in a business combination**

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses, being their fair value at the date of the revaluation less subsequent accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effective of any changes in estimate being accounted for on a prospective basis.

#### **Assets classified as held for sale**

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

Non-current assets except for investment properties classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

#### **Inventories**

#### ***Properties for sale***

Properties for sale are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to estimated selling price less selling expenses.

#### ***Other inventories***

Other inventories comprising food and beverage are stated at the lower of cost and net realisable value. Cost is calculated using first-in first-out method.

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

#### 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 instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets 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 "financial assets at fair value through profit or loss", "available-for-sale investments" and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

#### *Loans and receivables*

Loans and receivables (including amounts due from associates, investee company, jointly controlled entity and debtors, pledged deposits, restricted bank deposits and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or, where appropriate, a shorter period to the net carrying amount of the financial assets at initial recognition. Interest income is recognised on an effective interest basis for debt instruments.

#### *Financial assets at fair value through profit or loss ("FVTPL")*

Financial assets at FVTPL has two subcategories, including financial assets held for trading and those designated at FVTPL 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.



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

#### **Financial instruments** *(Continued)*

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

##### *Financial assets at fair value through profit or loss ("FVTPL") (Continued)*

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

At the end of each reporting date subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets.

##### *Available-for-sale investments*

Available-for-sale financial assets are non-derivatives that are either designated or not classified as any of the other categories. At each reporting date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in other comprehensive income and accumulated in investment revaluation reserve, until the financial asset 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 and any further impairment losses on such assets are recognised in profit or loss.

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, they are measured at cost less any identified impairment losses at each reporting date subsequent to initial recognition.

##### *Impairment of financial assets*

Financial assets, other than those designated at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be 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 impacted.

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.

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

#### **Financial instruments** *(Continued)*

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

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

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade debtors, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for 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, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the 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 financial asset's 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 trade debtors, 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 such receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period in which the impairment takes place.

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 loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment losses on available-for-sale equity investments will not be reversed through 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.

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

#### **Financial instruments** *(Continued)*

##### ***Financial liabilities and equity instruments***

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

##### *Equity instruments*

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. The nominal values of the equity instrument repurchased and cancelled are transferred out of retained profits to capital redemption reserve.

Transaction costs for the issue of shares are accounted for as a deduction from equity to the extent that they are incremental costs directly attributable to issue of shares that otherwise would have been avoided. Transaction costs that relate jointly to the issue of shares and listing of the shares or other transactions are allocated amongst the transactions using a rational basis. Expense allocated to the listing of shares are recognised as an expense in profit or loss.

##### *Financial liabilities*

The Group's financial liabilities are generally classified into financial liabilities at FVTPL and other financial liabilities.

##### *Convertible bonds*

Convertible bonds issued by the Group with conversion option that will be settled by the exchange of a fixed amount of cash or a fixed number of the Company's own equity instruments are separated into two components, liability and equity elements. Such convertible bonds are classified separately into respective items on initial recognition.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible bond and the fair value assigned to the liability component, representing the conversion option for the holder to convert the bond into equity, is included in convertible bond equity reserve under equity.

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

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

#### **Financial instruments** *(Continued)*

#### **Financial liabilities and equity instruments** *(Continued)*

#### **Convertible bonds** *(Continued)*

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

When an entity extinguishes a convertible instrument before maturity through repurchase in which the original conversion privileges are unchanged, the entity allocates the consideration paid and any transaction costs for the repurchase to the liability and equity components of the instrument at the date of the transaction. The method used in allocating the consideration paid and transaction costs to the separate components is consistent with that used in the original allocation to the separate components of the proceeds received by the entity when the convertible instrument was issued.

Once the allocation of the consideration is made, any resulting gain or loss is treated in accordance with accounting principles applicable to the related component, as follows:

- (a) the amount of gain or loss relating to the liability component is recognised in profit or loss; and
- (b) the amount of consideration relating to the equity component is recognised in equity.

#### **Financial liabilities held-for-trading**

A financial liability carried at FVTPL is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing 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 liabilities held for trading are measured at fair value, with changes in fair value arising on 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 interest paid on the financial liabilities.

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

#### **Financial instruments** *(Continued)*

#### ***Financial liabilities and equity instruments*** *(Continued)*

##### ***Other financial liabilities***

Other financial liabilities (including creditors, amounts due to related companies, associates, non-controlling shareholders of subsidiaries and bank and other borrowings) are subsequently measured at amortised cost, using the 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 (including all fees and points 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 liability, or, where appropriate, a shorter period to the net carrying financial liability at initial recognition. Interest expense is recognised on an effective interest basis.

##### ***Derivative financial instruments***

Derivative financial instruments are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

Derivatives of the Group do not qualify for hedge accounting and thus they are deemed as financial assets held-for-trading or financial liabilities held-for-trading.

##### ***Derecognition***

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

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

#### Financial instruments *(Continued)*

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

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 and accumulated in equity is recognised in profit or loss.

The Group derecognise financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

##### **Revenue recognition**

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

- Revenue from sale of properties in the ordinary course of business is recognised when the respective properties have been completed and delivered to the buyers. Deposits and instalments received from purchasers prior to meeting the revenue recognition criteria are recorded as sales deposits under current liabilities.
- Revenue from hotel operations and hotel management service fee are recognised when the relevant services are provided.
- Revenue from car park operations is recognised when the relevant facilities are provided.
- Rental income from properties under operating leases is recognised on a straight-line basis over the periods of the respective tenancies.
- Building management fee income is recognised when the relevant services are provided.

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 income can be measured reliably. Interest income from financial asset is accrued on a time basis, by reference to the principal outstanding and at 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.

Dividend income from investments is recognised when the Group's rights to receive payment have been established.

### 3. PRINCIPAL 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 its functional currency, the currency of the primary economic environment in which the entity operates, at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the statement of financial position date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Company at the rate of exchange prevailing at the end of each reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the year, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as exchange reserve, a separate component of equity.

#### Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use. Investment income earned on the temporary investment of specific borrowing pending their expenditure on qualifying assets is deducted from the borrowing cost eligible for capitalisation.

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

#### Retirement benefits schemes

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

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

#### **Equity-settled share-based payment**

##### ***Share options granted to employees after 7 November 2002 and vested on or after 1 April 2005***

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in share options reserve.

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

At the time when the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained profits.

At the time when the Group modifies the terms and conditions of the share options previously granted, if the modification increases the fair value of the equity instruments granted measured immediately before and after the modification, the entity shall include the incremental fair value granted in the measurement of the amount recognised for services received as consideration for the equity instruments granted. The incremental fair value granted is the difference between the fair value of the modified equity instrument and that of the original equity instrument, both estimated as at the date of the modification. If the modification occurs after vesting date, the incremental fair value granted is recognised immediately.

##### ***Share options granted to employees on or before 7 November 2002, or granted after 7 November 2002 and vested before 1 April 2005***

The financial impact of share options granted is not recorded in the consolidated financial statements until such time as the options are exercised, and no charge is recognised in the profit or loss in respect of the value of options granted. Upon the exercise of the share options, the resulting shares issued are recorded as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded as share premium. Options which lapse or are cancelled prior to their exercise date are deleted from the register of outstanding options.

#### ***Equity instruments issued in exchange for assets***

Equity instruments to acquire assets are measured at the fair values of the assets received, unless that fair value cannot be reliably measured, in which case the assets received are measured by reference to the fair value of the equity instruments granted.



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

#### Taxation

Taxation 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 and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's current tax liabilities are measured using the tax rates that have been enacted or substantively enacted by the end of the reporting period.

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Current and 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 current and deferred tax is also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

For the purposes of measuring deferred tax liabilities for investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment Property", such properties are presumed to be recovered through sale. Such a presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities for such investment properties are measured in accordance with the above general principles set out in HKAS 12 (i.e. based on the expected manner as to how the properties will be recovered).

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

#### 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.

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

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

### 4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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 giving rise to a material adjustment to the carrying amounts of assets and liabilities within the next twelve months, are discussed below.

#### Fair value of investment properties

Investment properties are stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value, the valuers have based on a method of valuation which involves certain assumption of market conditions. In relying on the valuation report, the directors of the Company have exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions.

#### Deferred tax

As at 31 March 2012, a deferred tax assets is relation to unused tax losses of approximately HK\$160,479,000 (2011: HK\$157,418,000) has been recognised in the consolidated statement of financial position. The realisability of the deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. The directors of the Company determine whether deferred tax assets would be recognised based on profit projections of the Group and the expected reversal of taxable temporary differences for coming years during which the deferred tax assets are expected to be utilised. The directors of the Company will review the probability of utilising tax losses in future at the end of each financial period. In cases where the actual future profits generated are more or less than expected, an additional recognition or a reversal of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a recognition or reversal takes place.

**4. KEY SOURCES OF ESTIMATION UNCERTAINTY** (Continued)**Impairment of goodwill**

Determining whether goodwill is impaired requires an estimation of the value in use of the relevant cash-generating units, to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 March 2012, the carrying amount of goodwill is HK\$68,400,000 (2011: HK\$68,400,000). Details of the calculation of the recoverable amount are disclosed in note 19.

**5. CAPITAL RISK MANAGEMENT**

It is the Group's policy to maintain a strong capital base so as to safeguard the Group's ability to continue as a going concern and to sustain future development of the Group's business. The capital structure of the Group consists of net debt, which includes borrowings less cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, reserves and retained profits.

The Group actively and regularly reviews and manages its capital structure and makes adjustments to the capital structure in light of changes in economic conditions.

The Group's overall strategy remains unchanged from prior year.

**6. FINANCIAL INSTRUMENTS****a. Categories of financial instruments**

	2012 HK\$'000	2011 HK\$'000
<b>Financial assets</b>		
Fair value through profit or loss (FVTPL)		
Held for trading	458	61,689
Designated at FVTPL	7,750	12,690
Derivative financial instruments	10	398
Available-for-sale investments	34,884	199,485
Loans and receivables (including cash and cash equivalents)	2,313,498	2,791,998
	<b>2,356,600</b>	3,066,260
<b>Financial liabilities</b>		
Fair value through profit or loss (FVTPL)	1,245	69,366
Amortised cost	7,036,638	6,453,175
	<b>7,037,883</b>	6,522,541

### 6. FINANCIAL INSTRUMENTS *(Continued)*

#### b. Financial risk management objectives and policies

Details of the Group's financial instruments are disclosed above and in the respective notes. The risks associated with these financial instruments include market risk (foreign currency risk, interest rate risk and 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.

##### *Interest rate risk*

The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank deposits, interest bearing receivable and variable-rate bank and other borrowings. The Group has entered into certain interest rate swaps contracts to mitigate the risk of the fluctuation of interest rate on its future interest payments on the bank borrowing which carry interest at Hong Kong Interbank Offered Rates ("HIBOR"), HK\$ Prime Lending Rate, People's Bank of China ("PBOC") Prescribed Interest Rate, Singapore Swap Offered Rate ("S\$ SOR"), Malaysia Base Lending Rates ("BLR") and Australia Bank Bill Swap Reference Rate ("BBSW").

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR, HK\$ Prime Lending Rate, PBOC Prescribed Interest Rate, S\$ SOR, BLR and BBSW arising from the Group's bank borrowings.

##### *Interest rate sensitivity analysis*

The Group's exposure to cash flow interest rates risk is mainly due to the fluctuation of the market interest rate of borrowings. The sensitivity analysis considers only borrowings which having significant impact on the financial statements. The analysis is prepared assuming that the borrowings outstanding at the end of the reporting periods were outstanding for the whole year. 50 basis points represent the best estimation of the possible change in the interest rates over the period until the end of next reporting period.

If interest rates had been increased/decreased by 50 basis points (2011: 50 basis points) and all other variables were held constant, the Group's profit after taxation would decrease/increase by HK\$16,278,000 (2011: HK\$15,301,000) and the interest capitalised would increase/decrease by HK\$11,931,000 (2011: HK\$7,039,000).

In the management's opinion, the sensitivity analysis is unrepresentative of the interest rate risk as the year end exposure does not reflect the exposure during the year.

**6. FINANCIAL INSTRUMENTS** (Continued)**b. Financial risk management objectives and policies** (Continued)**Foreign currency risk**

Certain group entities have transactions denominated in foreign currencies which exposure the Group to foreign currency risk. The Group manages the foreign currency risk by closely monitoring the movement of the foreign currency rate.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities, at the end of the reporting period are as follows:

	2012 HK\$'000	2011 HK\$'000
<b>Assets</b>		
Australian Dollar ("A\$")	1,184	70,137
Japanese Yen ("JPY")	9,197	6,874
Renminbi ("RMB")	5,621	6,293
Canadian Dollar ("C\$")	4,829	4,970
United States Dollar ("USD")	151,036	139,281
Euro ("EUR")	6,429	—
Singapore Dollar ("S\$")	—	443
<b>Liabilities</b>		
Euro	—	26,960
Ringgit Malaysia ("RM")	—	8,762

**Foreign currency sensitivity analysis**

The Group's exposure to foreign currency risk is mainly on currencies other than USD since Hong Kong dollars are pegged to USD under the Linked Exchange Rate System and the management does not expect any significant exposure in relation to the exchange rate fluctuation between HK\$ and USD. The following table details the Group's sensitivity to a 10% (2011: 10%) weakening in the HK\$ against the relevant foreign currencies other than USD, while all other variables are held constant. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents the management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding monetary items denominated in foreign currencies and adjusts their translation at the year end if HK\$ weakens 10% against the relevant foreign currency. For a 10% strengthens in HK\$ against the relevant foreign currencies, these would be an equal and opposite impact on profit.

	Increase (decrease) in profit after tax	
	2012 HK\$'000	2011 HK\$'000
A\$	99	5,856
JPY	768	574
RMB	469	525
C\$	403	415
EUR	537	(2,251)
S\$	—	37
RM	—	(732)

### 6. FINANCIAL INSTRUMENTS *(Continued)*

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

##### *Foreign currency sensitivity analysis (Continued)*

In the management's opinion, the sensitivity analysis is unrepresentative of the foreign currency risk as the year end exposure does not reflect the exposure during the year.

##### *Price risk*

The Group is exposed to equity price risk and market price risk arising from investment in equity securities and other financial products classified under available-for-sale investments, investment held for trading and derivative financial instruments.

##### *Price risk sensitivity analysis*

The sensitivity analyses below have been determined based on the exposure to equity price risk at the end of the reporting period.

If the price of the respective equity securities have been 10% (2011: 10%) higher/lower:

- profit after tax would increase/decrease by HK\$38,000 (2011: HK\$5,821,000) as a result of the changes in fair value of held-for trading investments.
- investment revaluation reserve would increase by HK\$2,325,000 (2011: HK\$16,631,000) as a result of the changes in fair value of available-for-sale investments.

##### *Credit risk*

At the end of each reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group in the event of the counterparties failure to discharge their obligations in relation to each class of recognised financial asset are the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position and the contingent liabilities in relation to the financial guarantee issued by the Group as disclosed in note 42(a). 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. For the financial guarantee granted for mortgage loans provided by the home buyers of the Group's properties in the PRC, the loans are secured by the properties of the borrowers. In this regard, the directors of the Company consider that the credit risk is significant reduced.

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers, except for the amounts due from investee company and associates and other receivables, which in aggregate, constitute over 10% of the total financial assets. The Group reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In determining the recoverability of the amounts due from investee company and associates, the Group takes into consideration the fair values of the underlying assets of the investee company and associates and the future operation and expected operating cashflows of these investee company and associates. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk for bank deposits is limited because the counterparties are banks or financial institutions with high credit ratings.

**6. FINANCIAL INSTRUMENTS** (Continued)**b. Financial risk management objectives and policies** (Continued)**Liquidity risk**

The Group's liquidity position and its compliance with lending covenants is monitored closely by the management of the Company, to ensure that it maintains sufficient reserve of cash and adequate committed line of funding from major financial institutions to meet its liquidity requirement in the short and long term. The Group finances its working capital requirements through a combination of funds generated from operations and external borrowings.

The following table details the Group's remaining contractual maturity for its 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 can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights.

The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows.

	Weighted average interest rate %	On demand or 0-180 days HK\$'000	181-365 days HK\$'000	One to three years HK\$'000	Three to five years HK\$'000	Over five years HK\$'000	Total HK\$'000	Carrying amount HK\$'000
<i>At 31 March 2012</i>								
Non-interest bearing	N/A	620,783	—	—	—	—	620,783	620,783
Fixed interest rate instruments	6.35	6,729	33,431	57,543	31,528	26,878	156,109	129,022
Variable interest rate instruments	2.65	1,700,959	165,644	4,332,537	184,981	254,433	6,638,554	6,256,067
Convertible bonds	6.29	607	607	35,929	—	—	37,143	30,074
Obligation under finance leases	2.7	146	78	625	—	—	849	692
		2,329,224	199,760	4,426,634	216,509	281,311	7,453,438	7,036,638
<i>At 31 March 2011</i>								
Non-interest bearing	N/A	483,559	—	—	—	—	483,559	483,559
Fixed interest rate instruments	5.94	13,622	13,370	54,586	55,301	30,969	167,848	134,720
Variable interest rate instruments	2.55	750,560	471,663	3,530,892	419,972	285,369	5,458,456	5,117,553
Convertible bonds	3.63	13,449	751,538	—	—	—	764,987	716,785
Obligation under finance leases	2.7	238	238	84	—	—	560	558
		1,261,428	1,236,809	3,585,562	475,273	316,338	6,875,410	6,453,175

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

### 6. FINANCIAL INSTRUMENTS (Continued)

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

##### Liquidity risk (Continued)

Bank loans with a repayment on demand clause with carrying amount of HK\$504,208,000 (2011: HK\$87,381,000) are included in the "on demand or 0-180 days" time band in the above maturity analysis but repayments are expected to be in accordance with the loan repayment schedule which are repayable by yearly instalment up to July 2016. Taking into account the Group's financial position, the directors believe that it is not probable that the counterparties will exercise their discretionary rights to demand immediate repayment and such term loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreement. On this basis, the interest and principal cashflows for the "Variable interest rate instruments" and "Fixed interest rate instruments" would be as follows:

	On demand or 0-180 days HK\$'000	181-365 days HK\$'000	One to three years HK\$'000	Three to five years HK\$'000	Over five years HK\$'000	Total undiscounted cashflow HK\$'000	Carrying amount HK\$'000
<i>At 31 March 2012</i>							
Variable interest rate instruments	1,196,751	306,147	4,761,795	309,642	254,433	6,828,768	6,256,067
Fixed interest rate instruments	6,729	33,431	57,543	31,528	26,878	156,109	129,022
	<b>1,203,480</b>	<b>339,578</b>	<b>4,819,338</b>	<b>341,170</b>	<b>281,311</b>	<b>6,984,877</b>	<b>6,385,089</b>
<i>At 31 March 2011</i>							
Variable interest rate instruments	666,550	474,666	3,623,920	421,361	286,121	5,472,618	5,117,553
Fixed interest rate instruments	13,622	13,370	54,586	55,301	30,969	167,848	134,720
	<b>680,172</b>	<b>488,036</b>	<b>3,678,506</b>	<b>476,662</b>	<b>317,090</b>	<b>5,640,466</b>	<b>5,252,273</b>

The cashflows presented above for variable interest rate financial liabilities is subject to change if changes in interest rates differ from those at the end of the reporting period adopted in the above calculation.

#### c. Fair value measurement of financial instruments

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

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices and ask prices respectively;
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis;
- the fair value of derivative instruments is calculated using quoted prices. Where such prices are not available, use of discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives; and



**6. FINANCIAL INSTRUMENTS** *(Continued)***c. Fair value measurement of financial instruments** *(Continued)*

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

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

	2012			
	Level 1	Level 2	Level 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Financial assets at FVTPL</b>				
Derivative financial assets	—	10	—	10
Non-derivative financial assets held for trading	458	—	—	458
Financial assets designated at fair value through profit or loss	—	—	7,750	7,750
	458	10	7,750	8,218
<b>Available-for-sale financial assets</b>				
Listed equity securities	4,252	—	—	4,252
Unlisted debt securities	—	301	—	301
Club membership	—	688	—	688
Investment funds	—	18,694	—	18,694
Total	4,252	19,683	—	23,935
<b>Financial liabilities at FVTPL</b>				
Derivative financial liabilities	—	1,245	—	1,245

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

### 6. FINANCIAL INSTRUMENTS (Continued)

#### c. Fair value measurement of financial instruments (Continued)

	2011			Total HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
<b>Financial assets at FVTPL</b>				
Derivative financial assets	—	398	—	398
Non-derivative financial assets held for trading	61,689	—	—	61,689
Financial assets designated at fair value through profit or loss	—	—	12,690	12,690
	61,689	398	12,690	74,777
<b>Available-for-sale financial assets</b>				
Listed equity securities	78,454	—	—	78,454
Unlisted debt securities	—	64,292	—	64,292
Investment funds	—	23,566	—	23,566
Total	78,454	87,858	—	166,312
<b>Financial liabilities at FVTPL</b>				
Derivative financial liabilities	—	69,366	—	69,366

There were no transfers between Level 1, 2 and 3 in the current year.

Reconciliation of Level 3 fair value measurements of financial assets at fair value through profit or loss is as follows:

	2012 HK\$'000	2011 HK\$'000
At 1 April	12,690	11,958
Change in fair value recognised in profit or loss	145	421
Purchases	—	8,032
Disposals	(5,085)	(7,721)
At 31 March	7,750	12,690

## 7. SEGMENT INFORMATION

The Group determines its operating segments based on internal reporting about components that are regularly reviewed by the chief operating decision maker. Information reported to the Group's chief operating decision makers, who are the executive directors of the Company, for the purposes of resource allocation and assessment of performance is mainly focused on the property development, property investment, hotel operation and management, and car park operation in each of the geographical locations as stated below, securities and financial product investments and other operations, which mainly include provision of engineering services and second mortgage loans.

### Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segment. The accounting policies adopted in preparing the segment information are the same as the accounting policies described in note 3. Segment profit (loss) represents the pre-tax profit (loss) earned (incurred) by each segment without allocation of central administrative costs, directors' salaries and certain finance costs.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

### 7. SEGMENT INFORMATION *(Continued)*

#### Segment revenue and results *(Continued)*

	Segment revenue		Segment profit (loss)	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Property development				
— Australia	3,533	85,425	(6,843)	(3,023)
— Hong Kong ("HK")	13,632	5,994	(13,719)	3,231
— Malaysia	736	922	2,354	(549)
— The People's Republic of China excluding HK ("PRC")	28,391	153,413	2,955	88,762
	46,292	245,754	(15,253)	88,421
Property investment				
— HK	28,365	24,436	155,673	241,922
— PRC	12,215	11,651	(3,914)	(245)
— Singapore	25,916	24,482	35,552	110,802
	66,496	60,569	187,311	352,479
Hotel operation and management				
— HK	707,866	517,073	660,284	287,837
— Malaysia	294,162	266,323	48,149	60,029
— PRC	94,069	83,704	(28,120)	(1,667)
— Singapore	—	—	(6,229)	(8,505)
— United Kingdom ("UK")	—	—	(717)	—
	1,096,097	867,100	673,367	337,694
Car park operation				
— Australia	518,496	446,091	42,433	42,482
— Malaysia	18,571	18,165	8,427	9,314
	537,067	464,256	50,860	51,796
Securities and financial product investments	12,583	15,739	(41,769)	4,120
Other operations	2,416	1,028	1,948	(6,068)
Segment revenue/segment profit	1,760,951	1,654,446	856,464	828,442
Unallocated corporate expenses			(63,032)	(87,288)
Finance costs			(75,776)	(186,125)
Profit before taxation			717,656	555,029
Income tax expense			(103,131)	(108,548)
Profit for the year			614,525	446,481

**7. SEGMENT INFORMATION** (Continued)**Segment revenue and results** (Continued)

None of the segments derived any revenue from transactions with other segments.

No revenue from any single customer contributed over 10% of the total revenue of the Group.

**Segment assets**

The following is an analysis of the Group's assets by reportable segment as at the end of the reporting period. Segment assets represents assets held by each segment without allocation of corporate assets which are mainly bank balances and cash.

	2012 HK\$'000	2011 HK\$'000
Property development		
— Australia	1,513,133	688,946
— HK	730,396	664,244
— Malaysia	382,398	368,904
— PRC	1,772,613	1,581,883
	<b>4,398,540</b>	3,303,977
Property investment		
— HK	1,730,192	1,554,886
— PRC	3,671	4,515
— Singapore	605,411	579,693
	<b>2,339,274</b>	2,139,094
Hotel operation and management		
— HK	3,592,814	3,024,830
— Malaysia	1,071,588	1,048,077
— PRC	1,927,506	1,561,550
— Singapore	694,845	531,397
— UK	261,043	—
	<b>7,547,796</b>	6,165,854
Car park operation		
— Australia	707,176	702,202
— Malaysia	155,996	153,941
	<b>863,172</b>	856,143
Securities and financial product investments	<b>50,763</b>	340,019
Other operations	<b>352,437</b>	377,300
Segment assets	<b>15,551,982</b>	13,182,387
Unallocated corporate assets	<b>841,333</b>	1,986,347
Total assets	<b>16,393,315</b>	15,168,734

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### 7. SEGMENT INFORMATION (Continued)

#### Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers determined based on the operating location and (ii) the Group's non-current assets which exclude financial instruments by location of assets.

	Revenue from external customers		Non-current assets	
	2012	2011	2012	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
HK	765,598	564,270	4,186,328	4,103,116
PRC	134,675	248,768	2,275,081	1,939,879
Australia	522,029	531,516	706,609	687,295
Malaysia	312,733	285,410	1,170,152	1,198,029
Singapore	25,916	24,482	706,837	876,255
UK	—	—	216,764	—
	<b>1,760,951</b>	1,654,446	<b>9,261,771</b>	8,804,574

#### Other information

The following table sets out amounts included in the measurement of segment profit or loss or segment assets:

	2012						
	Property development HK\$'000	Property investment HK\$'000	Hotel operation and management HK\$'000	Car park operation HK\$'000	Securities and financial product investments HK\$'000	Other operations HK\$'000	Consolidated HK\$'000
Reversal of (allowance for) bad and doubtful debts	3,092	(2,338)	(673)	—	—	447	528
Depreciation and amortisation	(6,633)	(771)	(118,545)	(17,427)	—	(3,459)	(146,835)
Amortisation of intangible assets	—	—	—	(2,572)	—	—	(2,572)
Increase in fair value of investment properties	2,420	144,064	1,818	—	—	—	148,302
Increase in fair value of financial assets at fair value through profit or loss	—	—	—	—	145	—	145
Change in fair value of investments held for trading	—	—	—	—	(9,975)	—	(9,975)
Loss on disposal of available-for-sale investments	—	(85)	—	—	(14,942)	—	(15,027)
Decrease in fair value of derivative financial instruments	—	—	(1,911)	—	(32,492)	—	(34,403)
Loss on transfer of property inventory to investment properties	(2,004)	—	—	—	—	—	(2,004)
Gain on disposal of property, plant and equipment	281	306	379,465	46	—	701	380,799
Share of results of associates	—	23,843	—	—	—	—	23,843
Share of results of jointly controlled entities	7,014	—	—	—	—	—	7,014
Interests in associates	—	186,211	59,963	—	—	9,984	256,158
Interests in jointly controlled entities	32,382	—	—	—	—	58,584	90,966
Addition of other non-current assets (excluding financial instruments)	7,698	31,993	785,249	12,406	—	23,428	860,774

**7. SEGMENT INFORMATION** (Continued)**Other information** (Continued)

	2011						
	Property development HK\$'000	Property investment HK\$'000	Hotel operation and management HK\$'000	Car park operation HK\$'000	Securities and financial product investments HK\$'000	Other operations HK\$'000	Consolidated HK\$'000
Reversal of (allowance for) bad and doubtful debts	—	754	(575)	—	—	1,157	1,336
Allowance for amount due from a jointly controlled entity	—	(5,152)	—	—	—	—	(5,152)
Depreciation and amortisation	(5,912)	(2,108)	(98,166)	(14,895)	—	(2,642)	(123,723)
Amortisation of intangible assets	—	—	—	(2,572)	—	—	(2,572)
Increase in fair value of investment properties	9,319	300,865	2,612	—	—	—	312,796
Increase in fair value of financial assets at fair value through profit or loss	—	—	—	—	421	—	421
Change in fair value of investments held for trading	—	—	—	—	5,863	—	5,863
Decrease in fair value of derivative financial instruments	—	—	(1,949)	—	(62,533)	—	(64,482)
Gain on disposal of available-for-sale investments	—	(464)	—	—	38,055	—	37,591
Share of results of associates	(101)	33,695	—	—	—	(363)	33,231
Share of results of jointly controlled entities	5,962	—	—	—	—	(1,220)	4,742
Interests in associates	32,339	166,687	—	—	—	9,984	209,010
Interests in jointly controlled entities	1,974	—	—	—	—	61,467	63,441
Addition of other non-current assets (excluding financial instruments)	14,293	9,888	386,392	23,696	—	38	434,307

Segment liabilities are not disclosed as they are not regularly reviewed by chief operating decision maker.

**8. REVENUE**

Revenue represents the aggregate amount of proceeds from sale of properties, gross rental from leasing of properties, income from hotel operation and management, car park operation and provision of property management services, interest income from financial instruments and other operations as set out as follows:

	2012 HK\$'000	2011 HK\$'000
Sale of properties	<b>32,269</b>	235,772
Leasing of properties	<b>113,422</b>	93,423
Hotel operation and management	<b>1,051,226</b>	825,533
Car park operations	<b>536,899</b>	463,727
Provision of property management services	<b>14,238</b>	19,745
Interest income from financial instruments	<b>12,583</b>	15,739
Other operations	<b>314</b>	507
	<b>1,760,951</b>	1,654,446

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### 9. OTHER GAINS AND LOSSES

	2012 HK\$'000	2011 HK\$'000
Increase in fair value of investment properties	148,302	312,796
(Loss) gain on disposal of available-for-sale investments	(15,027)	37,591
Change in fair value of financial assets at fair value through profit or loss	145	421
Change in fair value of investments held for trading	(9,975)	5,863
Change in fair value of derivative financial instruments	(34,403)	(64,482)
Loss on transfer of property inventory to investment properties	(2,004)	—
Allowance for amount due from a jointly controlled entity	—	(5,152)
	<b>87,038</b>	287,037

### 10. FINANCE COSTS

	2012 HK\$'000	2011 HK\$'000
Interest on:		
Bank loans		
— wholly repayable within five years	172,730	151,765
— not wholly repayable within five years	40,203	38,002
Other loans wholly repayable within five years	785	1,070
Convertible bonds	35,709	49,001
Finance leases	29	21
Amortisation of front-end fee	16,889	15,381
Others	2,025	2,387
Total interest costs	<b>268,370</b>	257,627
Less: amounts capitalised to properties under development:		
— investment properties	(1,744)	(1,284)
— properties for owners' occupation	(23,787)	(19,755)
— properties for sale	(76,360)	(50,463)
	<b>166,479</b>	186,125



**11. INCOME TAX EXPENSE**

	2012 HK\$'000	2011 HK\$'000
The income tax expense comprises:		
Current tax:		
Hong Kong Profits Tax	<b>53,922</b>	36,499
People's Republic of China Enterprise Income Tax ("EIT")	<b>5,390</b>	20,324
People's Republic of China Land Appreciation Tax ("LAT")	<b>3,652</b>	31,295
Australia Income Tax	<b>16,975</b>	10,106
Malaysia Income Tax	<b>12,481</b>	3,821
Singapore Income Tax	<b>132</b>	926
	<b>92,552</b>	102,971
Deferred taxation (note 37)	<b>10,579</b>	5,577
	<b>103,131</b>	108,548

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit of individual companies comprising the Group less unutilised tax losses brought forward where applicable.

The "EIT" is calculated in accordance with the EIT Law and Implementation Regulations of the EIT Law at the rate of 25%.

PRC LAT is levied at progressive rates ranging from 30% to 60% on the appreciated land value of the properties sold, less deduction in accordance with the relevant PRC Tax laws and regulations.

Taxation arising in other jurisdictions is calculated at rates prevailing in the relevant jurisdictions.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

### 11. INCOME TAX EXPENSE (Continued)

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

	Hong Kong HK\$'000	PRC HK\$'000	Malaysia HK\$'000	Australia HK\$'000	Others HK\$'000	Total HK\$'000
<b>2012</b>						
Profit (loss) before taxation	643,151	(30,322)	59,456	10,953	34,418	717,656
Applicable income tax rate	16.5%	25%	25%	30%	19%	
Tax at the applicable income tax rate	106,120	(7,580)	14,864	3,286	6,501	123,191
Tax effect of expenses not deductible for tax purpose	17,040	10,019	5,415	4,856	791	38,121
Tax effect of income not taxable	(64,953)	(1,588)	(1,660)	(314)	(7,079)	(75,594)
LAT	—	3,652	—	—	—	3,652
Tax effect of LAT	—	(913)	—	—	—	(913)
Utilisation of deductible temporary difference not recognised	(12)	—	—	—	—	(12)
Tax effect of deductible temporary difference not recognised	1,797	—	—	—	—	1,797
Tax effect of tax losses not recognised	19,767	6,151	1	2,558	1,143	29,620
Utilisation of tax losses not previously recognised	(4,809)	—	(6,622)	(1,367)	—	(12,798)
Tax effect of share of results of associates	(3,934)	—	—	—	—	(3,934)
Tax effect of share of results of jointly controlled entities	—	—	—	(2,104)	—	(2,104)
(Over)underprovision in prior years	(5,942)	—	5	7,355	(30)	1,388
Others	(1,922)	650	478	2,705	(1,194)	717
Income tax expense for the year	63,152	10,391	12,481	16,975	132	103,131

**11. INCOME TAX EXPENSE** (Continued)

	Hong Kong HK\$'000	PRC HK\$'000	Malaysia HK\$'000	Australia HK\$'000	Others HK\$'000	Total HK\$'000
<b>2011</b>						
Profit before taxation	344,549	38,585	52,878	25,141	93,876	555,029
Applicable income tax rate	16.5%	25%	25%	30%	16%	
Tax at the applicable income tax rate	56,851	9,646	13,220	7,542	15,234	102,493
Tax effect of expenses not deductible for tax purpose	16,662	10,098	2,545	206	1,456	30,967
Tax effect of income not taxable	(26,267)	(2,330)	(141)	(946)	(9,373)	(39,057)
LAT	—	31,295	—	—	—	31,295
Tax effect of LAT	—	(7,824)	—	—	—	(7,824)
Utilisation of deductible temporary difference not recognised	(320)	—	—	—	—	(320)
Tax effect of deductible temporary difference not recognised	—	3,333	—	1,981	—	5,314
Tax effect of tax losses not recognised	5,294	6,473	—	1,485	1,724	14,976
Utilisation of tax losses not previously recognised	(6,830)	—	(11,859)	(251)	(5,216)	(24,156)
Tax effect of share of results of associates	(5,484)	—	—	—	—	(5,484)
Tax effect of share of results of jointly controlled entities	—	(421)	—	(917)	—	(1,338)
Under (over)provision in prior years	318	—	374	—	(86)	606
Others	2,288	(426)	91	1,005	(1,882)	1,076
Income tax expense for the year	42,512	49,844	4,230	10,105	1,857	108,548

Details of the deferred taxation are set out in note 37.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

### 12. PROFIT FOR THE YEAR

	2012 HK\$'000	2011 HK\$'000
Profit for the year has been arrived at after charging:		
Cost of properties sold recognised as an expense	14,761	131,041
Auditor's remuneration	11,569	8,511
Depreciation	138,392	121,480
Amortisation of prepaid lease payments	9,537	10,359
Less: Amount capitalised to properties under development for owners' occupation	(1,094)	(8,116)
	8,443	2,243
Amortisation of intangible assets	2,572	2,572
Amortisation of investment in a jointly controlled entity (included in share of results of jointly controlled entities)	2,904	2,904
Staff costs	423,377	365,228
Share of taxation of associates (included in share of results of associates)	869	872
and crediting:		
Rental income, net of outgoings of HK\$20,033,000 (2011: HK\$15,915,000)	93,389	77,508
Gain on disposal of property, plant and equipment:		
— Hotel property (note 17)	380,288	—
— Others	511	1,285
	380,799	1,285
Dividend income from:		
Investment held for trading		
— Listed	1,847	697
Available-for-sale investments		
— Listed	2,244	622
— Unlisted	21	103
	4,112	1,422
Reversal of bad and doubtful debts	528	1,336
Bank interest income	3,808	2,123

**13. EARNINGS PER SHARE**

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the consolidated profit for the year attributable to the owners of the Company of HK\$448,102,000 (2011: HK\$394,212,000) and the number of shares calculated as follows:

	2012 '000	2011 '000
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,932,776	1,907,404
Effect of dilutive potential ordinary shares — share options	—	2,610
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,932,776	1,910,014

The computation of diluted earnings per share for the year ended 31 March 2012 did not assume the conversion of the Company's outstanding convertible bonds since their exercise would result in an increase in earnings per share. In addition, the computation do not assume the exercise of the Company's and its indirect subsidiary Kosmopolito's outstanding share options as the exercise prices of those options are higher than the average market prices of the Company's and the Kosmopolito's shares during the year.

The computation of diluted earnings per share for the year ended 31 March 2011 did not assume the conversion of the Company's outstanding convertible bonds since their exercise would result in an increase in earnings per share. In addition, the computation do not assume the exercise of the Kosmopolito's outstanding share options as the exercise prices of those options are higher than the average market prices of the Kosmopolito's shares.

**14. DIVIDENDS**

	2012 HK\$'000	2011 HK\$'000
Dividends recognised as distribution during the year:		
Interim dividend of HK1 cent (2011: interim dividend of HK2 cents) per share	19,496	38,167
Final dividend, paid for 2011 — HK5 cents (2011: Final dividend, paid for 2010 of HK4 cents) per share	95,913	76,093
	115,409	114,260

A final dividend for the year ended 31 March 2012 of HK5 cents (2011: HK5 cents) per share has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

Shareholders have an option to elect cash in lieu of new shares of the Company for the dividend proposed and paid during the year. Shares issued during the year on the shareholders' election for shares are set out in note 35.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

### 15. DIRECTORS' AND FIVE HIGHEST PAID EMPLOYEES' REMUNERATION

#### (a) Directors' emoluments

The emoluments paid and payable to each of the directors of the Company were as follows:

Name of directors	Fees HK\$'000	Salaries and other benefits HK\$'000	Retirement	Total HK\$'000
			benefit scheme contributions HK\$'000	
<i>For the year ended 31 March 2012</i>				
<i>Executive Directors:</i>				
Deacon Te Ken CHIU (retired on 8 September 2011)	11	4,730	—	4,741
David CHIU	25	2,574	12	2,611
Dennis CHIU	25	3,383	59	3,467
Craig Grenfell WILLIAMS	25	10,556	223	10,804
<i>Non-executive Directors:</i>				
Ching Lan Ju CHIU (retired on 8 September 2011)	11	263	—	274
Daniel Tat Jung CHIU	25	—	—	25
<i>Independent Non-executive Directors:</i>				
Jian Yin JIANG (retired on 8 September 2011)	11	—	—	11
Kwok Wai CHAN	200	—	—	200
Peter Man Kong WONG	200	—	—	200
Kwong Siu Lam (appointed on 8 September 2011)	113	—	—	113
	<b>646</b>	<b>21,506</b>	<b>294</b>	<b>22,446</b>

**15. DIRECTORS' AND FIVE HIGHEST PAID EMPLOYEES' REMUNERATION** (Continued)**(a) Directors' emoluments** (Continued)

Name of directors	Fees HK\$'000	Salaries and other benefits HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
<i>For the year ended</i>				
<i>31 March 2011</i>				
<i>Executive Directors:</i>				
Deacon Te Ken CHIU	25	3,100	—	3,125
David CHIU	25	2,565	12	2,602
Dennis CHIU	25	1,136	49	1,210
Craig Grenfell WILLIAMS	25	2,434	148	2,607
<i>Non-executive Directors:</i>				
Ching Lan Ju CHIU	25	650	—	675
Daniel Tat Jung CHIU	25	—	—	25
<i>Independent Non-executive Directors:</i>				
Jian Yin JIANG	25	—	—	25
Kwok Wai CHAN	150	—	—	150
Peter Man Kong WONG	150	—	—	150
	475	9,885	209	10,569

Performance related incentive payment to Craig Grenfell WILLIAMS of HK\$8,015,000 (2011: Nil) included in salaries and other benefits is determined by reference to his performance.

## Notes to the Consolidated Financial Statements

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### 15. DIRECTORS' AND FIVE HIGHEST PAID EMPLOYEES' REMUNERATION *(Continued)*

#### (b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, four (2011: two) were directors whose emoluments are disclosed above. The remuneration of the remaining one (2011: three) individual was as follows:

	2012 HK\$'000	2011 HK\$'000
Salaries and other benefits	2,410	5,451
Contributions to retirement benefits scheme	12	40
Share options	1,074	5,330
	<b>3,496</b>	10,821

Their emoluments were within the following bands:

	2012 Number of employee	2011 Number of employees
HK\$3,000,001 to HK\$3,500,000	1	1
HK\$3,500,001 to HK\$4,000,000	—	2

No emolument was paid to the directors and the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during both years. No directors waived any of their emoluments for both years.



**16. INVESTMENT PROPERTIES**

	<b>Completed properties</b> HK\$'000	<b>Properties under development</b> HK\$'000	<b>Total</b> HK\$'000
At 1 April 2010	1,995,115	184,215	2,179,330
Additions	6,658	2,480	9,138
Reclassified from property, plant and equipment and prepaid lease payments	8,155	—	8,155
Disposals	(14,200)	—	(14,200)
Increase in fair value	237,207	75,589	312,796
Exchange alignment	86,055	—	86,055
At 31 March 2011	2,318,990	262,284	2,581,274
Additions	7,525	21,979	29,504
Reclassified to property, plant and equipment	(14,106)	—	(14,106)
Reclassified from properties for sales	14,026	—	14,026
Reclassified to asset classified as held for sale	(328,861)	—	(328,861)
Increase in fair value	83,565	64,737	148,302
Exchange alignment	26,330	—	26,330
At 31 March 2012	2,107,469	349,000	2,456,469

	<b>2012</b> HK\$'000	2011 HK\$'000
The carrying amount of investment properties which are stated at fair value are on land located:		
In Hong Kong:		
Long lease	<b>516,000</b>	411,894
Medium-term lease	<b>826,000</b>	786,326
Outside Hong Kong:		
Freehold	<b>55,780</b>	53,271
Long lease	<b>273,949</b>	574,728
Medium-term lease	<b>784,740</b>	755,055
	<b>2,456,469</b>	2,581,274

### 16. INVESTMENT PROPERTIES *(Continued)*

The fair value of the completed investment properties in Hong Kong and outside Hong Kong at 31 March 2012 have been arrived at on the basis of a valuation carried out on that date by DTZ Debenham Tie Leung Limited, Raine & Horne International Zaki + Partners Sdn. Bhd. and Jones Lang LaSalle Property Consultants Pte Ltd., independent qualified professional valuers not connected with the Group, respectively. DTZ Debenham Tie Leung Limited, are members of the Hong Kong Institute of Surveyors. Raine & Horne International Zaki + Partners Sdn. Bhd. and Jones Lang LaSalle Property Consultants Pte Ltd. are members of Royal Institution of Chartered Surveyors. The valuation was arrived at by reference to market evidence of transaction prices for similar properties at similar locations or by capitalisation of future rental which is estimated by reference to comparable rental as available in the relevant markets. In the valuation, the market rentals of all lettable units of the properties are made reference to the rentals achieved by the Group in the lettable units as well as those of similar properties in the neighbourhood. The capitalisation rate adopted is by reference to the yield rates observed by the valuer for similar properties in the locality and adjusted for the valuer's knowledge of factors specific to the respective properties.

The valuation of the investment properties under development has been arrived at by using direct comparison approach with reference to comparable properties as available in the market with adjustments made to account for the differences and with due allowance for development costs, and indirect costs that will be expended to complete the development as well as developer's risks associated with the development of the property at the valuation date and the return that the developer would require for bringing them to the completion status, which is determined by the valuers, DTZ Debenham Tie Leung Limited based on its analyses of recent land transactions and market value of similar completed properties in the relevant locations.

During the year ended 31 March 2012, the Group changed the use of certain floors of investment property, which were accordingly transferred from investment properties to property, plant and equipment at their fair value on the date of transfer.

In addition, the Group transferred certain inventory of properties with carrying amount of HK\$16,030,000 to investment properties at fair value of HK\$14,026,000 upon change in use, which was evidenced by commencement of operating leases.

Investment properties with carrying amount of HK\$2,215,708,000 (2011: HK\$2,080,862,000) are under legal charge to secure bank borrowings of the relevant group entities.

The carrying amounts of properties under development at the end of the reporting period includes capitalised interest expense of HK\$6,492,000 (2011: HK\$4,748,000).

**17. PROPERTY, PLANT AND EQUIPMENT**

	Properties		Leasehold improvement, furniture, fixtures and equipment	Total
	Completed	Under development		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>COST</b>				
At 1 April 2010	3,876,896	1,718,648	200,615	5,796,159
Additions	8,027	290,068	102,565	400,660
Reclassification upon completion of development	446,491	(504,632)	58,141	—
Reclassified to investment properties	(2,126)	—	—	(2,126)
Reclassified to assets held for sale	—	(79,648)	—	(79,648)
Disposal	(137,219)	—	(5,301)	(142,520)
Disposal of a subsidiary	(178,699)	—	(34,870)	(213,569)
Exchange alignment	136,558	9,369	12,144	158,071
At 31 March 2011	4,149,928	1,433,805	333,294	5,917,027
Additions	204	698,598	105,169	803,971
Reclassification upon completion of development	290,425	(308,569)	18,144	—
Reclassified from investment properties	14,106	—	—	14,106
Reclassified to properties for sale under development	(22,402)	—	—	(22,402)
Disposal	(142,905)	—	(17,029)	(159,934)
Exchange alignment	2,409	14,947	(524)	16,832
At 31 March 2012	4,291,765	1,838,781	439,054	6,569,600
<b>DEPRECIATION AND IMPAIRMENT</b>				
At 1 April 2010	263,880	—	83,397	347,277
Provided for the year	91,749	—	29,731	121,480
Eliminated on reclassification to investment properties	(206)	—	—	(206)
Eliminated on disposal	—	—	(3,885)	(3,885)
Reclassified to assets held for sale	(543)	—	—	(543)
Exchange alignment	7,214	—	2,889	10,103
At 31 March 2011	362,094	—	112,132	474,226
Provided for the year	97,994	—	40,398	138,392
Eliminated on disposal	(18,304)	—	(13,381)	(31,685)
Exchange alignment	1,482	—	(817)	665
At 31 March 2012	443,266	—	138,332	581,598
<b>CARRYING VALUES</b>				
At 31 March 2012	3,848,499	1,838,781	300,722	5,988,002
At 31 March 2011	3,787,834	1,433,805	221,162	5,442,801

## Notes to the Consolidated Financial Statements

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### 17. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The carrying amounts of hotels, other properties and car parks shown above comprise:

	2012 HK\$'000	2011 HK\$'000
Leasehold land and building in Hong Kong:		
Long lease	794,846	641,924
Medium-term lease	2,109,254	2,189,060
Freehold land and building outside Hong Kong	1,692,452	1,500,743
Building on leasehold land outside Hong Kong:		
Long lease	239,771	137,557
Medium-term lease	850,957	752,355
	<b>5,687,280</b>	5,221,639

Leasehold lands are depreciated over the term of the lease of land. Completed buildings are depreciated on a straight-line basis over their useful lives ranging from 25 to 99 years or the remaining term of the lease of land, whichever is the shorter. Other items of property, plant and equipment are depreciated on a straight-line basis at the rates of 10% to 20% per annum. No depreciation is provided on freehold land and buildings under development.

The carrying amounts of properties under development at the end of the reporting period includes capitalised interest expense of HK\$49,472,000 (2011: HK\$45,940,000).

The Group is in the process of obtaining the title of certain properties located outside Hong Kong with carrying amount of HK\$317,411,000 (2011: HK\$318,317,000).

Included in other assets is an aggregate carrying amount of HK\$1,491,000 (2011: HK\$2,402,000) in respect of assets held under finance leases.

Properties with carrying amount of HK\$4,887,955,000 (2011: HK\$4,625,700,000) are under charge to secure bank borrowings of the relevant group entities.

During the year ended 31 March 2012, the Group disposed of a hotel in Hong Kong named "Central Park Hotel" to an independent third party for a consideration of HK\$515,000,000, and recognised a gain of HK\$380,288,000.

**18. PREPAID LEASE PAYMENTS**

	2012 HK\$'000	2011 HK\$'000
At 1 April	599,706	760,260
Transfer to properties for sale — for/under development	—	(180,608)
Transfer to investment properties	—	(6,235)
Revaluation increase upon transfer to investment properties	—	3,176
Additions	16,388	24,509
Amortisation	(9,537)	(10,359)
Exchange alignment	9,795	8,963
<b>At 31 March</b>	<b>616,352</b>	<b>599,706</b>
The carrying value represents leasehold land outside Hong Kong:		
Long-term lease with lease period of 99 years	313,178	297,439
Medium-term lease with lease period of 35 years	303,174	302,267
	<b>616,352</b>	<b>599,706</b>
Analysed for reporting purposes as:		
Current asset	18,867	13,636
Non-current asset	597,485	586,070
	<b>616,352</b>	<b>599,706</b>

Leasehold lands with carrying value of HK\$605,962,000 (2011: HK\$592,361,000) are under charge to secure bank borrowings of the relevant group entities.

**19. GOODWILL**

Goodwill arose from the acquisition of 73.75% equity interest in certain subsidiaries which are engaged in car park operation.

The management determines that there is no impairment on the carrying amount of the goodwill based on the estimated cash generated from the car park operation. The calculation uses cash flow projections based on financial budgets approved by the management covering a 5-years period, and at a discount rate of 17%. The management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of the goodwill exceeding its recoverable amount.

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### 20. OTHER INTANGIBLE ASSETS

Other intangible assets represent the rights to manage the operation of certain car parks. They were initially recognised at HK\$9,000,000 by making reference to the valuation performed by independent chartered accountants, Nexia ASR Pty Ltd, on the car park operation business. The valuation is determined on the income-based method.

The intangible assets are amortised on a straight-line basis over their estimated useful lives of 3 ½ years.

### 21. INTERESTS IN ASSOCIATES

	2012 HK\$'000	2011 HK\$'000
Unlisted investments, at cost	95,600	69,900
Share of post-acquisition results, net of dividends received	160,558	139,110
	<b>256,158</b>	209,010

Particulars of principal associates, which are incorporated and operating in Hong Kong except otherwise indicated, at the end of the reporting period are as follows:

Name of associate	Class of shares held	Registered capital/Proportion of nominal value of issued capital held by the Company indirectly		Principal activities
		2012	2011	
Bermuda Investments Limited	Ordinary	25	25	Property investment
Cosmopolitan Resort (Zhuji) Limited ("Zhuji") <sup>#</sup>	N/A	18	—	Property investment and development
Kanic Property Management Limited	Ordinary	50	50	Building management
Omicron International Limited <sup>*</sup>	Ordinary	30	30	Investment holding
Peacock Estates Limited	Ordinary	25	25	Property investment

<sup>#</sup> Incorporated and operating in PRC

<sup>\*</sup> Incorporated in British Virgin Islands

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

**21. INTERESTS IN ASSOCIATES** (Continued)

The summarised financial information of the associates is set out below:

	2012 HK\$'000	2011 HK\$'000
Total assets	1,079,327	883,767
Total liabilities	(99,812)	(154,215)
	<b>979,515</b>	729,552
Group's share of net assets	<b>245,557</b>	198,409
Revenue	<b>88,304</b>	560,065
Profit for the year	<b>87,976</b>	120,138
Group's share of results for the year	<b>23,843</b>	33,231

The Group has discontinued recognising its share of losses of certain associates. The amounts of unrecognised share of losses of those associates, extracted from the relevant management accounts of the associates, both for the year and cumulatively, are as follows:

	2012 HK\$'000	2011 HK\$'000
Unrecognised share of losses for the year	<b>18</b>	16
Accumulated unrecognised share of losses	<b>50,244</b>	50,226

**22. INTERESTS IN JOINT VENTURES****(a) Jointly controlled entities**

	2012 HK\$'000	2011 HK\$'000
Unlisted investments, at cost	<b>58,478</b>	30,543
Share of post-acquisition results, net of dividends/distributions received	<b>32,488</b>	32,898
	<b>90,966</b>	63,441

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

### 22. INTERESTS IN JOINT VENTURES (Continued)

#### (a) Jointly controlled entities (Continued)

Details of the Group's jointly controlled entities at the end of the reporting period are as follows:

Name of entity	Country of registration/ incorporation and operation	Proportion of registered capital/ nominal value of ordinary share capital* held by the Company indirectly		Principal activities
		2012	2011	
商丘永遠公路有限公司 Shangqiu Yongyuan Development Company Limited ("Shangqiu Yongyuan") (note)	PRC	68%	68%	Operation of highway
Jarrah Estate (Bundoora) Joint Venture	Australia	25%*	25%*	Property development
Guangdong Xin Shi Dai Real Estate Limited	PRC	50%	50%	Property development

Note: The entity is established, under a joint venture agreement, for the construction and operation of a highway for a term of 21 years commencing from 31 July 1997. The Group is entitled to 85% of the profits from operation of the highway until the Group has recouped in full its investment cost from the distribution by the entity. Thereafter, the Group is entitled to 25% of the profits whereas the PRC joint venture partner is entitled to the remaining 75% until the joint venture partner has recouped in full its investment cost, which is the agreed fair value of the land contributed to the entity. Thereafter, both parties' entitlement to the share of profit is in proportion to their respective contribution. On expiry of the joint venture period, the joint venture will be dissolved and all remaining undistributed assets will be surrendered to the PRC party. Accordingly, the Group's cost of investment in the jointly controlled entity is amortised over the joint venture period.

The entity is accounted for as jointly controlled entity although the Group's interest is more than 50% as the Group and the other equity owner jointly control the operating and financial policies of the entity under a contractual arrangement.

The summarised financial information in respect of the Group's interests in the jointly controlled entities which are accounted for using the equity method is set out below:

	2012 HK\$'000	2011 HK\$'000
Non-current assets	50,061	53,570
Current assets	101,996	45,821
Current liabilities	(37,723)	(8,480)
Revenue	19,038	78,923
Expenses	(12,024)	(74,181)



**22. INTERESTS IN JOINT VENTURES** *(Continued)***(b) Jointly controlled operation**

During the year, a non-wholly owned subsidiary, Kosmopolito entered into an agreement with a related company to jointly develop certain portion of the Group's freehold land with fair value, as agreed between the parties, of RM65,000,000 (equivalent to HK\$165,000,000). The related company is responsible for the provision of technical, commercial and financial management of the development on the land and marketing the properties on completion of their development and bears all the related cost and expenses of the development. The development activities and the sales of the completed properties are directed by the related company's board of directors, of which the Group and the related company have equal number of representatives throughout the joint venture period. The Group and the related company will share the profit or loss (representing revenue from sale less the fair value of the land, development costs and marketing expenses of the completed properties) from the development on a 50:50 basis.

Assets with a carrying amount of HK\$22,402,000 recognised in the consolidated financial statements as at 31 March 2012 in relation to the jointly controlled operations; representing the cost of the freehold land previously classified as property, plant and equipment, are included in properties for development under current assets. Income and expenses of the jointly controlled operation for the year are insignificant.

The related company is a company controlled by the Company's executive director who has significant influence over the Group through his equity interest in the Company.

**23. AVAILABLE-FOR-SALE INVESTMENTS**

	2012 HK\$'000	2011 HK\$'000
Listed equity securities:		
Hong Kong	3,457	40,956
Overseas	795	37,498
	<b>4,252</b>	78,454
Unlisted:		
Equity securities	10,949	33,173
Debt securities	301	64,292
Club membership	688	—
Investment funds	18,694	23,566
	<b>30,632</b>	121,031
	<b>34,884</b>	199,485
Analysed for reporting purposes as:		
Non-current assets	16,190	175,919
Current assets	18,694	23,566
	<b>34,884</b>	199,485

## Notes to the Consolidated Financial Statements

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### 23. AVAILABLE-FOR-SALE INVESTMENTS *(Continued)*

Available-for-sale investments are stated at fair value except that the unlisted equity securities are measured at cost less impairment as the directors are of the opinion that their fair values cannot be measured reliably.

The fair value of the listed equity securities are determined based on the quoted market bid prices available on the relevant stock exchanges. The fair value of the debt securities are determined in accordance with generally accepted pricing models based on discounted cash flow using market interest rates. The fair value of the investment funds is determined based on the quoted bid price available from the counterparties and is determined based on market price of the underlying listed securities.

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

	2012 HK\$'000	2011 HK\$'000
Investments held for trading		
Equity securities listed in Hong Kong	162	29,844
Equity securities listed overseas	296	31,845
Financial assets designated at fair value through profit or loss		
Debt securities	—	8,019
Structured investments	7,750	4,671
	<b>8,208</b>	74,379
Analysed for reporting purposes as:		
Non-current assets	7,750	4,671
Current assets	458	69,708
	<b>8,208</b>	74,379

The fair value of investments held for trading are determined based on quoted market bid price available on the relevant stock exchanges. The fair values of the debt securities and structured investments are determined using generally accepted pricing models based on discounted cash flow using prices or rates from observable current market transactions. Key assumptions include prices of underlying listed shares and market interest rates.

**25. AMOUNTS DUE FROM ASSOCIATES**

	2012 HK\$'000	2011 HK\$'000
Unsecured interest free advance to associates	70,784	101,513
Less: Amounts due within one year classified under current assets	—	(4,863)
Amounts due after one year	70,784	96,650

In determining the recoverability of the amounts due from associates, the Group takes into consideration the fair values of the underlying assets, the future operation and cashflows of the associates.

**26. OTHER RECEIVABLES**

	2012 HK\$'000	2011 HK\$'000
Promissory notes receivable and accrued interest	140,116	135,975
Second mortgage loans	23,222	24,134
	163,338	160,109
Less: Impairment loss recognised on second mortgage loans	(21,654)	(22,101)
	141,684	138,008
Less: Amount due within one year and classified under current assets	(277)	(1,112)
Amount due after one year	141,407	136,896

Promissory notes with aggregate principal amount of US\$17,500,000 (equivalent to HK\$135,625,000) issued in February 2010 represent the balance payment of the consideration from disposal of certain properties outside Hong Kong. The notes together with interest accrued at the rate of 2% per annum in the first year and 4% per annum thereafter will be receivable on maturity on 20 February 2014. The notes are secured by first priority mortgage liens over the properties disposed of and a pledge of the purchasers' equity interest in the entity acquiring the properties.

Second mortgage loans and interest receivable are secured by the properties of the borrowers. The loans bear interest at prime rate with an effective interest rate as at 31 March 2012 of 5.00% per annum (2011: 5.00%), and are repayable by instalments in accordance to their respective repayment terms.

No further allowance for doubtful debts was recognised during the year. Reversal of doubtful debts amounting to HK\$447,000 (2011: HK\$1,713,000) is made during the year on recovery of the debts.

In determining the recoverability of loans receivable, the Group considers any change in the credit quality of the borrowers and the value of the underlying properties under mortgage. The directors believe that there is no further provision required.

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For the year ended 31 March 2012

### 27. BANK DEPOSITS, BANK BALANCES AND CASH

Pledged deposits included in non-current assets carry interest at rates ranging from 0.001% to 5.3% (2011: 0.001% to 6.0%) per annum. These deposits are pledged to secure bank loans repayable after one year.

Pledged deposits included in current assets include deposits of HK\$20,009,000 (2011: HK\$2,428,000) which carry interest at fixed rates ranging from 0.1% to 0.8% (2011: 0.001% to 0.5%) per annum and the remaining carry interest at an average market rates of 2.72% (2011: 2.72%) per annum. These deposits, with maturity dates ranging from 1 to 6 months, are pledged to secure bank borrowings repayable within one year.

Restricted bank deposits can be solely applied for settlement of development cost of designated property projects.

Bank deposits with maturity of less than three months and bank balances carry interest at market rates ranging from 0.0% to 4.76% (2011: 0.0% to 4.47%) per annum.

### 28. PROPERTIES FOR SALE

Included in properties for sale are properties with carrying value of HK\$3,777,241,000 (2011: HK\$2,658,204,000) which are not expected to be realised within the next twelve months.

Properties for sale with carrying amount of HK\$1,615,414,000 (2011: HK\$1,591,613,000) are under legal charge to secure bank borrowings of the respective group entities.

The carrying amount includes the freehold land of HK\$22,402,000 transferred from property, plant and equipment for joint development as detailed in note 22(b).

### 29. DEBTORS, DEPOSITS AND PREPAYMENTS

	2012 HK\$'000	2011 HK\$'000
Trade debtors	73,300	73,079
Advance to contractors	26,085	28,796
Utility and other deposits	28,771	38,402
Value-added tax recoverable	1,104	—
Prepayment and other receivables	151,310	89,049
	<b>280,570</b>	229,326

**29. DEBTORS, DEPOSITS AND PREPAYMENTS** (Continued)

The following is an aged analysis of trade debtors based on the invoice date:

	2012 HK\$'000	2011 HK\$'000
0–60 days	63,441	62,688
61–90 days	4,192	5,431
Over 90 days	5,667	4,960
	<b>73,300</b>	73,079

Trade debtors aged over 60 days are past due but are not impaired.

Trade debtors mainly comprise of receivable from renting of properties and use of hotel facilities. No credit is allowed to the tenants of the properties. Rentals are payable on presentation of demand notes. Hotel room revenue is normally settled by cash or credit card. Credit period of 30 to 60 days are allowed to travel agents and corporate customers.

Sale of properties are settled according to the payment terms of individual contract but have to be fully settled before transfer of the legal titles.

In determining the recoverability of trade and other debtors, the Group considers the subsequent settlement and any change in the credit quality of the debtors from the date credit was initially granted up to the end of each of the reporting period. There is no concentration of credit risk due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance already made.

Allowance for doubtful debts was provided on the trade debtors and the movements are as follows:

	2012 HK\$'000	2011 HK\$'000
Balance at beginning of the year	7,087	6,990
Impairment losses recognised	3,011	261
Amount written off as uncollectible	(655)	(164)
Balance at end of the year	<b>9,443</b>	7,087

## Notes to the Consolidated Financial Statements

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### 30. DERIVATIVE FINANCIAL INSTRUMENTS

	Assets		Liabilities	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Interest rate swap (note a)	—	376	(1,198)	(61,824)
Call/put options in listed equity securities (note b)	10	22	(47)	(71)
Index swap	—	—	—	(7,471)
	<b>10</b>	398	<b>(1,245)</b>	(69,366)
Analysed for reporting purpose as:				
Current assets	10	398	—	—
Current liabilities	—	—	(1,245)	(751)
Non-current liabilities	—	—	—	(68,615)
	<b>10</b>	398	<b>(1,245)</b>	(69,366)

Notes:

- (a) Major terms of the interest rate swap contracts outstanding as at 31 March 2012 which were entered into by the Group to reduce its exposure to interest rate fluctuation of the bank borrowings that carry interest at variable interest rate are set out below. These derivatives are not accounted for under hedge accounting.

(i) Date of contract: 19 September 2008  
 Effective date: 25 September 2008  
 Notional amount: Aggregate total of HK\$1,900,000,000  
 Maturity: 25 September 2013 with an option of early termination by the Group  
 Interest payment: Pay interest at 3 months HIBOR with a maximum capped at 7.5% per annum and receive interest at 3 months HIBOR

(ii) Date of contract: 28 July 2010  
 Effective date: 7 October 2010  
 Notional amount: SGD10,000,000  
 Maturity: 7 December 2013  
 Interest payment: Pay interest at a fixed rate of 1.46% and receive interest at 3 months SGD Swap Offer Rate

The fair value of the interest rate swap contracts are determined based on the discounted cash flow analysis using the applicable yield curve and the remaining duration of the instruments.

During the year, the Group early terminated a contract with notional amount of HK\$1,900,000,000 before its contractual maturity date on 25 September 2013 and recorded a loss of HK\$5,057,000 recognised in the current year's profit or loss.

- (b) Call and put options represents right to purchase or sell listed equity securities with predetermined prices on maturity. Duration of these contracts ranges from one to three months.

The fair value of the call and put options is determined in accordance with generally accepted pricing model based on quotation from the counterparties for similar instruments.

**31. ASSETS CLASSIFIED AS HELD FOR SALE AND ASSOCIATED LIABILITIES**

The assets classified as held for sale, which are under legal charge to secure bank borrowings of the group entities, and associated liabilities comprises of:

	2012 HK\$'000	2011 HK\$'000
Assets classified as held for sale:		
Investment property (note a)	<b>328,861</b>	—
Other property, plant and equipment (note b)	<b>90,067</b>	79,648
	<b>418,928</b>	79,648
Liabilities associated with assets held for sales:		
Rental deposit received	<b>2,994</b>	—

(a) On 16 March 2012, the Company entered into an agreement for the disposal of investment properties located outside Hong Kong at a consideration of HK\$328,861,000. The disposal is scheduled to be completed on or before 29 June 2012. The properties to be disposed of are reclassified as assets held for sale and stated at fair value which has been arrived at by reference to the consideration of the disposal.

(b) During the year ended 31 March 2011, the Company decided to dispose of certain properties in Hong Kong held under medium-term lease. The properties which were previously planned for owners' occupation is reclassified from property, plant and equipment to non-current asset held for sale.

**32. CREDITORS AND ACCRUALS**

	2012 HK\$'000	2011 HK\$'000
Trade creditors		
— Construction cost and retention payable	<b>195,985</b>	69,132
— Others	<b>59,387</b>	47,253
Construction cost and retention payable for capital assets	<b>92,088</b>	62,692
Rental and reservation deposit and receipt in advance	<b>52,765</b>	19,080
Other payable and accrued charges	<b>206,073</b>	208,819
	<b>606,298</b>	406,976

The following is an aged analysis of the trade creditors:

	2012 HK\$'000	2011 HK\$'000
0–60 days	<b>162,478</b>	46,978
61–90 days	<b>5,747</b>	10,880
Over 90 days	<b>87,147</b>	58,527
	<b>255,372</b>	116,385

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### 33. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2012	2011	2012	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amounts payable under finance leases:				
Within one year	224	476	218	474
In more than one year but not more than five years	625	84	474	84
	849	560	692	558
Less: Future finance charges	(157)	(2)	—	—
Present value of lease obligations	692	558	692	558
Less: Amount due within one year shown under current liabilities			(218)	(474)
Amount due after one year			474	84

It is the Group's policy to lease certain of its motor vehicles and equipment under finance leases. The average lease terms range from 1 to 5 years. The average effective borrowing rates for the year is 2.7% (2011: 2.7%) per annum. 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 fair value of the Group's finance lease obligations, determined based on the present value of the estimated future cash flow discounted using the prevailing market rate, at the end of the reporting period approximates to their carrying amount.



**34. SECURED BANK AND OTHER BORROWINGS**

	2012 HK\$'000	2011 HK\$'000
The borrowings comprise:		
Bank loans	<b>6,414,242</b>	5,261,099
Other loans	—	32,267
	<b>6,414,242</b>	5,293,366
Less: Front-end fee	<b>(29,153)</b>	(41,093)
	<b>6,385,089</b>	5,252,273
Analysed for reporting purpose as:		
Current liabilities	<b>1,764,289</b>	1,112,991
Non-current liabilities	<b>4,620,800</b>	4,139,282
	<b>6,385,089</b>	5,252,273
The borrowings repayable based on scheduled repayment dates set out in the loan agreements are as follows:		
On demand or within one year	<b>1,260,081</b>	1,025,610
More than one year, but not exceeding two years	<b>3,399,021</b>	1,014,113
More than two years, but not exceeding five years	<b>1,495,793</b>	2,958,487
More than five years	<b>259,347</b>	295,156
	<b>6,414,242</b>	5,293,366

The carrying amount of borrowings include an amount of HK\$504,208,000 (2011: HK\$87,381,000) which is not repayable within one year is shown under current liabilities as the counterparties have a discretionary right to demand immediate repayment.

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### 34. SECURED BANK AND OTHER BORROWINGS *(Continued)*

Bank loans with aggregate carrying amount of HK\$129,022,000 (2011: HK\$134,720,000) bear interest at fixed rates ranging from 5.75% to 8.53% (2011: 5.75% to 5.94%) per annum. The remaining bank loans and other loans bear interest at floating rates ranging from 0.62% to 11.41% (2011: 0.63% to 11.41%) per annum. Bank loans which are denominated in various currencies are analysed below:

Currencies	Interest rates	2012 HK\$'000	2011 HK\$'000
HK\$	HIBOR plus 0.85% to 1.5% to HK\$ Prime Lending Rate minus 1% (2011: HIBOR plus 0.8% to HK\$ Prime Lending Rate minus 1%)	<b>3,816,066</b>	3,299,486
RMB	110% of 1-year PBOC Prescribed Interest rate to 125% of 1 to 3 years PBOC Prescribed Interest Rate (2011: 1 year PBOC Prescribed Interest Rate to 120% of 1 to 3 years PBOC Prescribed Interest Rate)	<b>895,304</b>	762,406
S\$	S\$ SOR plus 1.25% to 1.85% (2011: S\$ SOR plus 1.25% to 1.85%)	<b>420,184</b>	370,375
RM	Malaysia BLR minus 1.5% to BLR plus 1.5% (2011: Malaysia BLR minus 1.5% BLR plus 1.5%)	<b>383,949</b>	390,602
A\$	Australia BBSW plus 1% to 1.5% (2011: Australia BBSW plus 1% to 1.5%)	<b>769,717</b>	303,510
RMB and S\$	Fixed rates ranging from 5.75% to 8.53% (2011: 5.75% to 5.94%)	<b>129,022</b>	134,720
		<b>6,414,242</b>	5,261,099

**35. SHARE CAPITAL**

	Number of ordinary shares of HK\$0.1 each	Nominal value HK\$'000
Authorised:	<b>4,000,000,000</b>	400,000
Issued and fully paid:		
At 1 April 2010	<b>1,906,378,267</b>	190,638
Issue of shares in lieu of cash dividends at HK\$2.28 per share	<b>6,051,909</b>	605
Issue of shares in lieu of cash dividends at HK\$2.04 per share	<b>9,902,383</b>	990
Repurchase of shares	<b>(4,070,000)</b>	(407)
At 31 March 2011	<b>1,918,262,559</b>	191,826
Issue of shares in lieu of cash dividends at HK\$1.45 per share	<b>31,330,600</b>	3,133
Issue of shares in lieu of cash dividends at HK\$1.09 per share	<b>10,163,917</b>	1,017
At 31 March 2012	<b>1,959,757,076</b>	195,976

All the shares issued during the two years ended 31 March 2012 rank pari passu in all respects with the existing shares.

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities other than those disclosed above.

During the year ended 31 March 2011, the Company, through its subsidiary, repurchased certain of its own shares which were cancelled in May 2010 as follows:

Month of repurchase	No. of ordinary shares purchased	Price per share		Aggregate consideration paid HK\$
		Highest HK\$	Lowest HK\$	
March 2010	2,250,000	2.31	2.24	5,119,120
April 2010	1,540,000	2.38	2.18	3,529,110
May 2010	280,000	2.23	2.19	618,050

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### 36. CONVERTIBLE BONDS

	2012 HK\$'000	2011 HK\$'000
At 1 April	716,785	751,013
Amortised interest charged to profit or loss	35,709	49,001
Payment of coupon interest	(26,176)	(32,996)
Amortisation of issue expenses	11,661	2,690
Decrease in fair value	(3,032)	—
Repurchase	(55,373)	(52,923)
Redemption	(649,500)	—
At 31 March	30,074	716,785

The carrying amount at the end of the reporting period represents the liability component of convertible bonds with principal amount of HK\$33,500,000 (2011: HK\$740,000,000).

The bonds carry interest at 3.625 percent and are convertible, at the option of the holders, into ordinary shares of HK\$0.10 each of the Company at an adjusted conversion price of HK\$3.41 per share, subject to further anti-dilution adjustments during the period up to 28 February 2015. The bondholders might require the Company to redeem all or part of the bonds on 5 March 2012 at 100% of their principal amount together with accrued interest. The outstanding bonds are redeemable by the Company after 5 March 2012 and prior to maturity at the principal amount together with accrued interest under certain specified conditions. Any remaining outstanding bonds will be redeemed at the principal value together with accrued interest on maturity.

The bonds contains three components, liability element, equity element and early redemption option. As the early redemption option is closely related to the host contract, it is not separately accounted for from the host contract. The fair value of liability component is initially estimated at HK\$760,590,000 based on the valuation carried out by Vigers Appraisal and Consulting Ltd on the assumption that the bondholders could request for redemption on 5 March 2012. The liability component of the bonds is carried at amortised cost and amortised at an effective interest rate of 6.29% per annum.

On 5 March 2012, certain bondholders have exercised their rights to redeem a total principal amount of HK\$649,500,000 of the bonds. During the year ended 31 March 2012, the Company repurchased a total principal amount of HK\$57,000,000 (2011: HK\$60,000,000) of the bonds at a consideration of HK\$48,987,000 (2011: HK\$59,173,000). The redeemed and repurchased bonds were subsequently cancelled. The gain on the repurchase and redemption of HK\$34,714,000 (2011: HK\$1,956,000) is recognised in retained profits.

The bonds outstanding at 31 March 2012 are reclassified under non-current liabilities in accordance to their maturity date which is 5 March 2015 as the bondholders' right to redeem on 5 March 2012 had lapsed.

**37. DEFERRED TAXATION**

The major deferred tax (assets) liabilities recognised by the Group and movements thereon during the current and prior years are as follows:

	Accelerated tax depreciation	Revaluation of investments properties	Revaluation of assets	Fair value adjustments on business combination	Convertible bond	Intangible asset	Tax losses	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2010	35,552	69,712	72,396	44,131	6,042	(527)	(18,983)	—	208,323
Charge (credit) to profit or loss	4,985	10,641	(1,701)	(1,155)	—	(772)	(5,076)	(1,345)	5,577
Charge to other comprehensive income	—	794	—	—	—	—	—	—	794
Reversal of deferred tax on equity component of partial bonds	—	—	—	—	(1,428)	—	—	—	(1,428)
Exchange re-alignment	—	—	13,365	—	—	—	—	—	13,365
At 31 March 2011	40,537	81,147	84,060	42,976	4,614	(1,299)	(24,059)	(1,345)	226,631
Charge (credit) to profit or loss	13,914	1,060	(1,701)	(1,245)	—	(772)	(505)	(172)	10,579
Reversal of deferred tax on equity component of partial bonds	—	—	—	—	(4,361)	—	—	—	(4,361)
Exchange re-alignment	—	—	2,039	—	—	—	—	—	2,039
At 31 March 2012	54,451	82,207	84,398	41,731	253	(2,071)	(24,564)	(1,517)	234,888

At 31 March 2012, the Group has unused tax losses of HK\$1,165,603,000 (2011: HK\$1,066,585,000) available for offset against future profits. A deferred tax asset has been recognised in respect of such losses to the extent of HK\$160,479,000 (2011: HK\$157,418,000). No deferred tax asset has been recognised in respect of the remaining tax losses of HK\$1,005,124,000 (2011: HK\$909,167,000) due to the unpredictability of future profit streams.

At 31 March 2012, the Group has deductible temporary difference of HK\$288,569,000 (2011: HK\$281,678,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary difference can be utilised.

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred tax has not been provided for on the temporary differences attributable to profits of the PRC subsidiaries of HK\$430,228,000 (2011: HK\$418,274,000) generated after 1 January 2008 as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

**38. NON-CONTROLLING INTERESTS**

	2012 HK\$'000	2011 HK\$'000
Share of net assets of subsidiaries	1,041,216	888,906
Share option reserve of subsidiaries	7,173	3,299
	<b>1,048,389</b>	892,205

**39. DISPOSAL OF SUBSIDIARIES****(a) Deemed disposal of interests in subsidiaries**

During the preceding year, certain subsidiaries underwent corporate re-organisation to rationalise the hotel development and operation business in preparation for listing of the shares of the Company's indirect subsidiary, Kosmopolito. The corporate reorganisation involved transfers of certain wholly-owned subsidiaries of the Company to Kosmopolito and capitalisation of an amount of HK\$1,859,812,000 due by Kosmopolito and its subsidiaries to the Group by the subscription of 1,730,000,000 ordinary shares of Kosmopolito at a price of HK\$1.075. The Company's interests in 270,000,000 of these shares, together with new issues of 270,000,000 ordinary shares by Kosmopolito were offered for sale to the public. The offer for sale was completed on 11 October 2010 and the Company's interest in Kosmopolito was reduced from 100% to 73%.

As the Company has not lost control over Kosmopolito, the gain resulting from the spin off of Kosmopolito of HK\$417,926,000, being the difference between the net proceeds received in the offer of HK\$1,140,986,000 (net of issue expense of HK\$47,014,000) and the non-controlling interest in Kosmopolito recognised of HK\$723,060,000, is recognised in equity.

**(b) Disposal of subsidiaries**

On 31 March 2011, the Group disposed of a hotel named "The Mercer by Kosmopolito" through the disposal of its entire interest in Excel Chinese International Limited at a consideration of HK\$290,000,000 and recognised a gain of HK\$81,385,000. The net cash inflow arising from disposal is as follow:

	HK\$'000
Consideration, net of expenses	289,215
Bank balances and cash disposed of	(171)
	289,044

**40. MAJOR NON-CASH TRANSACTIONS**

During the year, the Group entered into finance lease arrangements for acquisition of asset with a total capital value at the inception of the leases of HK\$479,000 (2011: HK\$145,000).

The Company issued shares in lieu of cash dividend payable to the Company's shareholders totalling HK\$56,576,000 (2011: HK\$34,005,000).

**41. CHARGE ON ASSETS**

Bank loans with aggregate carrying amount of HK\$6,414,242,000 (2011: HK\$5,293,366,000) outstanding at the end of the reporting period are secured by a fixed charge over the Group's properties (presented under the line items of properties for sale, investment properties, property, plant and equipment, prepaid lease payments and non-current asset held for sale) with an aggregate carrying amount of HK\$9,743,967,000 (2011: HK\$8,970,185,000) and a pledge of deposits of HK\$367,924,000 (2011: HK\$274,798,000) together with a floating charge over other assets of the property owners and benefits accrued to those properties.

Other loans of HK\$32,267,000 outstanding as at 31 March 2011 were secured by the Group's investments in securities classified as held for trading and available-for-sale investments, and deposits with the relevant counterparty with an aggregate carrying amount of HK\$81,651,000.

**42. CONTINGENT LIABILITIES**

During the year ended 31 March 2010, a subsidiary of the Company initiated a lawsuit against the contractor for the unsatisfactory performance in relation to the construction of a hotel for an amount of HK\$14,356,000. In response to the claim, the contractor filed counterclaims against the subsidiary for an amount of HK\$25,841,000. The trial will commence on 10 July 2012. In the opinion of the directors, there is a fair chance of winning the lawsuit after consultation with the lawyer. Accordingly, no provision for potential liability has been made in the consolidated financial statements.

**43. CAPITAL COMMITMENTS**

	2012 HK\$'000	2011 HK\$'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
Acquisition, development and refurbishment of hotel properties	<b>585,760</b>	595,557
Others	<b>4,421</b>	1,528
	<b>590,181</b>	597,085
Capital expenditure authorised but not contracted for in respect of:		
Development and refurbishment of hotel properties	<b>319,593</b>	28,177
Others	<b>19,274</b>	22,933
	<b>338,867</b>	51,110
	<b>929,048</b>	648,195

## Notes to the Consolidated Financial Statements

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### 44. OPERATING LEASE ARRANGEMENTS

#### The Group as lessor:

At the end of the reporting period, investment properties and properties for sale with carrying amount of HK\$2,107,469,000 (2011: HK\$2,318,990,000) and HK\$73,804,000 (2011: HK\$80,352,000) respectively were let out under operating leases. Gross rental income earned during the year is HK\$113,422,000 (2011: HK\$93,423,000) of which HK\$102,848,000 (2011: HK\$87,958,000) was derived from letting of investment properties. The property held has committed tenants for the next one to twenty years.

At the end of the reporting period, the Group had contracted with tenants for the future minimum lease payments under non-cancellable operating leases which fall due:

	2012 HK\$'000	2011 HK\$'000
Within one year	86,894	81,022
In the second to fifth year inclusive	159,614	150,203
More than five years	85,482	129,043
	<b>331,990</b>	360,268

Leases are negotiated and rentals are fixed for terms ranging from one to twenty years (2011: one to twenty years).

#### The Group as lessee:

Minimum lease payments paid under operating leases during the year.

	2012 HK\$'000	2011 HK\$'000
Premises	261,393	230,598
Equipment	22	21
	<b>261,415</b>	230,619

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

	2012 HK\$'000	2011 HK\$'000
Within one year	80,243	75,330
In the second to fifth year inclusive	145,173	166,941
	<b>225,416</b>	242,271

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



#### 45. SIGNIFICANT RELATED PARTY TRANSACTIONS

- (a) During the year, the Group entered into an agreement with a related company for the joint development of properties on land owned by the Group as disclosed in note 22(b).
- (b) An associate provides building management service to the Group. Building management fee paid during the year for the services provided amounted to HK\$3,913,000 (2011: HK\$3,950,000).
- (c) A director provided personal guarantee for one of the Group's bank loan which was fully repaid during the year. The amount of the bank loan outstanding at 31 March 2011 was HK\$33,522,000.
- (d) Remuneration paid and payable to the members of key management, who are the directors and five highest paid individuals, during the year are disclosed in note 15.

#### 46. AMOUNT DUE FROM/TO RELATED PARTIES

The amounts due from/to associates, jointly controlled entity, investee company, related companies and non-controlling shareholders of subsidiaries are set out in the consolidated statement of financial position. The amounts are unsecured, interest-free and either repayable on demand or without fixed terms of repayment.

The Group does not expect for repayment in respect of the amount due from an investee company within the next twelve months from the end of the reporting period and, accordingly, the amount is classified under non-current assets.

The related companies are companies controlled by certain executive directors or their close family members who have significant influence over the Group through their direct and indirect equity interest in the Company.

#### 47. SHARE OPTION SCHEME

##### (a) Share Option Scheme of Far East Consortium International Limited ("FECIL Share Option Scheme")

On 28 August 2002, the share option scheme of the Company was approved by the Company for the purpose of providing incentives and rewards to employees or executive or officers (including executive and non-executive directors) of the Company or any of its subsidiaries and business consultants, agents and legal or financial advisers who will contribute or have contributed to the Company or any of its subsidiaries. Under the FECIL Share Option Scheme, the board of directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

Without prior approval from the Company's shareholders, the total number of shares to be issued under the FECIL Share Option Scheme is not permitted to exceed 10% of the shares of the Company then in issue; and the number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company then in issue.

Options granted will be taken up upon payment of HK\$1 by the grantee. Options may be exercised at any time not exceeding a period of 10 years from the date on which the share options is accepted. The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

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### 47. SHARE OPTION SCHEME (Continued)

#### (a) FECIL Share Option Scheme (Continued)

Share options were granted by the Company on 21 October 2004, 25 August 2006 and 8 May 2009, at an initial exercise price at HK\$2.075, HK\$3.290 and HK\$1.500 per share to directors and employees of the Company and its subsidiaries.

At 31 March 2012, the number of options which remained outstanding under the Share Option Scheme was 24,650,000 (2011: 24,650,000) which, if exercise in full, would represent 1.24% (2011: 1.30%) of the enlarged capital of the Company.

Details of options granted are as follows:

Option type	Vesting period	Exercisable period (note)	Exercise price HK\$
<b>Options granted on 21 October 2004</b>			
Tranche 1	21.10.2004 to 31.10.2004	1.11.2004 to 20.10.2014	2.075
Tranche 2	21.10.2004 to 31.12.2005	1.1.2006 to 20.10.2014	2.075
Tranche 3	21.10.2004 to 31.12.2006	1.1.2007 to 20.10.2014	2.075
Tranche 4	21.10.2004 to 31.12.2007	1.1.2008 to 20.10.2014	2.075
Tranche 5	21.10.2004 to 31.12.2008	1.1.2009 to 20.10.2014	2.075
<b>Options granted on 25 August 2006</b>			
Tranche 3	25.8.2006 to 31.12.2007	1.1.2008 to 24.8.2016	3.290
Tranche 4	25.8.2006 to 31.12.2008	1.1.2009 to 24.8.2016	3.290
Tranche 5	25.8.2006 to 31.12.2009	1.1.2010 to 24.8.2016	3.290
<b>Options granted on 8 May 2009</b>			
Tranche 1	8.5.2009 to 15.9.2009	16.09.2009 to 15.09.2019	1.500
Tranche 2	8.5.2009 to 15.9.2010	16.09.2010 to 15.09.2019	1.500
Tranche 3	8.5.2009 to 15.9.2011	16.09.2011 to 15.09.2019	1.500
Tranche 4	8.5.2009 to 15.9.2012	16.09.2012 to 15.09.2019	1.500

Note: Pursuant to a resolution passed by the Company on 4 August 2010, the exercisable periods of the options granted are extended for a further five years to 20 October 2014 and 24 August 2016 respectively.

**47. SHARE OPTION SCHEME** (Continued)**(a) FECIL Share Option Scheme** (Continued)

The movements in the options granted to employees in aggregate during the two years ended 31 March 2011 and 31 March 2012 are as follows:

Option type	Date of grant	At 1.4.2010	Granted/ lapsed during the year	At 31.3.2011	Granted/ lapsed during the year	At 31.3.2012
Tranche 1	21.10.2004	250,000	—	250,000	—	250,000
Tranche 2	21.10.2004	425,000	—	425,000	—	425,000
Tranche 3	21.10.2004	2,775,000	—	2,775,000	—	2,775,000
Tranche 4	21.10.2004	5,875,000	—	5,875,000	—	5,875,000
Tranche 5	21.10.2004	6,975,000	—	6,975,000	—	6,975,000
		16,300,000	—	16,300,000	—	16,300,000
Tranche 4	25.8.2006	450,000	—	450,000	—	450,000
Tranche 5	25.8.2006	500,000	—	500,000	—	500,000
		950,000	—	950,000	—	950,000
Tranche 1	8.5.2009	1,850,000	—	1,850,000	—	1,850,000
Tranche 2	8.5.2009	1,850,000	—	1,850,000	—	1,850,000
Tranche 3	8.5.2009	1,850,000	—	1,850,000	—	1,850,000
Tranche 4	8.5.2009	1,850,000	—	1,850,000	—	1,850,000
		7,400,000	—	7,400,000	—	7,400,000
		24,650,000	—	24,650,000	—	24,650,000
Weighted average exercisable price		1.569	—	1.569	—	1.949
Number of options exercisable at the end of the year				20,950,000		22,800,000

No share options were exercised during the two years ended 31 March 2012.

Total share option expense in relation to the options granted by the Company recognised during the year amounted to HK\$484,000 (2011: HK\$6,803,000).

An additional share option expenses of HK\$5,776,000 was recognised immediately in profit or loss in the prior year due to the incremental fair value of the options determined on the date of modification using the Binomial model on extension of the exercisable periods of the share options after the vesting periods.

**47. SHARE OPTION SCHEME** (Continued)**(b) Kosmopolito Share Option Scheme**

On 10 September 2010, a share option scheme of Kosmopolito (the "Kosmopolito Share Option Scheme") was approved by Kosmopolito for the purpose of rewarding to directors (including executive, non-executive and independent non-executive directors) of the Company and Kosmopolito or any of their subsidiaries and advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, service providers of any member of the Group who will contribute or have contributed to the Company and Kosmopolito or any of its subsidiaries. Under Kosmopolito Share Option Scheme, the board of directors of Kosmopolito may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in Kosmopolito.

Without prior approval from the Kosmopolito's shareholders, (i) the total number of shares to be issued under the Kosmopolito Share Option Scheme is not permitted to exceed 10% of the shares of the Kosmopolito then in issue; (ii) the number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of Kosmopolito then in issue.

Options granted will be taken up upon payment of HK\$1 by the grantee. Options may be exercised at any time not exceeding a period of 10 years from the date on which the share options is accepted. The exercise price is determined by the directors of Kosmopolito, and will not be less than the higher of (i) the closing price of Kosmopolito's shares on the date of grant, (ii) the average closing price of Kosmopolito's shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Kosmopolito's share.

As at 31 March 2012, the number of options which remained outstanding under the Kosmopolito Share Option scheme was 22,654,536 (2011: 29,699,990) which, if exercise in full, represents 1.12% (2011: 1.46%) of the enlarged capital of Kosmopolito.

Details of the share options, which were granted on 11 October 2010 at an initial exercise price at HK\$2.20 per share, to employees are as follows:

Option type	Vesting period	Exercisable period	Exercise price HK\$	Granted during the year	Lapsed during the year	At 31.3.2011	Lapsed during the year	At 31.3.2012
Tranche 1	11.10.2010 to 10.10.2012	11.10.2011 to 10.10.2014	2.20	6,826,353	(181,818)	6,644,535	(2,113,636)	4,530,899
Tranche 2	11.10.2010 to 10.10.2012	11.10.2012 to 10.10.2015	2.20	6,826,353	(181,818)	6,644,535	(2,113,636)	4,530,899
Tranche 3	11.10.2010 to 10.10.2013	11.10.2013 to 10.10.2016	2.20	7,530,899	(181,818)	7,349,081	(2,818,182)	4,530,899
Tranche 4	11.10.2010 to 10.10.2014	11.10.2014 to 10.10.2017	2.20	4,712,717	(181,818)	4,530,899	—	4,530,899
Tranche 5	11.10.2010 to 10.10.2015	11.10.2015 to 10.10.2018	2.20	4,712,758	(181,818)	4,530,940	—	4,530,940
				30,609,080	(909,090)	29,699,990	(7,045,454)	22,654,536

**47. SHARE OPTION SCHEME** *(Continued)***(b) Kosmopolito Share Option Scheme** *(Continued)*

No options were granted during the year ended 31 March 2012 and no options granted were exercised during both years ended 31 March 2011 and 2012.

The fair value of the options at the date of grant determined using the Binomial model was HK\$18,001,000. The Group recognised a total expense of approximately HK\$4,898,000 (2011: HK\$3,299,000) in profit or loss during the year.

**48. RETIREMENT BENEFITS SCHEMES**

The Group operates a MPF Scheme for all qualifying employees in Hong Kong under the rules and regulations of the Mandatory Provident Fund Authority. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. Contributions are made based on a percentage of the participating employees' relevant income from the Group and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. When an employee leaves the MPF Scheme, the mandatory contributions are fully vested with the employee.

According to the relevant laws and regulations in the PRC, the PRC subsidiary is required to contribute a certain percentage of the salaries of their employees to the state-managed retirement benefit scheme. The only obligation of the Group with respect to the retirement benefit scheme is to make the required contributions under the scheme.

The Group makes defined contributions to the Employees Provident Fund for qualifying employees in Malaysia under which the Group is required to make fixed contributions under the defined contribution plans to separate entities. The Group has no legal or constructive obligations of further contributions to make up any deficiencies of fund assets to cover all employees benefits relating to their services to the Group.

The Group makes defined contribution to the Singapore Central Provident Fund, whereby the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

The Group makes contribution to independent superannuation master funds for employees in Australia, based on a certain percentage of the employee's salaries and wages. The only obligation of the Group with respect to the retirement benefit scheme is to make the required contribution.

Total retirement benefit expenses charged to profit or loss amounted to HK\$23,732,000 in the current year (2011: HK\$22,879,000).

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### 49. EVENTS AFTER THE REPORTING PERIOD

- (a) On 16 April 2012, the Company entered into an agreement with a substantial shareholder to repurchase from the latter 230 million ordinary shares of the Company at a price of HK\$1.23 giving an aggregate consideration of approximately HK\$282.9 million. The repurchase is subject to the approval of the respective shareholders of Company.
- (b) Subsequent to the end of the reporting period, the Company acquired additional 2.3% interest in certain subsidiaries with principal activity of carpark operation in Australia for an aggregate consideration of approximately HK\$11.3 million from non-controlling shareholders and of which 2% was from an executive director.
- (c) On 25 May 2012, a non-wholly owned subsidiary, Kosmopolito entered into an agreement to dispose of its entire equity interest in and the assignment of the shareholder's loan to Hong Kong (SAR) Hotel Limited ("HKSAR") to an independent third party for an aggregate consideration of approximately HK\$800 million. The disposal is subject to the approval of the Company's and Kosmopolito's shareholders. HKSAR is the owner and operator of Dorsett Regency Hotel Hong Kong.

### 50. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of principal subsidiaries at the end of the year are as follows:

Name of subsidiary	Place of incorporation/ establishment and operation	Number of ordinary shares	Issued share capital		Proportion of nominal value of issued capital/ registered capital held by the Company		Principal activities
			Par value per share/ total registered capital	Class of shares	2012	2011	
<b>Direct subsidiaries</b>							
Accord Rise Investments Limited	BVI/HK	1	US\$1	Ordinary	100	100	Investment holding
Ample Bonus Limited	BVI/HK	101	US\$1	Ordinary	100	100	Investment holding
Ondella International Limited	BVI/HK	1	US\$1	Ordinary	100	100	Investment holding
<b>Indirect Subsidiaries</b>							
124 York Street Pty Ltd	Australia	10,000	A\$0.012178	Ordinary	73.75	73.75	Car park operation
13 Roper Street Pty Ltd	Australia	10,000	A\$0.012178	Ordinary	73.75	73.75	Car park operation
13 Roper Street Trust	Australia	N/A	N/A	N/A	73.75	73.75	Car park operation
19 Bank Street Pty Ltd	Australia	10,000	A\$0.012178	Ordinary	73.75	73.75	Car park operation
19 Bank Street Trust	Australia	N/A	N/A	N/A	73.75	73.75	Car park operation
344 Queen Car Park Pty Ltd	Australia	10,000	A\$0.012178	Ordinary	73.75	73.75	Car park operation
344 Queen Car Park Trust	Australia	N/A	N/A	N/A	73.75	73.75	Car park operation
94 York Street Trust	Australia	N/A	N/A	N/A	73.75	73.75	Car park operation
Accessway Profits Limited	BVI/HK	1	US\$1	Ordinary	100	100	Investment holding
Action Fulfilled Assets Limited	BVI/HK	1	US\$1	Ordinary	100	100	Property investment
Amphion Investment Limited	HK	2	HK\$1	Ordinary	100	100	Investment holding
Annick Investment Limited	HK	2	HK\$1	Ordinary	100	100	Property investment
Apex Path Limited	BVI/HK	1	US\$1	Ordinary	100	100	Investment holding
Arvel Company Limited	HK	10,000	HK\$1	Ordinary	100	100	Property investment

**50. PARTICULARS OF PRINCIPAL SUBSIDIARIES** (Continued)

Name of subsidiary	Place of incorporation/ establishment and operation	Issued share capital			Proportion of nominal value of issued capital/ registered capital held by the Company		Principal activities
		Number of ordinary shares	Par value		2012	2011	
			per share/ total registered capital	Class of shares			
<b>Indirect Subsidiaries</b> (Continued)							
Australian Property Management Pty Ltd	Australia	1	A\$1	Ordinary	73.75	73.75	Car park operation
Ballarat Central Car Park Pty Ltd	Australia	1,000	A\$0.012178	Ordinary	73.75	73.75	Car park operation
Best Hoover Limited	HK	1	HK\$1	Ordinary	100	100	Property investment
Best Impact Limited	BV/HK	1	US\$1	Ordinary	100	100	Car park operation
Bournemouth Estates Limited	HK	2	HK\$10	Ordinary	100	100	Property development
Bradney Proprietary Ltd	Australia	2	A\$1	Ordinary	100	100	Investment holding
Capital Fortune Investment Limited	HK	2	HK\$1	Ordinary	100	100	Investment holding
Caragis Limited	HK	1,000	HK\$1	Ordinary	73.10	73.10	Hotel operation
Care Park (Albert Street) Pty Ltd	Australia	1,000	A\$0.012178	Ordinary	73.75	73.75	Car park operation
Care Park Finance Pty Ltd	Australia	1,000	A\$0.012178	Ordinary	73.75	73.75	Car park operation
Care Park Holdings Pty Ltd	Australia	1,000	A\$0.012178	Ordinary	73.75	73.75	Investment holding
Care Park New Zealand Ltd	Australia	1,000	A\$0.012178	Ordinary	73.75	73.75	Car park operation
Care Park Properties Pty Ltd	Australia	1,000	A\$0.012178	Ordinary	73.75	73.75	Investment holding
Care Park Pty Ltd	Australia	1,000	A\$0.012178	Ordinary	73.75	73.75	Car park operation
Carterking Limited	BV/HK	1	US\$1	Ordinary	100	100	Investment holding
Charter Joy Limited	HK	2	HK\$1	Ordinary	73.10	73.10	Hotel operation
Charter National International Limited	HK	2	HK\$1	Ordinary	100	100	Property development
Ching Chu (Shanghai) Real Estate Development Company Limited (i)	PRC	N/A	US\$8,800,000	N/A	73.10	73.10	Hotel management
Chun Wah Holdings Limited	HK	200	HK\$1	Ordinary	100	100	Property development
Complete Delight Limited	BV/HK	1	US\$1	Ordinary	73.10	73.10	Hotel operation
Cosmopolitan Hotel Limited	HK	10,000	HK\$1	Ordinary	73.10	73.10	Hotel operation
Dorsett Imbi Sdn. Bhd.	Malaysia	2	RM1	Ordinary	100	100	Property development
Dorsett Regency Hotel (M) Sdn. Bhd.	Malaysia	5,000,000	RM1	Ordinary	73.10	73.10	Hotel operation
Double Advance Group Limited	BV/HK	1	US\$1	Ordinary	73.10	73.10	Hotel operation
Double Gaining Limited	HK	1	HK\$1	Ordinary	100	100	Administrative services
Dunjoy Limited	HK	2	HK\$1	Ordinary	100	100	Investment holding
E-Cash Ventures Limited	BV/HK	1	US\$1	Ordinary	100	100	Investment holding
Esmart Management Limited	HK	2	HK\$1	Ordinary	73.10	73.10	Hotel management
Everkent Development Limited	HK	2	HK\$1	Ordinary	73.10	73.10	Property development

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

## 50. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment and operation	Number of ordinary shares	Issued share capital		Proportion of nominal value of issued capital/ registered capital held by the Company		Principal activities
			Par value per share/ total registered capital	Class of shares	2012	2011	
<b>Indirect Subsidiaries (Continued)</b>							
Far East Consortium (B.V.I.) Limited	BVI/HK	50,000	US\$1	Ordinary	100	100	Investment holding
Far East Consortium (Malaysia) Limited	HK	2	HK\$1	Ordinary	100	100	Investment holding
Far East Consortium (Netherlands Antilles) N.V.	The Netherlands	6,000	US\$1	Ordinary	100	100	Investment holding
Far East Consortium China Infrastructure Company Limited	HK	2	HK\$1	Ordinary	100	100	Investment holding
Far East Consortium China Investments Limited	HK	6,000	HK\$100	Ordinary	100	100	Investment holding
Far East Consortium Holdings (Australia) Pty Limited	Australia	12 235	A\$1 A\$42.55	Ordinary Redeemable preference	100 100	100 100	Investment holding
Far East Consortium Limited	HK	830,650,000	HK\$1	Ordinary	100	100	Investment holding and property investment
Far East Consortium Machinery Limited	HK	2	HK\$1	Ordinary	100	100	Investment holding
Far East Consortium Properties Pty Limited	Australia	12 225	A\$1 A\$44.44	Ordinary Redeemable preference	100 100	100 100	Investment holding and property investment
Far East Consortium Property & Marketing Service Pty Limited	Australia	1	A\$1	Ordinary	100	100	Property development
Far East Golf International Limited	HK	5	HK\$1	Ordinary	100	100	Property development
Far East Real Estate and Agency (H.K.) Limited	HK	60,000	HK\$100	Ordinary	100	100	Investment holding and loan financing
Far East Rockman Hotels (Australia) Pty Limited	Australia	12 375	A\$1 A\$10,000	Ordinary Redeemable preference	100 100	100 100	Investment holding
Far East Supermarket Limited	HK	500,000	HK\$1	Ordinary	100	100	Property investment
FEC Care Park Holdings (Australia) Pty Ltd	Australia	1	A\$1	Ordinary	100	100	Investment holding
FEC Care Park Holdings Pte Ltd	Singapore	1	S\$1	Ordinary	100	100	Investment holding
FEC Development (Malaysia) Sdn. Bhd.	Malaysia	2	M\$1	Ordinary	100	100	Investment holding
FEC Financing Solutions Pty Ltd	Australia	1	A\$1	Ordinary	100	100	Investment holding
FEC Strategic Investments (Netherlands) B.V.	The Netherlands	120,000	DFL1	Ordinary	100	100	Investment holding
FECFW 1 Pty Ltd	Australia	1	A\$1	Ordinary	100	100	Investment holding
FECFW 2 Pty Ltd	Australia	1	A\$1	Ordinary	100	100	Investment holding
Ficon Roper Street Trust	Australia	N/A	N/A	N/A	73.75	73.75	Car park operation
Focus Venue Sdn. Bhd.	Malaysia	100	RM1	Ordinary	90	90	Property development



**50. PARTICULARS OF PRINCIPAL SUBSIDIARIES** (Continued)

Name of subsidiary	Place of incorporation/ establishment and operation	Issued share capital			Proportion of nominal value of issued capital/ registered capital held by the Company		Principal activities
		Number of ordinary shares	Par value per share/ total registered capital		2012	2011	
			Class of shares				
<b>Indirect Subsidiaries</b> (Continued)							
Fortune Plus (M) Sdn. Bhd.	Malaysia	935,000	RM1	Ordinary	100	100	Property investment
Garden Resort Development Limited	HK	100	HK\$1	Ordinary	100	100	Property development
Grand Expert Limited	HK	10,000	HK\$1	Ordinary	73.10	73.10	Hotel operation
Guangzhou Pegasus Boiler Manufacture Company Limited (ii)	PRC	N/A	HK\$50,000,000	N/A	51	51	Operation of boiler factory
Henrik Investment Limited	HK	2	HK\$1	Ordinary	100	100	Property investment
Hong Kong Hotel REIT Finance Company Limited	HK	1	HK\$	Ordinary	73.10	73.10	Loan financing
Hong Kong (SAR) Hotel Limited	HK	10,000	HK\$1	Ordinary	73.10	73.10	Property development
Kosmopolito Hotels International (M) Sdn Bhd	Malaysia	2	—	Ordinary	73.10	73.10	Investment holding
Kosmopolito Hotels International (Singapore) Pte. Limited	Singapore	1	S\$1	Ordinary	73.10	73.10	Hotel management and consultancy service
Kosmopolito Hotels International Limited (listed on the Stock Exchange since 11 October 2011, stock code: 2266)	Cayman Islands/HK	2,000,000,000	HK\$0.1	Ordinary	73.10	73.10	Investment holding
Kosmopolito Hotels International Services Limited	HK	2	HK\$1	Ordinary	73.10	73.10	Hotel management
Kuala Lumpur Land Holdings Limited	Jersey/HK	100	£1	Ordinary	100	100	Investment holding
Launceston York Car Park Trust	Australia	N/A	N/A	N/A	73.75	73.75	Car park operation
Madison Lighters and Watches Company Limited	HK	4	HK\$1	Ordinary	100	100	Investment holding
Mass Perfect Limited	HK	1	HK\$1	Ordinary	73.10	73.10	Investment holding
Merdeka Labuan Sdn. Bhd.	Malaysia	105,000,000	RM1	Ordinary	73.10	73.10	Hotel operation
Multi Yield (HK) Limited	HK	1	HK\$1	Ordinary	100	100	Property investment
N.T. Horizon Realty (Jordan) Limited	HK	2	HK\$100	Ordinary	100	100	Property investment
New Time Plaza Development Limited	HK	1,000	HK\$1	Ordinary	100	100	Investment holding
New Union Investments (China) Limited	HK	300	HK\$1	Ordinary	100	100	Investment holding
Oi Tak Enterprises Limited	HK	1,000,000	HK\$1	Ordinary	75	75	Investment holding
Pandix Limited	HK	1	HK\$1	Ordinary	100	100	Property development
Panley Limited	HK	1	HK\$1	Ordinary	73.10	73.10	Property development
Pansy Development Limited	HK	2	HK\$1	Ordinary	100	100	Property investment

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

## 50. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment and operation	Number of ordinary shares	Issued share capital		Proportion of nominal value of issued capital/ registered capital held by the Company		Principal activities
			Par value per share/ total registered capital	Class of shares	2012	2011	
<b>Indirect Subsidiaries (Continued)</b>							
Peacock Management Services Limited	HK	2	HK\$1	Ordinary	100	100	Administration services
Quadrant Plaza Pty Ltd	Australia	N/A	N/A	Ordinary	73.75	73.75	Car park operation
Quadrant Plaza Unit Trust	Australia	N/A	N/A	Ordinary	73.75	73.75	Car park operation
Regency Hotels Proprietary Limited	Australia	100	A\$1	Ordinary	100	100	Investment holding
Rich Diamond Holdings Limited	BV/HK	10	US\$1	Ordinary	70	70	Investment holding
Richfull International Investment Limited	HK	1	HK\$1	Ordinary	73.10	73.10	Bar operation
Ridon Investment Limited	HK	2	HK\$1	Ordinary	100	100	Investment holding
Roper Debt Pty Ltd	Australia	N/A	N/A	Ordinary	73.75	73.75	Car park operation
Roper Street Car Park Pty Ltd	Australia	N/A	N/A	Ordinary	73.75	73.75	Car park operation
Roper Street Car Park Unit Trust	Australia	N/A	N/A	N/A	73.75	73.75	Car park operation
Roseville Enterprises Limited	HK	6,000	HK\$100	Ordinary	100	100	Property development
Royal Domain Plaza Pty. Ltd.	Australia	2	A\$1	Ordinary	100	100	Property investment
Royal Domain Towers Pty. Ltd.	Australia	2	A\$1	Ordinary	100	100	Property investment
Ruby Way Limited	HK	2	HK\$1	Ordinary	73.10	73.10	Hotel operation
Scarborough Development Limited	HK	2	HK\$1	Ordinary	100	100	Property investment
Shanghai Chingchu Property Development Company Limited (ii)	PRC	N/A	US\$35,000,000	N/A	98.2	98.2	Property development and investment
Shepparton Car Park Pty Ltd	Australia	10,050	A\$0.17093	Ordinary	73.75	73.75	Car park operation
Shepparton Car Park Trust	Australia	N/A	N/A	N/A	73.75	73.75	Car park operation
Singford Holdings Limited	BV/HK	1	US\$1	Ordinary	100	100	Treasury management
Star Bridge Development Limited	HK	2	HK\$1	Ordinary	100	100	Property development
Subang Jaya Hotel Development Sdn Bhd	Malaysia	245,000,000	RM1	Ordinary	73.10	73.10	Hotel operation
Success Range Sdn. Bhd.	Malaysia	250,000	RM1	Ordinary	73.10	73.10	Hotel operation
Tang City Holdings Ltd.	Singapore	1,000,000	S\$1	Ordinary	100	100	Property investment
Tang City Parkway Pte Limited	Singapore	10	S\$1	Ordinary	100	100	Property investment
Tang City Properties Pte Limited	Singapore	2,600,000	S\$1	Ordinary	100	100	Investment holding
Tang Development Pte Limited	Singapore	2	S\$1	Ordinary	100	100	Property investment
Tang Hotel Investments Pte. Ltd.	Singapore	2	S\$1	Ordinary	73.10	73.10	Investment holding and property development
Tang Strategic Investment Pte. Ltd.	Singapore	10	S\$1	Ordinary	100	100	Property investment
Tang Suite Pte. Ltd.	Singapore	1	S\$1	Ordinary	73.10	73.10	Property development

**50. PARTICULARS OF PRINCIPAL SUBSIDIARIES** (Continued)

Name of subsidiary	Place of incorporation/ establishment and operation	Issued share capital			Proportion of nominal value of issued capital/ registered capital held by the Company		Principal activities
		Number of ordinary shares	Par value		2012	2011	
			per share/ total registered capital	Class of shares			
<b>Indirect Subsidiaries</b> (Continued)							
Target Term Sdn. Bhd.	Malaysia	2	RM1	Ordinary	100	100	Car park operation
Tantix Limited	HK	1	HK\$1	Ordinary	100	100	Property development
The Hotel of Lan Kwai Fong Limited	HK	10,000	HK\$1	Ordinary	73.10	73.10	Hotel operation
Tomarta Sdn. Bhd.	Malaysia	1,000,000	RM1	Ordinary	100	100	Property development
Venue Summit Sdn. Bhd.	Malaysia	250,000	RM1	Ordinary	73.10	73.10	Hotel operation
Vennex Limited	HK	1	HK\$1	Ordinary	100	100	Property development
Vicco Development Limited	HK	2	HK\$1	Ordinary	100	100	Investment holding
Vicsley Limited	HK	1,000	HK\$1	Ordinary	73.10	73.10	Hotel operation
Victoria Land Pty Limited	Australia	12	A\$1	Ordinary	100	100	Management services
Well Distinct Limited	BVI/HK	1	US\$1	Ordinary	100	100	Investment holding
Win Chance Engineering Limited	HK	2	HK\$1	Ordinary	100	100	Engineering services
Zhongsan Developments Limited	BVI/HK	1	US\$1	Ordinary	100	100	Investment holding
武漢港澳中心物業管理有限公司(iii)	PRC	N/A	RMB500,000	N/A	73.10	73.10	Property management
武漢遠東帝豪酒店管理有限公司(i)	PRC	N/A	US\$29,800,000	N/A	73.10	73.10	Hotel operation
遠東帝豪酒店管理(成都)有限公司(i)	PRC	N/A	US\$38,000,000	N/A	73.10	73.10	Property development
麗悅酒店管理(上海)有限公司(iii)	PRC	N/A	RMB500,000	N/A	73.10	73.10	Hotel operation

(i) Foreign investment enterprise registered in the PRC.

(ii) Sino-foreign equity joint venture registered in the PRC.

(iii) Domestic wholly owned enterprise registered in the PRC.

None of the subsidiaries had issued any debt securities at the end of the year.

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

# List of Major Properties Held by the Group

## PROPERTY DEVELOPMENT/INVESTMENT PROPERTY

Codes of "Types of Property":

O — Office                      S — Shops                      H — Hotel                      F — Ancillary Facilities  
 R — Residential              CP — Car Park              A — Agricultural

Name of property and location	Lot number	Group's interest	Site area (m <sup>2</sup> )
<b>Mainland China:</b>			
<b>Shanghai</b>			
1. 133 units of shoplots Jin Qiu Xintiandi Lane 809 Jin Qiu Road, Baoshan District	Various	98.2%	—
2. Jinqiu School, Club House, Kindergarten and Ancillary portion of Area 17I California Garden, Jinqiu Road, Baoshan District	N/A	98.2%	—
3. The unsold portion of California Garden, Jinqiu Road, Baoshan District	N/A	98.2%	—
4. Area 9B, 16, 17II, California Garden, Jinqiu Road, Baoshan District	N/A	98.2%	396,458
5. Commercial Centre B, California Garden, Jinqiu Road, Baoshan District	N/A	98.2%	74,599
6. Area 12 to 15 and 18 California Garden Jinqiu Road, Baoshan District	N/A	98.2%	255,647

## List of Major Properties Held by the Group

Approximate gross floor area (m <sup>2</sup> )	Types of property	Stage of completion	Expected completion date
23,446	S	Completed	Existing
21,942	F	Completed	Existing
3,175	R	Completed	Existing
155,548	R	Under construction	2013
9,334	R	Ground clearance	N/A
Not yet determined	R	Planning stage	N/A

## List of Major Properties Held by the Group

Name of property and location	Lot number	Group's interest	Site area (m <sup>2</sup> )
<b>Guangzhou</b>			
1. Room 2603, Block 3 Dong-Jun Plaza 836 Dong Feng Road East	N/A	100%	—
2. Room 2604, Block 3 Dong-Jun Plaza 836 Dong Feng Road East	N/A	100%	—
3. New Time Plaza JianSheHengMaLu Yue Xiu District	N/A	50%	2,963
4. Gan Tang Yuan Huadidadao East Li Wan District	N/A	100%	7,687
5. Hua Di Jia Yuen 10 Miaoqianjie North, Chajiao Li Wan District	N/A	100%	24,359
<b>Hong Kong</b>			
1. No. 1–11A, San Wai Street HungHom	KIL 7489	100%	680
2. 90–100 Hill Road West Point	IL 1095	100%	535
3. 16th, 18th, 19th, 20th and 24th Floors, (including lavatories on 16th, 18th, 19th, 20th and 24th Floors and Flat Roof on 24th Floor), Far East Consortium Building 121 Des Voeux Road Central	IL 2198, 2200, 2201 s.A and IL 2199 RP and s.A, s.B & s.C of ML 299	100%	—
4. Far East Consortium Building 204–206 Nathan Road Tsim Sha Tsui	KIL 10467 RP and KIL 10468 RP	100%	314
5. 1/F of Block 4, and Car Parking Spaces Nos. 61 & 62, Rise Park Villas 38 Razor Hill Road, Sai Kung	69/1408 shares of and in Lot 1124 in DD 253	100%	—

## List of Major Properties Held by the Group

Approximate gross floor area (m <sup>2</sup> )	Types of property	Stage of completion	Expected completion date
91	O	Completed	Existing
91	O	Completed	Existing
21,343	R	Foundation	Vacant
47,080	R	Planning stage	Vacant
94,748	R	Under Construction	2014
6,108	R	Under construction	2014
4,196	R	Planning Stage	2014
2,474	O	Completed	Existing
3,549	S & O	Completed	Existing
157	R	Completed	Existing

## List of Major Properties Held by the Group

Name of property and location	Lot number	Group's interest	Site area (m <sup>2</sup> )
6. Various shops on LG/F and UG/F Tsuen Wan Gardens Phase 1 15–23 Castle Peak Road Tsuen Wan	241/4400 shares of and in TWTL 241	100%	—
7. Various Units, Bakerview, 66 Baker Street Hung Hom	HHIL 235 s.B, s.C, s.D, s.E, s.lss1, s.lss2 and s.lss3	100%	604
8. (a) Sheung Yeung Sai Kung	Section A–H, J–L and Remaining Portion of Lot 746 in DD 225	100%	1,861
(b) Sheung Yeung Sai Kung	Section A and C of Lot 89 in DD 225	100%	N/A
9. No. 684 Clear Water Bay Road	Lot 236 in D.D. 236	100%	1,860
10. Route TWISK, Chuen Lung Tsuen Wan	Tsuen Wan Town Lot 389	100%	13,500
11. Tan Kwai Tsuen, Yuen Long	Lot 3927 s.B in DD 124	100%	4,854
12. Various lots, Pak Kong Sai Kung	Lots 1134 RP, 1137 RP, 1138 & 1139 RP in DD 222	100%	3,524
13. Yau Kam Tau, Tsuen Wan	Lot 232 RP in DD 354	100%	5,940
14. Car Parking Spaces Nos. 14, 16, 17, 24, 26, 27, 29, 30, 34, 35, 40, 41, 44–46, 51, 53–56, 58, 62–71, 75, 77, 85, 86, 90, 91, 94, 96 and 97 on the Basement 1 and Car Parking Spaces Nos. 98, 99, 114, 124, 125, 129, 139–141, 144–147, 149–152, 154–157, 159–162, 164 and 167 on the Basement 2 Covent Garden, 88 Ma Tin Road Yuen Long	YLTL 419	100%	—
15. 287–293 Sai Yeung Choy Street North Shamshuipo	KIL 317	100%	501
16. Basement to 5th Floor Nos. 135–143, Castle Peak Road Tsuen Wan	Lot 2158 in DD 449	100%	632



## List of Major Properties Held by the Group

Approximate gross floor area (m <sup>2</sup> )	Types of property	Stage of completion	Expected completion date
3,822	S	Completed	Existing
2,027	S & R	Completed	Existing
N/A	R	Planning stage	N/A
287	R	Completed	Existing
1,152	R	Completed	Existing
5,400	A	Phase 1 completed	N/A
4,487	R	Planning stage	N/A
Not yet determined	A	Planning stage	N/A
—	A	Planning stage	N/A
—	CP	Completed	Existing
3,759	R	Construction	2014
3,562	S & O	Completed	Existing

## List of Major Properties Held by the Group

Name of property and location	Lot number	Group's interest	Site area (m <sup>2</sup> )
<b>Australia</b>			
1. Upper West Side 313–349 Lonsdale Street Melbourne, Victoria.	Vol 10439 Folio 667 Vol 10372 Folio 666 Vol 4287 Folio 316 Vol 4864 Folio 623 Vol 1953 Folio 469 Vol 1959 Folio 722 Vol 4774 Folio 620 Vol 4682 Folio 328 Vol 10630 Folio 819 Vol 10630 Folio 820 Vol 10632 Folio 451	100%	9,195
2. Domain Tower, 370 St Kilda Road Melbourne, Victoria	Lots 501-508, 7C, 14C, 46C, 47C, 58C, 75C, 95C, 109C, 110C, and 111C	100%	496
3. Northbank Place — Rebecca Walk	Lease 2150, 2090 and 2147 OP 122674	100%	734
— 11 Gem Place	Lot 8C PS 549363	100%	94.8
— 5 Norval Place	Lot 6W PS 604245	100%	44.5
<b>Malaysia</b>			
1. Sri Jati Service Apartments Jalan Jati, Off Jalan Imbi Kuala Lumpur	Lot 1292 Section 67, Town and District of Kuala Lumpur, Wilayah Persekutuan	100%	886
2. Mukim of Kerling District of Hulu Selangor Selangor Darul Ehsan	Lots 600 and 619	100%	422,907
3. Lot 470, Jalan Imbi Kuala Lumpur	Geran 36268, Lot 470 Section 67 City of Kuala Lumpur Wilayah Persekutuan	100%	1,644
<b>Singapore</b>			
1. 1 Marine Parade Central Parkway Centre	Various lots of Mukim 26	100%	—
2. No. 100, Eu Tong Sen Street Pearl's Centre Carpark	Lot U871W	100%	—
3. 100A Eu Tong Sen Street Pearl's Centre Office Podium	Lot U865L	100%	—

## List of Major Properties Held by the Group

Approximate gross floor area (m <sup>2</sup> )	Types of property	Stage of completion	Expected completion date
81,446	R & S	Construction — Stage 1 Planning — Stage 2 Planning — Stage 3 Planning — Stage 4	2013 2014 2015 2015
496	O	Completed	Existing
734	S	Completed	Existing
94.8	S	Completed	Existing
44.5	S	Completed	Existing
4,685	R	Completed	Existing
—	A	Planning stage	Vacant
15,400	R	Planning stage	2014
51,193	S & O	Completed	Existing
14,044	CP	Completed	Existing
8,007	S & O	Completed	Existing

## List of Major Properties Held by the Group

### HOTELS

Name of property and location	Lot number	Group's interest	Site area (m <sup>2</sup> )
<b>U. K.</b>			
1. Dorsett Regency London 58 Shepherd's Bush Green London, U.K.	N/A	73.1%	3,100
<b>Hong Kong</b>			
1. Cosmopolitan Hotel Hong Kong <sup>(i)</sup> No. 387 Queen's Road East Wanchai	IL 1578RP	73.1%	1,093
2. Silka West Kowloon No. 48 Anchor Street Tai Kok Tsui	KIL 6374	73.1%	357
3. Cosmo Hotel Hong Kong No. 375 Queen's Road East Wanchai	IL 1578 s.Ass1	73.1%	380
4. Lan Kwai Fong Hotel@Kau U Fong No. 3 Kau U Fong Central	IL 8852 RP	73.1%	377
5. Silka Far East Nos. 135-143 Castle Peak Road Tsuen Wan	Lot 2158 in DD 449	73.1%	632
6. Silka Seaview No. 268 Shanghai Street Yau Ma Tei	KIL 9944, 9701, 9705, 9727, 9769 & 7429	73.1%	502
7. Cosmo Hotel Mongkok <sup>(ii)</sup> Nos. 88 Tai Kok Tsui Road Tai Kok Tsui	KIL 8050	73.1%	514
8. Dorsett Regency Hong Kong Nos. 18 Davis Street Kennedy Town	IL 905	73.1%	461
9. Dorsett Regency Kwun Tong No. 84 Hung To Road Kwun Tong, Kowloon	KTIL 162	73.1%	929
10. Dorsett Regency Tsuen Wan No. 698 Castle Peak Road Kwai Chung, New Territories	Kwai Chung Town Lot 193	73.1%	2,323
11. Silka Tsuen Wan No. 119 Wo Yi Hop Road, Kwai Chung, New Territories	Kwai Chung Town Lot 167	73.1%	1,312
<b>Mainland China</b>			
1. Grand Dorsett Chengdu Nos. 168 Xiyulong Road Qinyang District Chengdu Sichuan Province	N/A	73.1%	5,866

## List of Major Properties Held by the Group

Approximate gross floor area (m <sup>2</sup> )	Types of property	Stage of completion	Expected completion date
14,651	H	Under development	2014
15,895	H	Completed	Existing
3,210	H	Completed	Existing
5,546	H	Completed	Existing
5,646	H	Completed	Existing
5,180	H	Completed	Existing
6,065	H	Completed	Existing
6,225	H	Completed	Existing
6,819	H	Completed	Existing
11,147	H	Under development	2012
21,250	H	Under development	2013
14,592	H	Under development	2014
67,617	H	Under development	2012

## List of Major Properties Held by the Group

Name of property and location	Lot number	Group's interest	Site area (m <sup>2</sup> )
2. Wuhan Dorsett Regency No. 118 Jiang Han Road Jiang An District Wuhan City Hubei Province	N/A	73.1%	5,339
3. Yue Shanghai Hotel <sup>(iii)</sup> No. 800 Huamu Road, Pudong New Area Shanghai	N/A	73.1%	3,990
4. Dorsett Regency, Zhongshan Xintiecheng Hotel Block A No. 107 Zhongshan Yi Road West District Zhongshan Guangdong Province	N/A	73.1%	11,170
5. Grand Dorsett Zhuji Wuxie Town, Zhuji Zhejiang Province	N/A	18.275%	60,736

**Notes:**

- (i) To be rebranded as Dorsett Regency Causeway Bay.  
(ii) To be rebranded as Dorsett Regency Mong Kok.  
(iii) To be rebranded as Dorsett Regency Shanghai.

### Malaysia

1. Dorsett Regency Kuala Lumpur 172, Jalan Imbi 55100 Kuala Lumpur Malaysia	Lot 1300 Seksyen 0067 held under Title No. GRN 49963 Town and District of Kuala Lumpur Wilayah Persekutuan KL	73.1%	1,270
2. Grand Dorsett Subang Jalan SS 12/1, 47500 Subang Jaya Selangor Darul Ehsan Malaysia	Lots 4244 and 4245 held under title was GRN 38842 and 38843 Mukim of Damansara District of Petaling Selangor	73.1%	37,782
3. Grand Dorsett Labuan 462, Jalan Merdeka, 87029 Federal Territory of Labuan Malaysia	Lot TL 207531888, Town of Labuan Federal Territory of Labuan	73.1%	6,071
4. Silka Maytower Hotel Serviced Residences No. 7, Jalan Munshi Abdullah, 50100 Kuala Lumpur	Lot 301 Section 40 held under Title No. GRN 54118 Town and District of Kuala Lumpur Wilayah Persekutuan	73.1%	2,162
5. Silka Johor Bahru Lot 101375 Jalan Masai Lama Mukim of Plentong District of Johor Bahru State of Johor	Lot 66270 held under Title No. GRN 358714 Mukim of Plentong District of Johor Bahru	73.1%	4,370

### Singapore

1. Dorsett Regency Singapore 333 at New Bridge Road Singapore	Lots 777W & 782P Town Subdivision (TS)	73.1%	4,650
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## List of Major Properties Held by the Group

Approximate gross floor area (m <sup>2</sup> )	Types of property	Stage of completion	Expected completion date
67,307	H	Completed	Existing
18,149	H	Completed	Existing
42,635	H	Under development	2013
36,905	H	Under development	2013
27,753	H	Completed	Existing
43,264	H	Completed	Existing
21,565	H	Completed	Existing
5,623	H	Completed	Existing
8,804	H	Completed	Existing
16,226	H&R	Under development	2012

## List of Major Properties Held by the Group

### CAR PARK PROPERTY

Name of property and location	Lot number	Group's interest
<b>Australia</b>		
1. 12 Blyth Street/13–19 Bank Street Adelaide, South Australia Australia	Freehold Title — Volume 5234 Folio 147, Volume 5234 Folio 148 and Volume 5215 Folio 282	73.75%
2. 12 Blyth Street/13–19 Bank Street Adelaide, South Australia Australia	Freehold Title — Volume 5234 Folio 147, Volume 5234 Folio 148 and Volume 5215 Folio 282	73.75%
3. Central Square 25 Doveton Street South Ballarat, Victoria Australia	Pt Lot 1 LP 529677 Freehold Title — Volume 10951 Folio 752	73.75%
4. Fenton Street Devonport, Tasmania Australia	Freehold Title — Volume 129295 Folio 1	73.75%
5. Gasworks Willis Street Launceston, Tasmania Australia	Volume 156397 Folios 1–36, together with use of common area rights of access	73.75%
6. Hub Arcade 15–23 Langhorne Street Dandenong, Victoria Australia	Lot 67 SP 32395 Freehold Title — Volume 9902 Folio 822, Unit 67 on Strata Plan 032395Q (116 spaces)	73.75%
7. 133–141 Melville Street Hobart, Tasmania Australia	Freehold Title — Volume 242159 Folio 1	73.75%
8. 2–6 Mundy Street Bendigo, Victoria Australia	Freehold Title — Volume 10488 Folio 371–374 inclusive/Volume 8294 Volume 508	73.75%
9. Northbank Place 507–581 Flinders Street Melbourne, Victoria Australia	Plan of Subdivision PS549363A Certificate of Title Volume 10996 Folio 727 Lot 11, Unit 11C	73.75%
10. Quadrant Plaza (Dell Lane) 94 York Street Launceston, Tasmania Australia	Freehold Title — Volume 31824 Folio 1, Volume 34252 Folio 2	73.75%
11. Quadrant Plaza 94 York Street Launceston, Tasmania Australia	Freehold Title — Volume 31824 Folio 1, Volume 34252 Folio 2	73.75%



## List of Major Properties Held by the Group

Site area (m <sup>2</sup> )	Types of property	Stage of completion	Expected completion date
1,888	CP	Completed	Existing
1,679	S	Completed	Existing
2,898	CP	Completed	Existing
615	CP	Completed	Existing
750	CP	Completed	Existing
4,596	CP	Completed	Existing
890	CP	Completed	Existing
1,359	CP	Completed	Existing
6,143	CP	Completed	Existing
3,333.80	CP	Completed	Existing
1,690	S	Completed	Existing

## List of Major Properties Held by the Group

	<b>Name of property and location</b>	<b>Lot number</b>	<b>Group's interest</b>
12.	344 Queen Street Brisbane, Queensland Australia	Freehold Title — Title Reference 18071152 — Lot 1BUP 10464	73.75%
13.	15 Roper Street Adelaide, South Australia Australia	Freehold Title — Volume 5335 Folio 342, Allotment 5, Deposited Plan 25203	73.75%
14.	14–14 Stewart Street Shepparton, Victoria Australia	Freehold Title — Volume 4963 Folio 501, Volume 5281 Folio 195, Volume 4437 Folio 356, Volume 8800 Folio 444, Volume 8632 Folio 508	73.75%
15.	360 St Kilda Road Melbourne, Victoria Australia	Freehold Title — Lots 1D — 86D on Plan of Subdivision PS419703E	73.75%
16.	Toorak Place 521 Toorak Road South Yarra, Victoria Australia	Freehold Title — Volume 10896, Folios 196–230, 328–330 and 394–403 inclusive, being Lots 12–49 and 58–67 on Plan of Subdivision 527035	73.75%
17.	9–23 Watchorn Street Hobart, Tasmania Australia	Freehold Title — Volume 29586 Folio 1, Allotment 1, Deposited Plan 29586	73.75%
18.	Watergate 767 Bourke Street Docklands, Victoria Australia	Freehold Title — Volume 10925 Folios 766–878 inclusive	73.75%
19.	York Street Central 124 York Street Launceston, Tasmania Australia	Freehold Title — Volume 33521 Folio 1	73.75%
<b>Malaysia</b>			
1.	Plaza Damas, Sri Hartamas Kuala Lumpur Malaysia (Basement car park)	Geran 59225, Lot 56228 City of Kuala Lumpur Wilayah Persekutuan	100%
2.	Windsor & Waldorf Tower Service Apartments, Sri Hartamas Kuala Lumpur, Malaysia	Part of Master Title no. Geran 59219, Lot 56229 City of Kuala Lumpur Wilayah Persekutuan	100%

## List of Major Properties Held by the Group

Site area (m <sup>2</sup> )	Types of property	Stage of completion	Expected completion date
1,290	CP	Completed	Existing
2,057	CP	Completed	Existing
2,716	CP	Completed	Existing
2,050	CP	Completed	Existing
1,500	CP	Completed	Existing
820	CP	Completed	Existing
3,135	CP	Completed	Existing
1,252	CP	Completed	Existing
58,125	CP	Completed	Existing
5,040	CP	Completed	Existing

# Glossary

<b>"2012 AGM"</b>	the forthcoming annual general meeting of the Company to be held on 31 August 2012 at 11:00 a.m. at Xinhua Room, Mezzanine Floor, Cosmopolitan Hotel, 387–397 Queen's Road East, Wanchai, Hong Kong.
<b>"Articles"</b>	Articles of Association of the Company, as amended from time to time.
<b>"Associate"</b>	has the meaning ascribed to it under the Listing Rules.
<b>"Australia BBSW"</b>	Australia Bank Bill Swap Reference Rate.
<b>"Board"</b>	Board of Directors of the Company.
<b>"BVI"</b>	British Virgin Islands.
<b>"CG Code"</b>	Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules.
<b>"Companies Law"</b>	Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.
<b>"Company" or "FECIL"</b>	Far East Consortium International Limited, a public limited company incorporated in Cayman Islands with its shares listed on the Main Board of the Hong Kong Stock Exchange (stock code: 35).
<b>"Controlling Shareholder"</b>	has the meaning ascribed to it under the Listing Rules.
<b>"Director(s)"</b>	director(s) of the Company.
<b>"EIT"</b>	People's Republic of China Enterprise Income Tax.
<b>"Excel Chinese"</b>	Excel Chinese International Limited, a limited company incorporated in Hong Kong.
<b>"FECIL Share Option Scheme"</b>	the share option scheme of the Company was adopted pursuant to the resolution passed on 28 August 2002.

<b>"FVTPL"</b>	Financial Assets at Fair Value through Profit or Loss.
<b>"GFA"</b>	Gross Floor Area.
<b>"Group"</b>	the Company and its subsidiaries.
<b>"HIBOR"</b>	Hong Kong Interbank Offered Rates.
<b>"HKAS"</b>	Hong Kong Accounting Standards.
<b>"HKFRS"</b>	the Hong Kong Financial Reporting Standards.
<b>"HKFRSs"</b>	Hong Kong Financial Reporting Standards.
<b>"HKICPA"</b>	the Hong Kong Institute of Certified Public Accountants.
<b>"Hong Kong" or "HK"</b>	the Hong Kong Special Administrative Region of PRC.
<b>"Hong Kong Companies Ordinance"</b>	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong).
<b>"Hong Kong Stock Exchange" or "Stock Exchange"</b>	The Stock Exchange of Hong Kong Limited.
<b>"KHI or Kosmopolito"</b>	Kosmopolito Hotels International Limited, a public limited company incorporated in Cayman Islands with its shares listed on the Main Board of the Hong Kong Stock Exchange (stock code: 2266).
<b>"Kosmopolito Share Option Scheme"</b>	the share option scheme of KHI was adopted on 10 September 2010.
<b>"LAT"</b>	People's Republic of China Land Appreciation Tax.

<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange.
<b>“Malaysia BLR”</b>	Malaysia Base Lending Rates.
<b>“Model Code”</b>	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules.
<b>“PBOC”</b>	People’s Bank of China Prescribed Interest Rate.
<b>“PRC” or “Mainland China” or “China”</b>	other regions in the People’s Republic of China, and for the purpose of this annual report and unless otherwise stated, references in this annual report to the PRC do not include Taiwan, Hong Kong or Macau Special Administrative Region of the PRC.
<b>“RevPar”</b>	Revenue Per Available Room.
<b>“S\$” or “SG\$”</b>	Singapore dollars, the lawful currency of Singapore.
<b>“S\$ SOR”</b>	Singapore Swap Offered Rate.
<b>“Securities”</b>	as the securities as defined in Schedule 1 to the SFO.
<b>“SFO”</b>	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).
<b>“Share(s)”</b>	ordinary share(s) of HK\$0.10 each in the share capital of the Company.
<b>“Shareholder(s)”</b>	holder(s) of Share(s).
<b>“Shangqiu Yongyuan”</b>	Shangqiu Yongyuan Development Company Limited.
<b>“sq. ft.” or “Sq. Ft.”</b>	Square feet.
<b>“Subsidiaries”</b>	the subsidiaries as defined in Schedule 1 to the SFO.

**“The MPF Scheme”**

Mandatory Provident Fund Scheme.

**“Year” or “FY2012”**

the financial year of the Company from 1 April 2011 to 31 March 2012.

**“%”**

per cent.

# The Year at a Glance



## 1 Far East Consortium International

Gold Winner of Mercury Excellence Awards 2011/2012, International Academy of Communications Arts and Sciences/MerComm, Honoring Outstanding Achievement in Public Relations and Corporate Communications  
Annual Reports — Overall Presentation: Property Development

## 2 Lan Kwai Fong Hotel@Kau U Fong, Hong Kong

"HotelClub Hotel Awards 2012 — Hottest Spot to Discover Hong Kong Heritage" by HotelClub

## 3 Silka Far East, Hong Kong

"Gold Circle Award 2011" by Agoda

## 4 Cosmo Hotel Mongkok, Hong Kong

"Gold Circle Award 2011" by Agoda

## 5 Yue Shanghai Hotel, China

"The Most Charming Boutique Hotel 2011" by China Network of Tourism and Leisure from the China Tourism Association







8



9



10

**6 Kosmopolito Hotels International**

"Outstanding High-Growth Company (Hotel) 2011" of Quamnet Outstanding Enterprise Awards by Quamnet.com

**7 Residential property "Star Ruby" Naming Ceremony was held in Hong Kong**

Star Ruby consists of 124 high rise residential apartments with approximately 66,000 sq. ft. in GFA

**8 Annual Dinner**

Mr. Deacon Chiu, the honorary Chairman and Mr. David Chiu, the Chairman had an eye dotting ceremony for the dragon dance in annual dinner, led the new year ahead for the Group

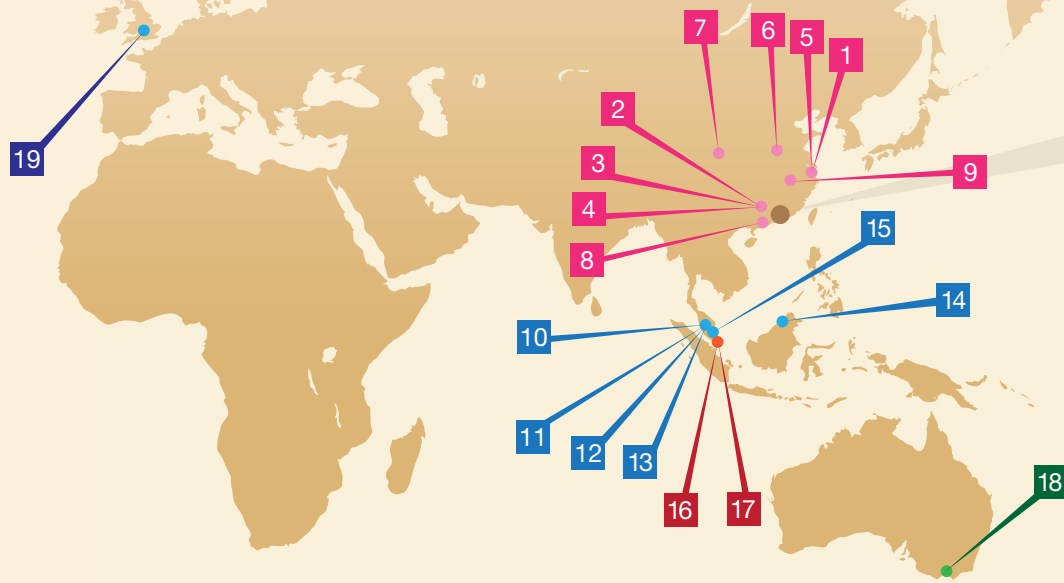
**9 Annual Dinner**

The Group organized the annual dinner to enhance the sense of belonging

**10 Annual Outing 2011**

Boat trip to encourage staff balance of life

# Property Development and Hotel Portfolio



## MAINLAND CHINA

### PROPERTY DEVELOPMENT

1. California Garden  
Shanghai
2. Hua Di Jia Yuan  
Guangzhou
3. Gantangyuan  
Guangzhou
4. New Time Plaza  
Guangzhou

### HOTEL UNDER OPERATION

5. Yue Shanghai Hotel  
Shanghai
6. Dorsett Regency Wuhan  
Wuhan

### HOTEL UNDER DEVELOPMENT

7. Grand Dorsett Chengdu  
Chengdu
8. Dorsett Regency Zhongshan  
Zhongshan
9. Grand Dorsett Zhuji <sup>(1)</sup>  
Zhuji

## MALAYSIA

### PROPERTY DEVELOPMENT

10. Dorsett IMBI  
Kuala Lumpur

### HOTEL UNDER OPERATION

11. Dorsett Regency  
Kuala Lumpur
12. Grand Dorsett Subang  
Kuala Lumpur
13. Silka Maytower Hotel & Serviced Residence  
Kuala Lumpur
14. Grand Dorsett Labuan Hotel  
Labuan
15. Silka Johor Bahru  
Johor

## SINGAPORE

### PROPERTY DEVELOPMENT

16. Dorsett Residence  
Singapore

### HOTEL UNDER DEVELOPMENT

17. Dorsett Regency Singapore  
Singapore

## AUSTRALIA

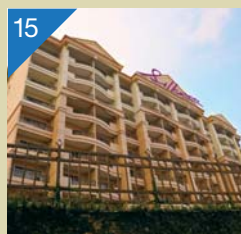
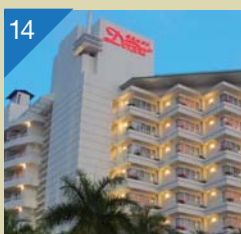
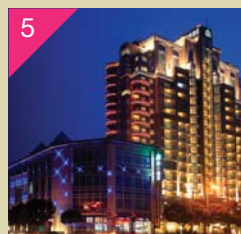
### PROPERTY DEVELOPMENT

18. Upper West Side  
Melbourne

## United Kingdom

### HOTEL UNDER DEVELOPMENT

19. Dorsett Regency London  
London



(1) The group owns 18.275% beneficial interest.



## HONG KONG

### PROPERTY DEVELOPMENT

- 20. Chuen Lung**  
Tsuen Wan
- 21. Tan Kwai Tsuen**  
Yuen Long
- 22. Pak Kong**  
Sai Kung
- 23. No. 287-293 Sai Yeung Choy Street North**  
Sham Shui Po
- 24. Sheung Yeung**  
Sai Kung
- 25. Bakerview**  
Hung Hom

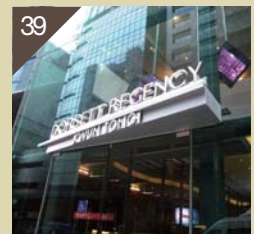
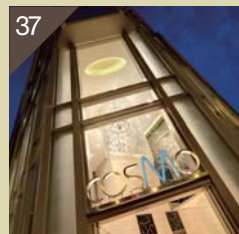
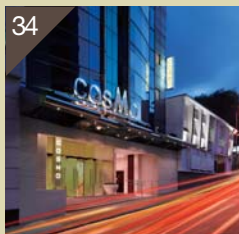
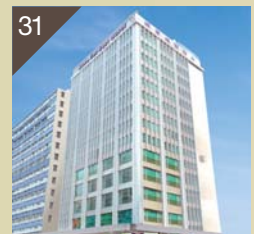
- 26. No.90-100, Hill Road**  
Pok Fu Lam
- 27. 684 Clearwater Bay Road**  
Sai Kung
- 28. Star Ruby**  
Hung Hom
- 29. Yau Kam Tau**  
Tsuen Wan

### HOTEL UNDER OPERATION

- 30. Silka West Kowloon**  
West Kowloon
- 31. Silka Far East**  
Tsuen Wan
- 32. Silka Seaview**  
Yau Ma Tei
- 33. Lan Kwai Fong Hotel @ Kau U Fong**  
Central
- 34. Cosmo Hotel**  
Causeway Bay
- 35. Cosmopolitan Hotel**  
Causeway Bay
- 36. The Mercer<sup>(2)</sup>**  
Central
- 37. Cosmo Hotel Mong Kok**  
Mongkok
- 38. Dorsett Regency Hong Kong<sup>(4)</sup>**  
Kennedy Town

### HOTEL UNDER DEVELOPMENT

- 39. Dorsett Regency Kwun Tong**  
Kwun Tong
- 40. Dorsett Regency Tsuen Wan**  
Tsuen Wan
- 41. Silka Tsuen Wan<sup>(3)</sup>**  
Tsuen Wan



(2) This hotel is operated under hotel management contract  
 (3) This hotel site was acquired on 17 April 2012  
 (4) This hotel is expected to be sold out in financial year 2013



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