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

ANNUAL REPORT 2013/14

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Corporate Information

BOARD OF DIRECTORS

Executive directors

Mr. Ng Ian *(Chairman)*
Mr. Chan Kwok Hung

Non-executive directors

Mr. Ng Chun For, Henry
Mr. Mak Wah Chi

Independent non-executive directors

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

COMPANY SECRETARY

Mr. Lee Pui Lam

AUTHORISED REPRESENTATIVES

Mr. Chan Kwok Hung
Mr. Lee Pui Lam

AUDIT COMMITTEE

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

NOMINATION COMMITTEE

Mr. Chan Kam Man *(Committee Chairman)*
Mr. Mak Wah Chi
Mr. Chu Tak Sum

REMUNERATION COMMITTEE

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

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

PRINCIPAL PLACE OF BUSINESS

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

PRINCIPAL BANKERS

Hang Seng Bank Limited
Dah Sing Bank, Limited
China Construction Bank (Asia) Corporation Limited
Industrial and Commercial Bank of China (Asia) Limited
Wing Hang Bank Limited

LEGAL ADVISERS

as to Hong Kong law:
Cheung, Tong & Rosa

as to Bermuda law:
Conyers Dill & Pearman

FINANCIAL ADVISER

Quam Capital Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
26 Burnaby Street
Hamilton HM11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Standard Limited
Level 22 Hopewell Centre
183 Queen's Road East
Hong Kong

WEBSITE

www.henrygroup.hk

INVESTOR AND MEDIA RELATIONS

Strategic Financial Relations Limited

STOCK CODE

859

Chairman's Statement

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Director(s)"), I would like to present the annual report of Henry Group Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 March 2014.

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Director(s)"), I would like to present the annual report of Henry Group Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 March 2014.

BUSINESS REVIEW

Overview

During the year under review, Hong Kong's economy remained robust with a real gross domestic product (GDP) growth of about 2.9% in 2013 and the government has maintained its forecast for economic growth to be around 3–4% in the latest review during May 2014 as reported by HKTDC research. In 2013, some 54.3 million visitors, more than seven times the size of Hong Kong's actual population were recorded, with people from the Chinese Mainland accounting for 75% of the total. The retail and services sectors targeted at Mainland visitors are the major drivers for Hong Kong's economic growth. As for the Hong Kong property market for the year under review, the government's launch of various measures to curb the speculation and price rise of property succeeded to some extent as both initiatives adversely affected the property transaction volume and prices experienced a marked drop during the year. The property investment market has also seen a substantial decline in transaction volume in 2013, falling by 43% and considerations dropping by 38% as compared with 2012. Affected by government curbs, sales of luxury residential, en-bloc offices and retail properties have all fallen by more than 50% year-on-year in volume during 2013. Such a shrinkage in buying activities has not been observed since 1999 and the transaction performance was even worse than 2003, the year of SARS. As for our market position in the retail properties sector in the year under review, transactions of retail properties in 2013 shrank by 55% in volume and by 66% in consideration compared with 2012. We and our peers faced an extremely limited volume in prime retail properties available for sale due to skyrocketing rentals. According to the Cushman & Wakefield report "Main Streets Across The World 2013/2014," Hong Kong's Causeway Bay remains the world's costliest retail location for the second year running and broke through the USD3,000 per sq. ft. barrier for the first time in the survey's 25-year history. Luxury brands and jewellery retailers in Hong Kong remain the dominant tenants in prime locations, thus an increasing number of non-luxury premium brands and local services operators were driven into secondary streets and are now competing for these places. With retail space constantly in short supply in the city, retailers have been moving their business "upstairs", a phenomenons bracing the Group's optimism about the demand for retail spaces, especially in ginza-style buildings in Hong Kong.

Performance of Our Pillar Business — Investment Properties Portfolio in Hong Kong

For the financial year ended 31 March 2014, the Group reported a consolidated turnover of approximately HK$53.6 million principally due to the contribution of rental revenue generated from investment properties which are located in Causeway Bay with a total appraisal value of approximately HK$2,006.8 million, inter alias, Jardine Center, L'hart and a retail ground-floor-shop at Jardine Bazzar. As compared with corresponding financial year of 2013, our core investment properties performed solidly in terms of posting a rental revenue approximately HK$53.6 million, increasing by 7.2% from approximately HK$50 million in 2013 as our retained five largest customers contributed in aggregate about 40% of the Group's turnover, thereby providing a stable income base and steady revenue growth during the year. On top of this, the Group acquired a building with strong potential (the "Acquisition") situated at a premium location at Causeway Bay (the "Premium Old Building") from myself in order to increase its property portfolio at a reasonable cost and reserve projects with a higher appreciation potential for redevelopment, thereby replicating the Group's ginza-building business model which has proven successful in Hong Kong. The property is a unit in a Premium Old Building which is the upper floor immediately above the Group's investment properties, and is suitable for redevelopment purposes. The Acquisition will capture the business opportunities for the Group in the local market and reinforce its market presence in the Causeway Bay district. The Acquisition was completed on 26 March 2014 and it was constituted as a connected transaction exempted from independent shareholders approval which had been reported by an announcement dated 28 February 2014.

Jardine Center

Jardine Center is a classic 'ginza-style' building prominently located at Jardine's Bazaar, in the heart of Causeway Bay. It is just steps away from a number of famous shopping arcades, the Forever 21 flagship store, SOGO and Hysan Place which generate a huge guaranteed pedestrian flow for the area. During the year, Jardine Center has completed its internal refurbishment of the lift lobby complemented with ancillary facilities equipped to facilitate the promotion of tenants. Realising Jardine Center's unique competitive advantage, its podium level anchor tenant ICBC advance renewed the lease which encouraged occupancy to remain at virtually 96% at the end of the year under review. Jardine Center also refreshed its tenant mix to enrich its food and dinning outlets with the addition of more South-East Asian culinary selections on top of its existing classic Japanese style restaurants. New eateries rolled out included 傷心酸辣粉私房菜, Hungry Korean, 紫來坊素食料理, Hoi Tin Tong (海天堂) and Bella Kitchen which have drew anticipated high volumes of foot traffic to the upper floors. During the year, Jardine Center recorded rental revenue of approximately HK$33 million and a yield of 2.9% based on its year-end valuation as at 31 March 2014.

L'hart

L'hart is a unique duplex Ginza-style building which provides a distinctive array of duplex units and penthouses offering added flexibility and privacy desired for a business operator to develop an innovative business. During the year, L'hart recruited Halewinner, a renowned watch retailer to replenish its ground floor and refresh its upper floor and podium trade mix in order to exhibit a new and distinguished profile of the building. During the year, L'hart recorded rental revenue of approximately HK$18 million and a yield of 2.4% based on its year-end valuation as at 31 March 2014.

Completion of connected transaction and very substantial disposal of the Group's 55% interests in High Luck

In light of the uncertainty overhanging China's property market which had been adversely affected by the ongoing implementation of new and stricter restrictions on property transactions, the Board has decided to shift its strategy with respect to the Company's effective attributable 30% equity interests (i.e. the Company through Uptodate Management Limited ("Uptodate") being its wholly-owned subsidiary indirectly held 54.55% equity interests of holding company of High Fly Investments Limited ("High Fly") which held 55% interests in High Luck International Limited ("High Luck") and its subsidiaries ("Disposal Group") in turn the Company indirectly held 30% equity interests in High Luck) in a joint-venture based property development project ("JV Project") at No. 68 Yu Yuan Road, in the Jing An district of Shanghai ("West Site"), changing from "Build and Hold" to "Build to Sell." This would enable the Group to halt allocating further resources to the China market. The shift would also unlock the potential appreciation value of the JV Project, deliver a return on investment to the Group, and reserve greater financial resources for exploring more business opportunities in Hong Kong.

On 14 November 2012, High Fly and Premium Assets Development Limited ("Premium Assets") entered into the sale and purchase agreement ("SPA") with Double Favour Limited ("Double Favour") in relation to the disposal of the entire equity interests in High Luck in a way to dispose of 100% interests in the JV project, pursuant to which High Fly and Premium Assets agreed to dispose of their respective 55% and 45% attributable equity interests in High Luck and to assign their respective pro rata shareholders' loans owed by High Luck to High Fly and Premium Assets at a total cash consideration of approximately Renminbi ("RMB") 2,970 million (equivalent to HK$3,757 million) less outstanding construction loan liabilities of the Disposal Group approximately RMB710 million (equivalent to HK$900.9 million) and which was subjected to a post completion adjustment with a maximum amount not exceeding RMB150 million deducted from total cash consideration ("Disposal Consideration"). Upon the completion of the SPA took place on 4 October 2013 ("Disposal Completion"), Double Favour exercised a deferral payment option under the SPA for deferral settlement of the Disposal Consideration from the Disposal Completion up to 25 November 2013 being payment date ("Deferral Period"). By virtue of the Deed of Confirmation dated 25 November 2013, the post completion adjustment was irrecoverably and unconditionally confirmed to its maximum amount approximately RMB70.3 million (equivalent to HK$89.2 million) deducted from the Disposal Consideration and accrued deferral payment interest income for the Deferral Period was also confirmed as to approximately RMB1.4 million (equivalent to HK$1.7 million). Accordingly, the Disposal Consideration, pursuant to the Deed of Confirmation, was eventually adjusted from approximately RMB2,970 million to approximately RMB2,189.7 million (equivalent to approximately HK$2,766.9 million). In terms of High Fly, being one of the vendors of the SPA sharing 55% of the Disposal Consideration was approximately HK$1,521.8 million which underlyingly comprised sale share consideration of approximately HK$956 million and the assignment of pro rata shareholders' loan consideration approximately HK$565 million ("High Fly's Disposal Consideration"). In effect, the Company through its indirect 54.55% interests in High Fly sharing of High Fly's Disposal Consideration was approximately HK$831 million ("the Company's Disposal Consideration") which had been reported by the Company's voluntary announcement dated 28 November 2013. In terms of accounting profit on deconsolidation of the Disposal Group recognised by High Fly, the Group through High Fly recorded an one-off accounting gain on disposal of subsidiaries approximately HK$297.7 million taken into account of (i) the consolidated net assets of the Disposal Group as of Disposal Completion was approximately HK$1,222 million; (ii) valuation of completed investment properties of the JV Project approximately RMB2.96 billion appraised by an independent valuer which was included in the consolidated net assets of the Disposal Group; and (iii) accounting profit arose from release of other reserve and exchange reserve.

Completion of Disposal of 4% interests in Double Favour

As previously disclosed in the circular dated 8 January 2013 and the annual report for the financial year ended 31 March 2013, the Group entered into a shareholders' agreement with Double Favour ("Shareholders' Agreement") dated 26 November 2012 pursuant to which, Uptodate Management Limited ("Uptodate"), an indirect wholly-owned subsidiary of the Company, subscribed 4% equity interests in the issued shares of Double Favour through its subsidiaries to hold property development project located in the West Site and No.15, Jing An district of Shanghai in the PRC ("East Site"). In addition, Uptodate shall bear conditional committed funding obligations limited to not more than about RMB158 million ("Financial Obligations") and the said 4% equity interests in issued shares of Double Favour is subject to a call option granted by Uptodate ("Uptodate DF Call Option") to Effective Global Limited ("EGL"). On 14 November 2013, EGL served notice to Uptodate that it would exercise the Uptodate DF Call Option and designated Topnotch as the purchaser which shall acquire from Uptodate all the DF Shares held by Uptodate. A sale and purchase agreement dated 14 November 2013 ("4% Sale and Purchase Agreement") was entered into by Uptodate, Topnotch and Double Favour in this respect. On 28 November 2013, the completion of the 4% Sale and Purchase Agreement took place and the Group no longer holds any interests in the West Site and East Site, and the Financial Obligations under the Shareholders' Agreement (as supplemented and amended by the Deed) have been fully released. For the details of the 4% Sale and Purchase Agreement, please refer to the voluntary announcement of the Company dated 28 November 2013.

Prospects

Going forward, we foresee major economies around the world will continue their efforts in maintaining economic growth through a range of stimuli and the Hong Kong economy backed up by the PRC will be stable registering steady growth which should provide a favourable environment for our business. While restricted by the government measures to cool down property prices, the market sentiment may have been altered but has not become entirely negative. Our management team will continue their effort to evaluate suitable potential projects for our further development to create value in terms of rental and capital appreciation in order to provide better returns to the shareholders of the Company.

Ng Ian
Chairman
Hong Kong, 20 June 2014

Management Discussion and Analysis

FINANCIAL REVIEW

The Group recorded audited consolidated turnover of approximately HK$53.6 million, representing an increase of approximately 7.2% when compared with the corresponding year in 2013. The increase was primarily contributed from positive rental reversion of its investment properties in Hong Kong.

Gain on disposal of subsidiaries amounted to approximately HK$297.7 million represented the Group through High Fly recognised an one-off accounting gain on disposal of subsidiaries determined with reference to (i) the consolidated net assets of the Disposal Group amounted to HK$1,222 million approximately of which 55% attributable to High Fly amounted to approximately HK$672.3 million against corresponding sale share consideration of approximately HK$956 million included in High Fly's Disposal Consideration; and (ii) accounting profit arose from the release of other reserve and exchange reserve.

Loss of disposal of available-for-sale financial assets amounted to approximately HK$3,000 arose from the completion of 4% Sale and Purchase Agreement for disposal of 4% interests in Double Favour.

Finance costs before capitalisation was approximately HK$61.1 million (2013: HK$113.7 million), representing a decrease of approximately HK$52.6 million mainly attributable to the decrease in interest expenses as a result of utilisation of the Company's Disposal Consideration to settle all outstanding borrowings from shareholders and loan from a related party.

Profit for the year attributable to the Group was approximately HK$238 million and profit for the year attributable to the owners of the Company was approximately HK$124 million which represented decreases of 56% and 65% respectively when compared with the corresponding financial year of 2013. The decreases both were attributable to the absence of the large fair value gain of investment properties in Hong Kong in 2013. Basic earnings per share was HK$17.24 cents (2013: HK$49.42 cents), based on weighted average of approximately 716,856,000 shares (2013: 716,419,000 shares).

The Board does not recommend of a dividend for the year (2013: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

The Group continued to be sound and maintains adequate financial resources to satisfy its working capital requirements and to meet business operations funding commitment. Coupled with the realisation of the Company's Disposal Consideration receivables of approximately HK$593 million, the Group's total cash and bank balances substantially increased by approximately HK$586 million to approximately HK$965 million as of 31 March 2014 (2013: HK$379 million). The Group's ample of surplus cash denominated in RMB, Hong Kong Dollar ("HKD") and United States dollar ("USD") have been preserved as bank deposits to maintain highly liquidity financial resources available for facilitating future investment activities and acquisitions when opportunities arise. As of 31 March 2014, the Group's current assets mainly comprised cash and bank balances of approximately HK$965 million, pledged deposits of approximately HK$15 million and trade and other receivables of approximately HK$4 million whilst its total current liabilities approximately HK$34.2 million. Meanwhile, the Group recorded a current ratio of 28.8 as of 31 March 2014 (2013: 1.5).

As of 31 March 2014, the Group's total bank borrowings amounted to approximately HK$999.9 million (2013: HK$908.9 million). The slight increase in bank borrowings was primarily attributable to the combined net increase effect of utilisation of new bank borrowings in HKD and repayment of bank borrowing in USD. As of 31 March 2014, the Group's bank borrowings are on a floating HIBOR based and are in HKD. At 31 March 2014, 2.7% (31 March 2013: 12.0%) of the Group's bank borrowings was on demand or repayable within one year, 38.1% (31 March 2013: 19.2%) was repayable after one year but within five years whereas 59.2% (31 March 2013: 68.8%) was repayable after five years. To minimise the impact of floating interest rate fluctuation exposure, the Group has adopt a prudent approach to arrange a fixed interest rate swap agreement with a notional amount of HK$120 million (2013: HK$240 million).

The Group's gearing ratio, expressed as total liabilities over total assets, substantially decreased from 60.1% in 2013 to 34.5% in 2014.

As at 31 March 2014, the audited net assets attributable to owners of the Company amounted to approximately HK$1,959.4 million (2013: HK$1,849.3 million), representing an increase of approximately HK$110.1 million or 6% when compared to last year. With the total number of ordinary shares in issue of 743,019,399 as at 31 March 2014, the net assets value per share was approximately HK$2.64 (2013: HK$2.58).

CHARGES ON GROUP ASSETS

At of 31 March 2014, the Group has pledged the following assets:

1. Investment properties in Hong Kong with an aggregate carrying amount of approximately HK$1,994 million for securing certain bank borrowings granted from several banks to its wholly-owned subsidiaries;

2. Pledged deposits of approximately HK$15 million for securing an interest rate swap contract; and

3. Share mortgage of several wholly-owned subsidiaries for securing their respective bank borrowings.

CONTINGENT LIABILITIES

1. At of 31 March 2014, the Company has given several guarantees and the Group has given several cross guarantees both in favour of certain banks for securing banking facilities granted to their subsidiaries with an aggregate of approximately HK$1,266 million (2013: HK$1,070 million).

2. High Fly and Premium Assets (being Indemnifiers) had signed Deed of Indemnity (the "Deed") on 4 October 2013 (being date of completion of the SPA). Pursuant to the Deed, each of indemnifiers hereby severally, pro rata to their respective shareholdings in the High Luck immediately before completion of the SPA (i.e. 45% as to Premium Assets and 55% as to High Fly) (the "Relevant Proportion") undertakes to Double Favour (for itself and as trustee of the Disposal Group) to pay them an amount or amounts equal to each of the following:

   (a) any liability to taxation in connection with any claim in respect of all taxation falling on any member of the Disposal Group resulting from or by reference to any transaction, event, matters or thing occurred or effected during the period from 1 September 2007 to 4 October 2013 (being date of completion of the SPA) ("Relevant Period"), or in respect of any gross receipts, income, profits or gains earned, accrued or received, or alleged or deemed to have been earned, accrued, or received by any member of the Disposal Group during the Relevant Period, whether alone or in conjunction with any other circumstances whenever occurring and whether or not such taxation is chargeable against or attributable to any other person, firm or company; and

   (b) all action, claims, losses, damages, cost (including all legal costs), charges, expenses, interests, penalties or any other liabilities to which any member of the Disposal Group is or may be subject or which any member of the Disposal Group or Double Favour may reasonably and properly incur in connection with:

      (i) any investigation, assessment or the contesting of any claim or any of the matter referred to in (a) above;

      (ii) the settlement of any claim or any of the matters referred to in (a) above;

      (iii) any legal proceedings or actions in which the Purchaser or any member of the Disposal Group claims under or in respect of the Deed and in which judgment is given in favour of Double Favour or any member to the Disposal Group; or

      (iv) the enforcement of any such settlement or judgment, and each of the Indemnifiers severally in the Relevant Proportion undertakes to indemnify an hold harmless or demand any member of the Disposal Group and Double Favour in respect of the matters referred to (a) to (b) (inclusive) above.

Notwithstanding anything to the contrary herein provided and the guarantee provided in the SPA, Double Favour further agrees and acknowledges to High Fly acting as trustee for the benefit of Uptodate and Best Task Limited that their respective obligations under the guarantee in respect of any obligations arising from any claims against High Fly under the Deed and/or the SPA ("Relevant Claims"), the obligations of Uptodate under the guarantee for such Relevant Claims should only be limited to 54.55% of the said claims (i.e. not more than 30% of total claims).

CAPITAL COMMITMENTS

There was no significant capital commitments outstanding at the end of reporting period.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2014, the Group had about 14 employees based in Hong Kong. The remuneration of each staff member was determined on the basis of his/her qualification, performance and experience. The Group also provides other benefits including but not limited to medical insurance and contributions to mandatory provident fund schemes. At the annual general meeting of the Company held on 3 September 2013 ("AGM"), the shareholders of the Company approved the adoption of a new share option scheme ("New Share Option Scheme") upon the share option scheme previously adopted on 3 September 2003 ("Old Share Option Scheme") which lapsed on 2 September 2013. Notwithstanding the expiration of the Old Share Option Scheme, the provisions of the Old Share Option Scheme shall remain in full force in all respects with respect to its outstanding options of 72,840,000 shares which will continue to be exercisable in accordance with the Old Share Option Scheme. During the year, No share option has been granted under the New Share Option Scheme since its adoption.

COMPLIANCE OF THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (THE "MODEL CODE")

The Company has adopted the Model Code set out in the Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. All Directors have confirmed that they have complied with the required standards set out in the Model Code throughout the review year.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

Apart from the connected transaction regarding the Acquisition disclosed in announcement dated 28 February 2014, the Group did not have any significant investments, material acquisitions or disposals during the year under review.

Report of the Directors

The directors of the Company ("Directors") are pleased to present their annual report together with the audited consolidated financial statements of the Group for the year ended 31 March 2014.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of its subsidiaries are set out in note 43 to the consolidated financial statements on pages 107 to 108 of this annual report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2014 are set out in the consolidated financial statements on page 37 of this annual report.

No interim dividend was declared for the year and the Directors do not recommend the payment of a final dividend for the year and propose that the profit for the year be retained.

RESERVES

Movements in reserves of the Group and the Company during the year are set out on pages 40 to 41 and 87 to 89 of this annual report respectively.

INVESTMENT PROPERTIES

The Group's investment properties as at 31 March 2014 were revalued by an independent firm of professional properties valuers using income capitalisation approach. Details of movements in the investment properties of the Group during the year are set out in note 15 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

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

INTEREST CAPITALISED

Interest of approximately HK$29 million (2013: HK$82 million) was capitalised during the year in respect of the Group's investment properties under construction which has been classified as assets held for sale set out in note 15(d) to the consolidated financial statements.

SHARE CAPITAL

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

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on pages 110 to 111 of this annual report.

DIRECTORS

The Directors during the year and subsequent to the end of reporting period were:

Executive Directors

Mr. Ng Ian *(Chairman)*
Mr. Chan Kwok Hung

Non-executive Directors

Mr. Ng Chun For, Henry
Mr. Mak Wah Chi

Independent non-executive Directors

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

In accordance with the Company's Bye-laws and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), save for the non-executive Director Mr. Ng Chun For, Henry would hold office as a non-executive Director of the Company until the close of the annual general meeting of the Company for year 2015–2016 subject to the retirement and rotation in accordance with the Bye-laws of the Company, the other non-executive Director Mr. Mak Wah Chi and all the independent non-executive Directors, Mr. Chan Kam Man, Mr. Li Kit Chee and Mr. Chu Tak Sum, who will retire from office at the forthcoming annual general meeting being eligible, will offer themselves for re-election.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of directors and senior management as at the date of this report are set out on pages 24 to 26 of this annual report.

DIRECTORS' SERVICE CONTRACTS

No Director who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Details of the connected transactions under the Listing Rules and related party transactions under applicable accounting principles are set out on page 13 to 15 and 97 to 98 respectively of this annual report.

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

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

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

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the aggregate turnover attributable to the Group's five largest customers was approximately 40% of the Group's total turnover and the Group's largest customer accounted for approximately 16% of the Group's total turnover.

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

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

CONNECTED TRANSACTIONS

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

Connected Transactions required reporting, announcement and independent shareholders approval

1. **Very Substantial Disposal and Connected Transaction in Relation to the Disposal of the Group's Entire Interests in High Luck;**

   On 14 November 2012, High Fly and Premium Assets Development Limited ("Premium Assets") entered into the sale and purchase agreement ("SPA") with Double Favour Limited ("Double Favour") in relation to the disposal of the entire equity interests in High Luck in a way to dispose of 100% interests in the JV project, pursuant to which High Fly and Premium Assets agreed to dispose of their respective 55% and 45% attributable equity interests in High Luck and to assign their respective pro rata shareholders' loans owed by High Luck to High Fly and Premium Assets at a total cash consideration of approximately Renminbi ("RMB") 2,970 million (equivalent to HK$3,757 million) less outstanding construction loan liabilities of the Disposal Group approximately RMB710 million (equivalent to HK$900.9 million) and which was subjected to a post completion adjustment with a maximum amount not exceeding RMB150 million deducted from total cash consideration ("Disposal Consideration").

   The SPA constitutes as very substantial disposal and connected transactions under the Listing Rules. The transactions have been announced on 12 December 2012 and the details of the SPA, repayment of High Fly Loan and issuance of Promissory Notes have been disclosed in the circular dated on 8 January 2013. The transactions have been approved by independent shareholders of the Company at the special general meeting held on 24 January 2013 ("SGM").

   The SPA was completed on 4 October 2013 and the Disposal Consideration was received on 25 November 2013. For details, please refer to gain on disposal of subsidiaries as set out in note 32.

2. **Discloseable and Connected Transaction in Relation to the 10% Reorganisation**

   A separate agreement dated 14 November 2014 between High Fly and Premium Assets under the SPA, pursuant to which, High Fly and Premium Assets agreed conditionally that in consideration of the termination by Premium Assets of its rights to the 10% equity interests of Shanghai Tian Shun Economy Development Company Limited (being an indirect non-wholly owned subsidiary of High Luck through Grandyear Estate Limited ("Grandyear") which is held by Grandyear in trust for Premium Assets according to the trust arrangements entered into among Grandyear, Premium Assets and an independent third party (10% Reorganisation") by execution of a termination deed and High Fly shall transfer and Premium Assets shall acquire, 611 issued shares of High Luck.

   The 10% Reorganisation constitutes as discloseable and connected transactions under the Listing Rules. The transactions have been announced on 12 December 2012 and the details of the 10% Reorganisation have been disclosed in the circular dated on 8 January 2013. The transactions have been approved by independent shareholders of the Company at the SGM and the 10% Reorganisation was completed on 18 February 2013.

3. **Major and Connected Transaction in Relation to Provision of Shareholders' Loan to Double Favour**

On 26 November 2012, Uptodate (being an indirect wholly-owned subsidiary of the Company) entered into a conditional shareholders' agreement ("Shareholders' Agreement") amongst Best Task (being a non-controlling shareholder indirectly holding of 45.45% interests in High Fly), Ultimate Best Capital Limited (being a direct wholly owned subsidiary of Premium Assets, ("UBC")), Topnotch Corporation Limited ("Topnotch") and Effective Global Limited ("EGL"). Pursuant to Shareholders' Agreement, Uptodate has conditional committed a pro rata funding obligations amounting to RMB81,579,600 and committed facilities with maximum amount up to the extent of RMB77,280,000 (collectively "Shareholder's Loans"), both of which shall become effective conditional upon full settlement of the Consideration.

The Shareholders' Agreement (inter alia Shareholder's Loan) constitutes as a major and connected transaction both of which have been announced on 12 December 2012 and the details of the Shareholder's Agreement and DF Call Option have been disclosed in the circular dated on 8 January 2013. The transactions have been approved by independent shareholders of the Company at the SGM.

On 14 November 2013, Double Favour, EGL, Topnotch, UBC, Uptodate, Best Task and Favour Choice Holdings Limited ("Favour Choice") (collectively the "SHA Parties") entered into Deed of Confirmation. The SHA parties irrevocably and unconditionally confirm and agree that Topnotch to take up all Uptodate's obligations (including but not limited to the Funding Obligations) under the Shareholders' Agreement (as supplemented and amended by the Deed of Memorandum dated 8 August 2013) after execution of the share purchase agreement among Topnotch, Uptodate and the Double Favour in respect of sale and purchase of 4% issued shares in Double Favour ("4% Sale and Purchase Agreement") in accordance with the terms of the said agreement.

On 14 November 2013, Uptodate, Topnotch and Double Favour entered into 4% Sale and Purchase Agreement and the 4% Sale and Purchase Agreement was completed on 28 November 2013.

4. **Major and Connected Transaction in Relation to Grant and Exercise of the Uptodate DF Call Option**

On 26 November 2012, Uptodate entered into Shareholders' Agreement amongst Best Task, UBC, Topnotch and EGL for subscription of entire shares in Double Favour as part and parcel of the SPA. Pursuant to Shareholders' Agreement, Uptodate has subscribed 4% equity interests in Double Favour at USD400 shares. In addition, pursuant to the Shareholders' Agreement, Uptodate after obtained shareholders have approval at the SGM grants call option ("DF Call Option") in favour of EGL thereby EGL has the right to oblige Uptodate to sell and transfer its owned 4% equity interest in Double Favour and assign the Shareholder's Loans on a dollar-for-dollar basis to EGL at agreed call option price.

The DF Call Option constitutes as a major and connected transaction. The transaction has been announced on 12 December 2012 and the details of the DF Call Option have been disclosed in the circular dated on 8 January 2013. The transactions have been approved by independent shareholders of the Company at the SGM.

On 14 November 2013, Uptodate, Topnotch and Double Favour entered into 4% Sale and Purchase Agreement and the 4% Sale and Purchase Agreement was completed on 28 November 2013. The Group no longer holds any interests in the West Site and East Site as well as the Financial Obligations under the Shareholders' Agreement (as supplemented and amended by the Deed) have been fully released. For the details of the 4% Sale and Purchase Agreement, please refer to the voluntary announcement of the Company dated 28 November 2013.

Connected Transactions required reporting, announcement and exempted from the independent shareholders approval

5. On 28 February 2014, Joy Depot Limited, an indirect wholly-owned subsidiary of the Company and Harvest Long Investments Limited (being a company incorporated in the British Virgin Islands solely owned and controlled by Mr. Ng Ian, the chairman of the Company) ("Harvest Long"), entered into a sale and purchase agreement (the "S&P") to acquire 100% equity interests in Bond Victory Limited ("Bond Victory") and assignment of loan owed by Bond Victory to Harvest Long for an aggregate consideration of HK$12,800,000 (subject to post completion adjustment).

The S&P constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) are less than 5%, the S&P is subject to reporting and announcement requirements and is exempt from the approval by the independent shareholders approval pursuant to Rule 14A.32 of the Listing Rules.

The S&P was completed on 26 March 2014.

Connected Transactions exempted from reporting, announcement and independent shareholders approval

6. On 19 March 2012, Golden Tool International Limited (being a company incorporated in the British Virgin Islands solely owned and controlled by Mr. Ng Ian, the Director of the Company) ("Golden Tool") entered into a loan agreement whereby provided an one-off lump sum loan solely for the purpose of fully repayment and discharge of convertibles notes held by Golden Tool with an aggregate outstanding principal amounts approximately HK$96.73 million. The major terms of the loan agreement, inter alia, bearing a floating interest rate of Hong Kong Inter bank offer rate ("HIBOR") over 2.7% per annum, without security and not repayable within the next twelve months. The loan agreement constitutes a connected transaction under Rule 14A.65(4) of the Listing Rule and thus is exempted from reporting, announcement and independent shareholders approval.

The outstanding loan principal and accrued interest in aggregate of approximately HK$53.7 million were fully repaid on 25 November 2013.

7. On 10 August 2011, Mr. Ng Ian, being the Director of the Company provided cash advancement to the Company of approximately HK$13 million with terms of unsecured, bearing a fixed interest rate of 3.28% per annum and not repayable within the next twelve months ("Advance"). The Advance constitutes a connected transaction under the Rule 14A.65(4) of the Listing Rules and thus is exempted from reporting, announcement and independent shareholders approval.

The outstanding principal and accrued interest in aggregate of approximately HK$12.6 million were fully repaid on 28 May 2013.

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

As at 31 March 2014, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules as adopted by the Company, to be notified to the Company and the Stock Exchange, were as follows:

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

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

Name of Director	Capacity and nature of interests	Number of issued ordinary shares held	Approximate percentage of issued share capital of the Company
Mr. Ng Ian	Interests of controlled corporations	476,308,064 (Notes 1 and 2)	64.10%
	Personal interests (held as beneficial owner)	5,561,227 (Note 1)	0.75%
Mr. Ng	Personal interests (held as beneficial owner)	106,000 (Note 1)	0.01%

Note 1: On 23 April 2013, Mr. Ng Ian and his controlled corporation, Golden Tool International Limited ("Golden Tool"), a company incorporated in the British Virgin Islands, controlled and beneficially owned by Mr. Ng Ian who is entitled to exercise or control the exercise of 100% of the voting rights of Golden Tool, jointly acquired a total of 342,322,348 Shares ("Acquisition"), comprising (i) an aggregate of 337,721,120 Shares beneficially held by Mr. Ng Chun For, Henry out of which 33,168,587 Shares held by personal interests and the remaining 304,552,533 Shares indirectly held through his two controlled corporations, namely Jumbo Step International Limited ("Jumbo Step") held 167,196,333 Shares and Henry Jewellery Holdings Limited ("HJHL") held 137,356,200 Shares; and (ii) 4,601,228 Shares beneficially held by Mr. Ng Eric.

As a result of the Acquisition, the aggregate shareholding interests of Mr. Ng Ian and Golden Tool increased from 84,643,916 Shares to 426,966,264 Shares (comprising of 5,561,227 Shares held by Mr. Ng Ian personal interests and 421,405,037 Shares held through his controlled corporation Golden Tool) or increased from 11.81% to 59.60% while the aggregate shareholding interests of Mr. Ng Chun For, Henry, Jumbo Step and HJHL decreased from 337,827,120 Shares to 106,000 Shares or decreased from 47.16% to 0.01% ("Change in Shareholding"). As Mr. Ng Ian and Golden Tool have collectively acquired not less than 30% of the voting rights of the Company immediately after the Acquisitions, it is required to make a mandatory general offer for all the issued shares of the Company pursuant to Rule 26 of the Takeovers Code unless a waiver is granted by the executive director of the Corporate Finance Division of the Securities and Futures Commission ("Executive"). In this regard, Mr. Ng Ian has applied and the Executive has granted a waiver from the obligation to make a mandatory general offer pursuant to Note 6(a) to Rule 26.1 of the Takeovers Code. For more details of the Change in Shareholding, please refer to the announcement dated 24 April 2013.

Note 2: During the year ended 31 March 2014, Mr. Ng Ian through Trade Icon Holdings Limited ("Trade Icon"), a company incorporated in the British Virgin Islands, controlled and beneficially owned by Mr. Ng Ian, who is entitled to exercise or control the exercise of 100% of the voting rights of Trade Icon and Golden Tool, further increase the shareholding by 54,903,027 Shares.

As at 31 March 2014, the aggregate shareholding interests of Mr. Ng Ian, Golden Tool and Trade Icon increased to 481,869,291 Shares (comprising of 5,561,227 Shares held by Mr. Ng Ian personal interests and 476,308,064 Shares held through his controlled corporations, namely Golden Tool and Trade Icon).

(b) Long positions in underlying shares of the Company

As at 31 March 2014, the Directors had personal interests in share options of the Company granted under the Old Share Option Scheme adopted on 3 September 2003 as follows:

Name of Director	Option grant date	Exercise period	Exercise price HK$	Number of share options outstanding	Approximate percentage of interests in issued share capital
Mr. Ng	28 October 2005	28 October 2005 to 27 October 2015	0.676	2,000,000	0.27%
	2 April 2007	2 April 2007 to 1 April 2017	0.686	2,000,000	0.27%
	31 August 2007	31 August 2007 to 30 August 2017	1.156	1,000,000	0.13%
	24 March 2010	24 March 2010 to 23 March 2020	0.45	6,300,000	0.85%
	30 March 2011	30 March 2011 to 29 March 2021	0.56	6,300,000	0.85%
	12 April 2012	12 April 2012 to 11 April 2022	0.55	7,000,000	0.94%
	25 April 2013	25 April 2013 to 24 April 2023	0.642	7,000,000	0.94%
Mr. Ng Ian	28 October 2005	28 October 2005 to 27 October 2015	0.676	2,000,000	0.27%
	2 April 2007	2 April 2007 to 1 April 2017	0.686	2,000,000	0.27%
	31 August 2007	31 August 2007 to 30 August 2017	1.156	1,000,000	0.13%
	24 March 2010	24 March 2010 to 23 March 2020	0.45	6,300,000	0.85%
	30 March 2011	30 March 2011 to 29 March 2021	0.56	6,300,000	0.85%
	12 April 2012	12 April 2012 to 11 April 2022	0.55	7,000,000	0.94%
	25 April 2013	25 April 2013 to 24 April 2023	0.642	7,000,000	0.94%
Mr. Mak Wah Chi	2 April 2007	2 April 2007 to 1 April 2017	0.686	2,000,000	0.27%
				65,200,000	8.77%

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

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

Name of Director	Name of associated corporation	Capacity and nature of interests	Number of issued ordinary shares held	Approximately percentage of issued share capital of the associated corporation
Mr. Ng Ian	Golden Tool (Note 1)	Personal interests (held as beneficial owner)	1	100%
Mr. Ng Ian	Trade Icon (Note 2)	Personal interests (held as beneficial owner)	1	100%

Save as disclosed above, as at 31 March 2014, none of the Directors or chief executives of the Company and their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS

So far as is known to any Directors or chief executives of the Company, as at 31 March 2014, shareholders who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO or had otherwise notified to the Company and the Stock Exchange were as follows:

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

Name of shareholder	Capacity and nature of interests	Number of issued ordinary shares held	Approximate percentage of issued share capital of the Company
Mr. Ng Ian	Personal interests (held as beneficial owner) (Note 3)	37,161,227	5.00%
Mr. Ng Ian	Interests of controlled corporations (Note 3)	476,308,064	64.10%
Golden Tool	Beneficial owner (Note 3)	467,868,064	62.97%
Well Garden Limited	Beneficial owner (Note 4)	58,332,141	7.85%
MOA Ltd	Interests of a controlled corporation (Note 4)	58,322,141	7.85%
Mr. Chung Toi Chiu, Steven	Interests of a controlled corporation (Note 4)	58,322,141	7.85%

Note 3: Please refer to section regarding interests and short positions in shares, underlying shares and debentures of the Company on pages 16 to 19.

Note 4: The 58,322,141 Shares were held by Mr. Chung Toi Chiu, Steven through his controlled corporations, namely MOA Ltd and Well Garden Limited.

Save as disclosed above, as at 31 March 2014, the Company had not been notified by any person who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO or as otherwise notified to the Company and the Stock Exchange.

SHARE OPTIONS

Particulars of the Company's share option schemes are set out in note 29 to the consolidated financial statements.

The following table discloses details of share options outstanding under the Company's 2003 share option scheme adopted on 3 September 2003 ("Old Share Option Scheme") and movement during the year:

				Number of share options				
Name of Grantee	Notes	Date of grant of share options	Exercise price HK$	Outstanding at beginning of the year	Granted during the year	Lapsed/ cancelled during the year	Exercised during the year	Outstanding at end of the year
Mr. Ng Chun For, Henry *(Director)*	(1)	28 October 2005	0.676	2,000,000	—	—	—	2,000,000
	(2)	2 April 2007	0.686	2,000,000	—	—	—	2,000,000
	(3)	31 August 2007	1.156	1,000,000	—	—	—	1,000,000
	(4)	24 March 2010	0.45	6,300,000	—	—	—	6,300,000
	(6)	30 March 2011	0.56	6,300,000	—	—	—	6,300,000
	(8)	12 April 2012	0.55	7,000,000		—	—	7,000,000
	(9)	25 April 2013	0.642	—	7,000,000	—	—	7,000,000
Mr. Ng Ian *(Director)*	(1)	28 October 2005	0.676	2,000,000	—	—	—	2,000,000
	(2)	2 April 2007	0.686	2,000,000	—	—	—	2,000,000
	(3)	31 August 2007	1.156	1,000,000	—	—	—	1,000,000
	(4)	24 March 2010	0.45	6,300,000	—	—	—	6,300,000
	(6)	30 March 2011	0.56	6,300,000	—	—	—	6,300,000
	(8)	12 April 2012	0.55	7,000,000		—	—	7,000,000
	(9)	25 April 2013	0.642	—	7,000,000	—	—	7,000,000
Mr. Lee Kwan Yee, Herrick *(Retired director)*	(5)(10)	13 April 2010	0.48	4,770,000	—	(4,770,000)	—	—
	(7)(10)	18 April 2011	0.66	3,280,000	—	(3,280,000)	—	—
Mr. Mak Wah Chi *(Director)*	(2)	2 April 2007	0.686	2,000,000	—	—	—	2,000,000
Eligible participants	(1)	28 October 2005	0.676	640,000	—	—	—	640,000
	(2)	2 April 2007	0.686	2,000,000	—	—	—	2,000,000
	(3)	31 August 2007	1.156	1,000,000	—	—	—	1,000,000
	(4)	24 March 2010	0.45	6,300,000	—	—	(6,300,000)	—
	(6)	30 March 2011	0.56	6,300,000	—	—	(6,300,000)	—
	(8)	12 April 2012	0.55	7,000,000	—	—	(7,000,000)	—
Employees	(2)	2 April 2007	0.686	500,000	—	—	—	500,000
	(7)	18 April 2011	0.66	3,500,000	—	—	—	3,500,000
	(9)	25 April 2013	0.642	—	7,000,000	—	(7,000,000)	—
				86,490,000	21,000,000	(8,050,000)	(26,600,000)	72,840,000

Notes:

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

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

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

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

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

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

(7) The exercise period is from 18 April 2016 to 17 April 2021 (both dates inclusive).

(8) The exercise period is from 12 April 2012 to 11 April 2022 (both dates inclusive).

(9) The exercise period is from 25 April 2013 to 24 April 2023 (both dates inclusive).

(10) On 3 September 2013, there were 8,050,000 share options lapsed which were held by retired director, Mr. Lee Kwan Yee, Herrick upon his retirement at the AGM and thus he ceased as an eligible employee pursuant to the Old Share Option Scheme.

There was no share option issued under the Company's 2013 share option scheme adopted on 3 September 2013.

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

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

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

PRE-EMPTIVE RIGHTS

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

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float as required under the Listing Rules throughout the year ended 31 March 2014.

EVENTS AFTER THE REPORTING PERIOD

Details of significant events occurring after the end of reporting period are set out in note 36 to the consolidated financial statements.

AUDITORS

The accounts for the years ended 31 March 2011, 2012 and 2013 were audited by HLB Hodgson Impey Cheng. In March 2012, the practice of HLB Hodgson Impey Cheng was reorganised as HLB Hodgson Impey Cheng Limited. A resolution for the appointment of HLB Hodgson Impey Cheng Limited as the auditors of the Company has been passed at annual general meeting held on 24 August 2012.

The accounts for the year ended 31 March 2014 were audited by HLB Hodgson Impey Cheng Limited whose term of office will expire upon the forthcoming annual general meeting. A resolution for the re-appointment of HLB Hodgson Impey Cheng Limited as auditors of the Company for the subsequent year is to be proposed at the forthcoming annual general meeting.

On behalf of the Board

Ng Ian
Chairman
Hong Kong, 20 June 2014

Directors and Senior Management Profile

DIRECTORS

Executive Directors

Ng Ian (Aged 48)

Mr. Ng Ian has been appointed as the Chairman and resigned as Deputy Chairman on 28 March 2013. Prior to the appointment as the Chairman, he has been appointed as an executive Director of the Company since 30 April 2005 and became the Chief Executive Officer and Deputy Chairman on 21 May 2005 and 11 July 2005 respectively. On 28 March 2013, Mr. Ng Ian has been appointed as the Chairman and resigned as the Deputy Chairman and Chief Executive Officer. Mr. Ng Ian graduated from University of California, Los Angeles in the United States of America with a Bachelor of Arts Degree in Psychology with a specialisation in Business Administration and is a member of American Institute of Certified Public Accountant. Mr. Ng Ian is responsible for overall strategic planning and the supervision of the operation of the Group with focus on the accounting affairs and financial control of the Group.

Chan Kwok Hung (Aged 50)

Mr. Chan has been appointed as an executive Director of the Company since 4 July 2013 and he has over 20 years of property agency experience. Prior to the joining of the Company, he held senior management position in a Hong Kong renowned listed property agency firm. Mr. Chan is responsible for implementation of business plans of the Group.

Non-executive Directors

Ng Chun For, Henry (Aged 77)

Mr. Ng resigned as the Chairman and has been re-designated as a non-executive Director on 28 March 2013. Prior to the re-designation, he had been appointed as an executive Director of the Company since 30 April 2005 and became the Chairman on 21 May 2005. Mr. Ng is the father of Mr. Ng Ian, the Chairman and the executive Director of the Company. Mr. Ng has made investments in the real estate market in Hong Kong and Macau Special Administrative Region of the PRC which included sale and purchase and development of real estate properties.

Mak Wah Chi (Aged 61)

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

Independent non-executive Directors

Li Kit Chee (Aged 59)

Mr. Li has been appointed as an independent non-executive Director of the Company since 4 April 2007. Mr. Li is a Certified public accountant and has been practising in Hong Kong since 1989. Mr. Li is a fellow member of both the Hong Kong Institute of Certified Public Accountants and Association of Chartered Certified Accountants and is a managing director of Arthur Li, Yau & Lee C.P.A. Limited. Mr. Li is a director of Cheong Yip Corporate Services Limited, which is principally engaged in corporate service related business. Mr. Li is also an independent non-executive director of Tysan Holdings Limited (stock code 687) and National Arts Entertainment and Culture Group Limited (stock code 8228) whose shares are listed on the Main Board and Growth Enterprise Market ("GEM") of the Stock Exchange respectively. Mr. Li was also a former independent non-executive director of First Credit Holdings Limited (stock code 8215) for the period from 18 November 2010 to 28 May 2014 whose shares are listed on the GEM of the Stock Exchange.

Chan Kam Man (Aged 51)

Mr. Chan has been appointed as an independent non-executive Director of the Company since 19 February 2010. Mr. Chan is a certified public accountant and has been practising in Hong Kong since 1995. Mr. Chan is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants and has over 25 years of experience in accounting and finance. Mr. Chan is currently the managing director of CL Partners CPA Limited and a director of Eastern Empire Investments Limited and Venture Strategic Advisory Limited. Mr. Chan was also a former independent non-executive director of China Financial Leasing Group Limited (stock code 2312) for the period from 30 May 2012 to 22 January 2014 whose shares are listed on the Main Board of the Stock Exchange.

Chu Tak Sum (Aged 67)

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

SENIOR MANAGEMENT

Lee Pui Lam (Aged 44)

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

Yang Ki Kit (Aged 35)

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

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

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

For the year ended 31 March 2014 under review, save as disclosed in this Corporate Governance Report, the Company complied with all code and provisions, where appropriate, under the "Corporate Governance Code and Corporate Governance Report" contained in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules").

The Board considers that during the year ended 31 March 2014, the Company has applied the principles and complied with the code provisions set out in the CG Code. Key corporate governance principles and practices of the Company are summarised below.

BOARD OF DIRECTORS

The Board oversees the management, business, strategic directions and financial performance of the Group. It has delegated the day-to-day responsibility to the executive Directors and senior management of the Company who perform their duties under the leadership of the Chairman. At the time of delegation, the Board gives clear directions to executive Directors as to the matters that must be approved by the Board before decisions can be made on behalf of the Group. The functions reserved to the Board and delegated to the executive Directors and senior management are reviewed by the Board to ensure that such delegation remains appropriate to the needs of the Group. The Board members have accessed to appropriate business documents and information about the Group on a timely basis.

BOARD COMPOSITION

The Board comprises seven Directors, including two executive Directors, two non-executive Directors and three independent non-executive Directors. The Company has three independent non-executive Directors, representing one-third of the Board. At least one of the independent non-executive Directors has appropriate professional qualifications, or accounting or related financial management expertise. Biographical details of the Directors are set out on pages 24 and 25 of this annual report.

The Company has received the annual written confirmations of independence from all the independent non-executive Directors in accordance with Rule 3.13 of the Listing Rules. The Board is of the view that all the independent non-executive Directors are independent in character and judgement and that they all meet the specific independence criteria as required by the Listing Rules.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. After the appointment of Mr. Ng Ian as the Chairman of the Company with effect from 28 March 2013, he resigned as the Deputy Chairman and Chief Executive Officer of the Company ("CEO") but remains as an executive director and in all other positions in the Company and its subsidiaries.

The Board considered that the management structure of the Board could be optimised by Mr. Ng Ian (the former CEO of the Company, the current Chairman and executive Director of the Company) taking up both the roles of Chairman and CEO of the Company after considering the following factors:

1. it will not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high calibre individuals who meet regularly to discuss issues pertaining to the operations of the Company;

2. it is conducive to strong and consistent leadership, and enables the Group to make and implement decisions promptly and efficiently; and

3. it is beneficial to the Company and its shareholders as a whole having taken into account that the Group's business scale has been narrowed down to business operation in Hong Kong after disposal of the JV Project.

THE BOARD

The Board meets at least four times a year at approximately quarterly intervals and additional meetings will be held as and when required. The Board held 4 meetings during the financial year ended 31 March 2014. The record of attendance of each Director at the Board meetings is as follows:

Name of Director	Regular Board Meeting Attended/Eligible to Attend[4]	Special Board Meeting Attended/Eligible to Attend[5]
Executive Directors		
Mr. Ng Ian *(Chairman)*[1]	4/4	11/11
Mr. Lee Kwan Yee, Herrick[2]	1/1	8/8
Mr. Chan Kwok Hung[3]	3/3	11/11
Non-executive Directors		
Mr. Ng Chun For, Henry[1]	4/4	8/13
Mr. Mak Wah Chi	4/4	16/16
Independent non-executive Directors		
Mr. Li Kit Chee	4/4	11/12
Mr. Chu Tak Sum	4/4	11/12
Mr. Chan Kam Man	4/4	12/12

Notes:

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

(2) Retired as executive Director on 3 September 2013 (being date of AGM).

(3) Appointed as executive Director on 4 July 2013.

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

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

The Company Secretary assists the Chairman in establishing the meeting agenda and each Director may request inclusion of items in the agenda. A notice of at least 14 days is given to all Directors for all Board meetings. Relevant information is circulated to all Directors normally three days in advance of the Board meetings.

With the assistance of the Company Secretary, the Chairman ensures that all Directors are properly briefed on issues arising at Board meetings and that they receive adequate information in a timely manner to assist them to make informed decisions and discharge their duties as Directors. Upon reasonable request, the Directors and Board committees will have accessed to independent professional advice in appropriate circumstances at the Company's expense. The Company has arranged appropriate insurance covering for its Directors.

Meeting minutes of the Board and Board committees are recorded in appropriate details and draft minutes are circulated to the respective Board members for comments before being approved by the Board and Board committees. All minutes are kept by the Company Secretary and are open for inspection by the Directors.

Pursuant to Code A.6.7 of the CG Code, independent non-executive Directors and other non-executive Directors should attend the general meetings of the Company. Mr. Ng Chun For, Henry, due to other business engagement, was unable to attend the AGM.

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

The code provision A.4.2 of the CG Code requires every director, including those appointed for a specific term, to be subject to retirement by rotation at least once every three years. According to the bye-laws of the Company, one-third of the Directors shall retire from office by rotation at each annual general meeting,

The code provision A.4.1 of the CG Code stipulates that non-executive Directors should be appointed for a specific term, subject to re-election. The non-executive Director Mr. Ng Chun For, Henry would hold office as a non-executive Director of the Company until the close of the annual general meeting of the Company for year 2015–2016 subject to retirement and rotation in accordance with the Bye-laws of the Company. The non-executive Director, Mr. Mak Wah Chi and all the independent non-executive Directors Mr. Li Kit Chee, Mr. Chu Tak Sum and Mr. Chan Kam Man were re-elected at the AGM to hold office until the conclusion of the next annual general meeting of the Company. As such, all non-executive Directors including the independent non-executive Directors have been appointed for a specific term and accordingly the Company has been in compliance with the code provision A.4.1.

The names and biographical details of the Directors who will offer themselves for election or re-election at the next annual general meeting are included in the circular to shareholders containing the notice of the forthcoming annual general meeting.

RESPONSIBILITIES OF DIRECTORS

The Directors acknowledge their responsibility for preparing the financial statements for the financial year ended 31 March 2014. Every Director is required to keep abreast of his responsibilities as a Director and of the conduct, business activities and development of the Group. On appointment, new Directors will receive a comprehensive, formal induction on the Group's business and his responsibilities as a Director.

All Directors are also encouraged to attend training courses relevant on changes and developments to the Group's business and to the legislative and regulatory environments in which the Group operates at the Company's expenses.

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules ("Model Code") as the code of conduct regarding directors' securities transactions. Having made specific enquiry, all the Directors have confirmed that they have fully complied with the required standard set out in the Model Code for the year under review.

DIRECTORS' TRAINING AND PROFESSIONAL DEVELOPMENT

The Directors newly appointed during the reporting period have received induction on the first occasion of his appointment, so as to ensure that he has appropriate understanding of the business and operations of the Company and that he is fully aware of his responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

Under the code provision A.6.5 of the CG Code, all Directors should participate in continuous development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. The Directors are continuously updated with legal and regulatory developments, and the business and market changes to facilitate the discharge of their responsibilities. The Company has provided timely technical updates, including the briefing on the amendments to the Listing Rules and the news release published by the Stock Exchange to the Directors. Continuous briefing and seminars on professional development for Directors are arranged where necessary. During the year ended 31 March 2014, regulatory updates and relevant materials on amendment to Listing Rules were sent to the Directors for their awareness of the latest development on statutory requirements.

The training each Director received during the year ended 31 March 2014 is summarized as below:

Name of Directors	Seminars on regulations and updates	Reading materials relating to regulatory update and corporate governance matters
Executive Directors		
Mr. Ng Ian	√	√
Mr. Chan Kwok Hung	√	√
Non-executive Directors		
Mr. Ng Chun For, Henry	√	√
Mr. Mak Wah Chi	√	√
Independent non-executive Directors		
Mr. Li Kit Chee	√	√
Mr. Chu Tak Sum	√	√
Mr. Chan Kam Man	√	√

BOARD COMMITTEES

The Board has established three Board committees, namely, the Remuneration Committee ("RC"), the Audit Committee ("AC") and the Nomination Committee ("NC"), for overseeing particular aspects of the affairs of the Group. All Board committees have been established with defined written terms of reference, which are posted on the Company's website "www.henrygroup.hk" and are available to shareholders upon request. All the Board committees should report to the Board on their decisions or recommendations made.

All 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. The duties and work done by the foregoing three Board committees for the year ended 31 March 2014 are detailed below.

Remuneration Committee

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

The RC will assist the Board to develop and administer fair and transparent procedures for setting policies on the remuneration of Directors and senior management of the Company, to access their performance and with delegated responsibility to determine their remuneration packages and it is also responsible for the administration of the share option schemes adopted by the Company.

During the year under review, the RC i) recommended granting of share options to executive Directors and a non-executive Director, ii) recommended performance bonus and iii) gratuitous bonus to an executive Director, a non-executive Director and an employee as well as iv) reviewed the remuneration packages of the Board.

Details of Directors' emoluments on named basis for the year ended 31 March 2014 are set out in note 10 to the consolidated financial statements. In addition, pursuant to the code provision B.1.5, the annual remuneration of the senior management by bands for the year ended 31 March 2014 is set out below:

Remuneration bands	No. of senior management 2014
HK$Nil–HK$1,000,000	1
HK$1,000,001–HK$1,500,000	1
	2

The RC held 3 meetings during the year under review and the record of attendance of its members is as follows:

Name of member	Attended/Eligible to Attend
Mr. Li Kit Chee *(Independent non-executive Director and the Chairman of Remuneration Committee)*	3/3
Mr. Mak Wah Chi *(Non-executive Director)*	3/3
Mr. Chu Tak Sum *(Independent non-executive Director)*	3/3

Audit Committee

The AC comprises a non-executive Director and two independent non-executive Directors, namely, Mr. Mak Wah Chi, Mr. Li Kit Chee (Committee Chairman) and Mr. Chan Kam Man. The AC had reviewed and discussed with management the accounting principles and practices adopted by the Group, audit, internal control and financial reporting matters including the review of i) unaudited interim results for the period ended 30 September 2013, ii) the audited consolidated financial statements for the year ended 31 March 2014 and iii) approved the audit fee quote.

The AC held 3 committee meetings during the year under review and the record of attendance of its members is as follows:

Name of member	Attendance/Number of meetings
Mr. Li Kit Chee *(Independent non-executive Director and Chairman of Audit Committee)*	3/3
Mr. Mak Wah Chi *(Non-executive Director)*	3/3
Mr. Chan Kam Man *(Independent non-executive Director)*	3/3

Nomination Committee

The Company has established the NC and adopted written terms of reference on 19 March 2012. The NC now comprises a non-executive Director and two independent non-executive Directors, namely, Mr. Mak Wah Chi, Mr. Chan Kam Man (Committee Chairman) and Mr. Chu Tak Sum.

The principal duties of the NC include, among other things, i) to review the structure, size and composition of the board at least annually; ii) to make recommendations to the Board on the appointment and re-appointment of directors of the Company; and iii) to assess the independence of independent non-executive Directors of the Company.

During the year under review, the NC i) approved the appointment of an executive Director, ii) approved the amended terms of reference of NC together with the Board diversity policy (as discussed below) as well as iii) reviewed the composition and rotation of the Board.

The Company has adopted a board diversity policy ("Board Diversity Policy") in September 2013 which sets out its approach to achieve and maintain diversity on the Board in order to enhance the effectiveness of the Board.

The Company recognises the benefits of Board diversity and endeavours to ensure that the Board has the appropriate balance and level of skills, experience and perspectives required to support the execution of its business strategies. The Company seeks to achieve Board diversity through the consideration of a number of factors, including professional qualifications and experience, cultural and educational background, gender, age and length of service. The Company will also take into consideration factors based on its own business model and specific needs from time to time in determining the optimum composition of the Board.

The Board has set measurable objectives (in terms of gender, skills and experience) to implement the Board Diversity Policy and review such objects from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives. The Board will review the Board Diversity Policy, as appropriate, to ensure its continued effectiveness from time to time.

The Company considers that the current composition of the Board is characterised by diversity, whether considered in terms of professional background and skills.

The NC held 3 committee meetings during the year under review and the record at attendance of its members is as follows:

Name of member	Attendance/Number of meetings
Mr. Chan Kam Man *(Independent non-executive Director and Chairman of Nomination Committee)*	3/3
Mr. Mak Wah Chi *(Non-executive Director)*	3/3
Mr. Chu Tak Sun *(Independent non-executive Director)*	3/3

EXTERNAL AUDITORS AND AUDITORS' REMUNERATION

The accounts for the year were audited by HLB Hodgson Impey Cheng Limited whose term of office will expire upon the forthcoming annual general meeting.

The reporting responsibilities of HLB Hodgson Imply Cheng Limited are stated in the Independent Auditors' Report on pages 35 to 36 of the annual report.

The amount of fees charged by the auditors generally depends on the scope and volume of the auditors' work. For the year under review, the remuneration charged to the Group for audit services and non-audit services provided by the auditors amounted to approximately HK$650,000.

INTERNAL CONTROL

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

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

COMPANY SECRETARY

Mr. Lee Pui Lam, the company secretary appointed by the Board and an employee of the Company, in the opinion of the Board, possesses the necessary qualification and experience, and is capable of performance of the functions of the company secretary. The Company will provide fund for Mr. Lee to take not less than 15 hours of appropriate professional training in each financial year as required under Rule 3.29 of the Listing Rules.

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

The Board shall maintain an on-going dialogue with shareholders, investors and other stakeholders of the Company and shall ensure effective and timely dissemination of information to shareholders and encourage their participation at general meetings of the Company.

The Company established a Shareholders' Communication Policy on 19 March 2012. The Company communication channels include the annual general meeting, special general meeting, the annual and interim reports, notices, announcements and circulars, the Company's website (www.henrygroup.hk) and meetings with investors and analysts.

SHAREHOLDERS' 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.

All resolutions put forward at shareholders' meeting of listed issuers shall be voted by poll pursuant to the Listing Rules. The poll voting results will be posted on the websites of the Stock Exchange (www.hkexnews.hk) and of the Company (www.henrygroup.hk) after each shareholders' meeting.

Convening a Special General Meeting by Shareholders

Pursuant to Bye-law 58, a special general meeting may be convened by the Board upon requisition by any shareholder holding at the date of deposit of the written requisition not less than one tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company. The shareholder shall make a written requisition to the Board or the Company Secretary of the Company at the head office address of the Company, specifying the shareholding information of the shareholder, his/her contact details and the proposal regarding any specified transaction/business and its supporting documents.

The Board shall arrange to hold such general meeting within two months after the receipt of such written requisition. Pursuant to Bye-law 59, the Company shall serve requisite notice of the general meeting, including the time, place of meeting and particulars of resolutions to be considered at the meeting and the general nature of the business.

If within 21 days of the receipt of such written requisition, the Board fails to proceed to convene such special general meeting, the shareholder may do so in accordance with the provisions of Section 74(3) of the Companies Act 1981 of Bermuda (the "Companies Act").

Put Forward Proposals at a General Meeting by Shareholders

Pursuant to the Companies Act, either any number of the registered Shareholders holding not less than one-twentieth (5%) of the paid-up capital of the Company carrying the right of voting at general meetings of the Company, or not less than 100 of such registered Shareholders, can request the Company in writing to (a) give to Shareholders entitled to receive notice of the next annual general meeting notice of any resolution which may properly be moved and is intended to be moved at that meeting; and (b) circulate to Shareholders entitled to receive notice of the next general meeting any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

The requisition signed by all the requisitionists may consist of several documents in like form, each signed by one or more of the requisitionists; and it must be deposited at the Registered Office with a sum reasonably sufficient to meet the Company's relevant expenses, not less than six weeks before the meeting in case of a requisition requiring notice of a resolution or not less than one week before the meeting in the case of any other requisition. Provided that if an annual general meeting is called for a date six weeks or less after the requisition has been deposited, the requisition though not deposited within the time required by the Companies Act shall be deemed to have been properly deposited for the purposes thereof.

Putting Forward Enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing to the Company's head office in Hong Kong at Suite 1711, Tower 2, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.

Independent Auditors' Report

國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

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

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

We have audited the consolidated financial statements of Henry Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 37 to 109, which comprise the consolidated statements of financial position as at 31 March 2014, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of 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 Company and of the Group as at 31 March 2014 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Wong Sze Wai, Basilia
Practising Certificate Number: P05806

Hong Kong, 20 June 2014

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
Turnover	5	**53,555**	49,977
Other income and gains	7	**7,817**	4,618
Net (loss)/gain in fair value of investment properties		**(22,367)**	652,650
Staff costs	8	**(48,739)**	(21,667)
Depreciation for property, plant and equipment	14	**(386)**	(635)
Loss on disposal of available-for-sale financial assets	19	**(3)**	—
Gain on disposal of subsidiaries	32	**297,739**	—
Other operating expenses		**(20,586)**	(22,699)
Profit from operations	8	**267,030**	662,244
Finance costs	9	**(32,457)**	(31,544)
Profit before taxation		**234,573**	630,700
Taxation	12	**3,431**	(87,391)
Profit for the year		**238,004**	543,309
Other comprehensive income, net of income tax			
Items that maybe reclassified subsequently to profit or loss:			
Recognition of hedge reserve of derivative financial instruments		**4,203**	4,483
Exchange differences arising on translating foreign operations		**8,767**	13,381
Other comprehensive income for the year, net of tax		**12,970**	17,864
Total comprehensive income for the year		**250,974**	561,173
Profit for the year attributable to:			
Owners of the Company		**123,600**	354,080
Non-controlling interests		**114,404**	189,229
		238,004	543,309
Total comprehensive income attributable to:			
Owners of the Company		**130,433**	362,605
Non-controlling interests		**120,541**	198,568
		250,974	561,173
Earnings per share			
— Basic (in HK cents)	13	**17.24**	49.42
— Diluted (in HK cents)	13	**16.24**	48.91

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
ASSETS AND LIABILITIES			
NON-CURRENT ASSETS			
Property, plant and equipment	14	**267**	604
Investment properties	15	**2,006,800**	1,904,000
Available-for-sale financial assets	19	**—**	3
Amount due from a non-controlling shareholder	33(a)	**—**	32,775
Deferred tax assets	24	**1,137**	2,881
		2,008,204	1,940,263
CURRENT ASSETS			
Trade and other receivables	17	**4,067**	61,526
Available-for-sale financial assets	19	**74**	74
Tax recoverable		**—**	229
Pledged bank deposits		**15,004**	15,000
Cash and bank balances	20	**964,792**	379,202
		983,937	456,031
Assets classified as held for sale	18	**—**	3,838,589
		983,937	4,294,620
CURRENT LIABILITIES			
Other payables, rental deposits received and accruals, current portion	21	**6,843**	419,530
Bank borrowings, current portion (secured)	22	**26,750**	109,036
Amount due to a non-controlling shareholder	33(c)	**—**	287,434
Derivative financial instruments, current portion	23	**—**	1,579
Tax payable		**600**	—
		34,193	817,579
Liabilities directly associated with assets classified as held for sale	18	**—**	1,973,786
		34,193	2,791,365
NET CURRENT ASSETS		**949,744**	1,503,255
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,957,948**	3,443,518

Consolidated Statement of Financial Position

As at 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
NON-CURRENT LIABILITIES			
Other payables and rental deposits received, non-current portion	21	**10,207**	7,925
Bank borrowings, non-current portion (secured)	22	**973,124**	799,874
Derivative financial instruments, non-current portion	23	**4,883**	8,337
Loans from a related party	33(b)	**—**	99,708
Loans from shareholders	33(d)	**—**	33,521
Deferred tax liabilities	24	**10,296**	9,135
		998,510	958,500
NET ASSETS		**1,959,438**	2,485,018
CAPITAL AND RESERVES			
Share capital	25	**74,302**	71,642
Reserves		**1,885,136**	1,777,705
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**1,959,438**	1,849,347
Non-controlling interests		**—**	635,671
TOTAL EQUITY		**1,959,438**	2,485,018

These consolidated financial statements were approved and authorised for issue by the Board of Directors on 20 June 2014 and signed on its behalf by:

Ng Ian
Director

Chan Kwok Hung
Director

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2014

	Attributable to owners of the Company											
	Share Capital HK$'000	Share Premium HK$'000	Hedging reserve HK$'000 (note 26(b))	Special reserve HK$'000 (note 26(b))	Capital reserve HK$'000 (note 26(b))	Share-based payment reserve HK$'000 (note 26(b))	Exchange reserve HK$'000 (note 26(b))	Contribution from shareholders HK$'000	Other reserve HK$'000	Retained profit HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 31 March 2013	71,642	537,866	(8,278)	9,628	926	23,383	17,142	250,139	29,166	917,733	635,671	2,485,018
Recognition of hedge reserve of derivative financial instruments	—	—	4,203	—	—	—	—	—	—	—	—	4,203
Exchange difference arising from translation of financial statements of overseas subsidiaries	—	—	—	—	—	—	2,630	—	—	—	6,137	8,767
Other comprehensive income for the year	—	—	4,203	—	—	—	2,630	—	—	—	6,137	12,970
Profit for the year	—	—	—	—	—	—	—	—	—	123,600	114,404	238,004
Total comprehensive income for the year	—	—	4,203	—	—	—	2,630	—	—	123,600	120,541	250,974
Recognition of share-based payment (note 29)	—	—	—	—	—	8,695	—	—	—	—	—	8,695
Lapse of share options	—	—	—	—	—	(1,969)	—	—	—	1,969	—	—
Exercise of share options (note 25)	2,660	20,437	—	—	—	(8,390)	—	—	—	—	—	14,707
Gain on discharge of loans due to a non-controlling shareholder (note 42)	—	—	—	—	—	—	—	—	—	—	287,469	287,469
Release upon cessation of hedge accounting	—	—	4,075	—	—	—	—	—	—	—	—	4,075
Release upon disposal of subsidiaries	—	—	—	—	—	—	(19,772)	—	(28,047)	—	(550,066)	(597,885)
Dividend paid to a non-controlling shareholder	—	—	—	—	—	—	—	—	—	—	(493,615)	(493,615)
As at 31 March 2014	74,302	558,303	—	9,628	926	21,719	—	250,139	1,119	1,043,302	—	1,959,438

Consolidated Statement of Changes in Equity

For the year ended 31 March 2014

	Attributable to owners of the Company										Non-controlling interests	Total
	Share capital	Share premium	Hedging reserve	Special reserve	Capital reserve	Share-based payment reserve	Exchange reserve	Contributions from shareholders	Other reserve	Retained profits		
	HK$'000	HK$'000	HK$'000 (note 26(b))	HK$'000 (note 26(b))	HK$'000 (note 26(b))	HK$'000 (note 26(b))	HK$'000 (note 26(b))	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2012	71,642	537,866	(12,761)	9,628	926	16,209	13,100	250,139	1,119	563,653	465,150	1,916,671
Recognition of hedge reserve of derivative financial instruments	—	—	4,483	—	—	—	—	—	—	—	—	4,483
Exchange difference arising from translation of financial statements of overseas subsidiaries	—	—	—	—	—	—	4,042	—	—	—	9,339	13,381
Other comprehensive income for the year	—	—	4,483	—	—	—	4,042	—	—	—	9,339	17,864
Profit for the year	—	—	—	—	—	—	—	—	—	354,080	189,229	543,309
Total comprehensive income for the year	—	—	4,483	—	—	—	4,042	—	—	354,080	198,568	561,173
Change in ownership interest in subsidiaries (note 41)	—	—	—	—	—	—	—	—	28,047	—	(28,047)	—
Recognition of share-based payment (note 29)	—	—	—	—	—	7,174	—	—	—	—	—	7,174
At 31 March 2013	71,642	537,866	(8,278)	9,628	926	23,383	17,142	250,139	29,166	917,733	635,671	2,485,018

Consolidated Statement of Cash Flows

For the year ended 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
OPERATING ACTIVITIES			
Profit before taxation		**234,573**	630,700
Adjustments for:			
Depreciation for property, plant and equipment		**386**	635
Net loss/(gain) in fair value changes of investment properties		**22,367**	(652,650)
Written off of amount due from a non-controlling shareholder		**35**	—
Loss on disposal of available-for-sale financial assets		**3**	—
Gain on disposal of subsidiaries		**(297,739)**	—
Share-based payment expenses		**8,695**	7,174
Interest income		**(7,675)**	(4,315)
Interest expenses		**32,457**	31,544
Fair value loss of derivative financial instruments		**4,883**	—
Operating (loss)/profit before movement in working capital changes		**(2,015)**	13,088
Decrease in trade and other receivables		**51,636**	1,779
Increase in other payables, rental deposits received and accruals		**39,641**	138,083
CASH GENERATED FROM OPERATIONS		**89,262**	152,950
Interest paid		**(56,993)**	(79,351)
Income tax paid		**(65)**	(97)
NET CASH GENERATED FROM OPERATING ACTIVITIES		**32,204**	73,502
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(49)**	(12)
Additions to investment properties		**(104,456)**	(308,255)
Acquisition of available-for-sale financial investments		**—**	(3)
Increase in deposit from disposal of subsidiaries		**—**	407,966
Net cash inflow from disposal of subsidiaries		**479,936**	—
Proceeds of sale loan		**565,756**	—
Net cash outflow from acquisition of a subsidiary		**(12,763)**	—
Interest received		**5,694**	1,204
NET CASH GENERATED FROM INVESTING ACTIVITIES		**934,118**	100,900

For the year ended 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
FINANCING ACTIVITIES			
Repayment of bank loans		**(108,967)**	(536,436)
Increase in pledged bank deposits		**(4)**	(5,000)
Advance from non-controlling shareholders		**23,488**	378,471
Partial repayment of advance from non-controlling shareholders		**—**	(283,951)
Repayment of loans from related parties		**(100,903)**	—
Repayment of loans from shareholders		**(33,783)**	(135,527)
Share options exercised		**14,707**	—
Dividend paid to a non-controlling shareholder of High Fly		**(493,615)**	—
New bank loans raised		**200,000**	756,434
NET CASH (USED IN) GENERATED FROM FINANCING ACTIVITIES		**(499,077)**	173,991
NET INCREASE IN CASH AND CASH EQUIVALENTS		**467,245**	348,393
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**(293)**	6,110
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**497,840**	143,337
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	20	**964,792**	497,840

Notes to Financial Statements

For the year ended 31 March 2014

1. GENERAL

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

The Company acts as an investment holding company and the principal activities of the Group are property leasing and development.

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

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

In the current year, the Group has adopted all of the new and revised standards, amendments and interpretations ("new HKFRSs") issued by the HKICPA that are relevant to its operations and effective for annual periods beginning on or after 1 April 2013. A summary of the new HKFRSs are set out as below:

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009–2011 Cycle
HKFRS 1 (Amendments)	Government Loans
HKFRS 7 (Amendments)	Disclosures — Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
HK(IFRIC) — Int 20	Stripping Costs in the Production Phase of a Surface Mine

Except for the amendments to HKAS 1, the application of these new HKFRSs has no material impact on the results and the financial position of the Group.

The nature of the impending changes in accounting policy on adoption of the amendments to HKAS 1 is described below.

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

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012.

The amendments to HKAS 1 introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a "statement of comprehensive income" is renamed as a "statement of profit or loss and other comprehensive income" and an "income statement" is renamed as a "statement of profit or loss". The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

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

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010–2012 Cycle[5]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011–2013 Cycle[2]
HKFRS 9	Financial Instruments[3]
HKFRS 9, HKFRS 7 and HKAS 39 (Amendments)	Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39[3]
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosure[3]
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities[1]
HKAS 19 (Amendments)	Defined Benefits Plans: Employee Contributions[2]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[1]
HKAS 36 (Amendments)	Recoverable Amount and Disclosures for Non-Financial Assets[1]
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting[1]
HKFRS 14	Regulatory Deferral Accounts[4]
HK(IFRIC) — Int 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted.
2 Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.
3 No mandatory effective date yet determined but is available for adoption.
4 Effective for annual periods beginning on or after 1 January 2016.
5 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.

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

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described below:

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 reporting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that 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 of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

The date when entities would be required to apply HKFRS 9 was previously stated at 1 January 2015. This mandatory effective date has been removed to provide sufficient time for preparers of financial statements to make the transition to the new requirements, which will now become effective from a later date yet to be announced.

Amendments to HKFRS 7 and HKAS 32 — Offsetting Financial Assets and Financial Liabilities and the related disclosures

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to HKFRS 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

The directors anticipate that the application of these amendments to HKAS 32 and HKFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

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

Amendments to HKAS 36 — Impairment of Assets: Recoverable Amount Disclosure for Non-Financial Assets

The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements regarding the fair value hierarchy, key assumptions and valuation techniques used when the recoverable amount of an asset or CGU was determined based on its fair value less costs of disposal.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) — Investment Entities

The Investment Entities amendments apply to a particular class of business that qualify as investment entities. The term 'investment entity' refers to an entity whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. An investment entity must also evaluate the performance of its investments on a fair value basis. Such entities could include private equity organisations, venture capital organisations, pension funds, sovereign wealth funds and other investment funds.

Under HKFRS 10, reporting entities were required to consolidate all investees that they control (i.e. all subsidiaries). Preparers and users of financial statements have suggested that consolidating the subsidiaries of investment entities does not result in useful information for investors. Rather, reporting all investments, including investments in subsidiaries, at fair value, provides the most useful and relevant information.

In response to this, the amendments provide an exception to the consolidation requirements in HKFRS 10 and require investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. The amendments also set out disclosure requirements for investment entities.

The amendments are effective from 1 January 2014 with early adoption permitted in order to allow investment entities to apply the amendments at the same time they first apply the rest of HKFRS 10.

The directors anticipate that the application of these amendments to HKFRS 10, HKFRS 12 and HKFRS 27 (2011) will have no material impact on the Group's financial performance and positions.

Amendments to HKAS 39 — Novation of Derivatives and Continuation of Hedge Accounting

The narrow-scope amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met (in this context, a novation indicates that parties to a contract agree to replace their original counterparty with a new one).

This relief has been introduced in response to legislative changes across many jurisdictions that would lead to the widespread novation of over-the-counter derivatives. These legislative changes were prompted by a G20 commitment to improve transparency and regulatory oversight of over-the-counter derivatives in an internationally consistent and non-discriminatory way.

Similar relief will be included in HKFRS 9.

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

Amendments to HKAS 39 — Novation of Derivatives and Continuation of Hedge Accounting (Continued)

The amendments will be effective for annual periods beginning on or after 1 January 2014 and applied retrospectively. Earlier application is permitted.

The directors anticipate that the application of these amendments to HKAS 39 will have no material impact on the Group's financial performance and positions.

HK (IFRIC) — Int 21 Levies

HK (IFRIC) — Int 21 is an interpretation of HKAS 37 and addresses how an entity should account for liabilities to pay levies imposed by governments, other than income taxes, in its financial statements. The principal question raised was about when the entity should recognise a liability to pay a levy. It clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. HK(IFRIC) — Int 21 is effective for annual periods beginning on or after 1 January 2014 with earlier application permitted.

The directors of the company anticipate that the application of HK(IFRIC) — Int 21 will have no effect on the Group's consolidated financial statements as the Group does not have any levy arrangements.

3. SIGNIFICANT ACCOUNTING POLICIES

(i) Statement of compliance

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

(ii) Basis of preparation of financial statements

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

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(ii) Basis of preparation of financial statements (Continued)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

(iii) Basis of consolidation

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

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

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transaction between members of the Group are eliminated in full on consolidation.

Non-controlling interests in the net assets excluding goodwill of consolidated subsidiaries are identified separately from the Group's equity therein.

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 equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted 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, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(iv) Subsidiaries

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

(v) 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.

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 assets or liabilities 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 Noncurrent Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interests in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, 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 interests 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 HKFRS.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Business combinations (Continued)

When 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 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.

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 interests 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 interests were disposed of.

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

The policy described above is applied to all business combinations that take place on or after 1 April 2011.

(vi) Property, plant and equipment

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(vii) Investment properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation (including properties under construction for such purpose), are measured initially at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in fair value of investment properties are included in 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 property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period which the property is derecognised.

(viii) Non-current assets held for sale

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

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

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

(ix) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's 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 when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, 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 on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of profit or loss and other comprehensive income. 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 profit or loss on disposal.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Impairment of assets excluding goodwill

At each of reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(xi) 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 and financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(a) Financial assets

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(xi) Financial instruments (Continued)

(a) Financial assets (Continued)

Loans and receivables

Loans and receivables (including trade and other receivables, pledged deposits, cash and bank balances, promissory note receivables, amount due from a jointly-controlled entity and amount due from a non-controlling shareholder) are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less any identified impairment loss.

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

Available-for-sale financial assets

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(xi) Financial instruments (Continued)

(a) Financial assets (Continued)

Impairment of financial assets

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

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

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

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

— significant financial difficulty of the issuer or counterparty; or

— default or delinquency in interest or principal payments; or

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

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

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

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

For the year ended 31 March 2014

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(xi) Financial instruments (Continued)

(a) Financial assets (Continued)

Impairment of financial assets (Continued)

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

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

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

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

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

Effective interest method

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(xi) Financial instruments (Continued)

(a) Financial assets (Continued)

Derecognition of financial assets

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

(b) Financial liabilities and equity instrument

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

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

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

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expenses over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate, a shorter period to the net carrying amount upon initial recognition.

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

Derecognition of financial liabilities

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(xi) Financial instruments (Continued)

(c) Derivative financial instruments

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

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

Cash flow hedges

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(xii) Cash and cash equivalents

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

(xiii) Leases

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

The Group as lessor

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

The Group as lessee

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(xiv) Employees' benefits

(a) Short term benefits

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

(b) Pension obligations

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

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

(c) Share option granted to certain directors and employees

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(xv) Foreign currencies

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

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see the accounting policies below); and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interests in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(xv) Foreign currencies (Continued)

Goodwill and fair value adjustments on identifiable assets acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in equity under the heading of exchange reserve.

(xvi) Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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

(xvii) Contingent liabilities

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

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

(xviii) Taxation

(a) Current tax

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(xviii) Taxation (Continued)

(b) Deferred tax

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(xix) Borrowing costs

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

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

(xx) Related parties

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

(xxi) Segment reporting

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

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

(xxii) Revenue recognition

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

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

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Key source of estimation uncertainty

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

(a) Useful lives of property, plant and equipment

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

(b) Impairment of trade and other receivables

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

(c) Assessment of impairment of assets

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

(d) Valuation of share options

As explained in note 29, share option expense is subject to the limitations of the option pricing models adopted and the uncertainty in estimates used by management in the assumptions. Should the estimates including limited early exercise behavior, expected interval and frequency of open exercise periods in the share option life and the relevant parameters of the share option model be changed, there would be material changes in the amount of share option benefits recognised in the profit or loss and share-based payment reserve.

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

Key source of estimation uncertainty (Continued)

(e) Fair value of investment properties

As set out in note 15, investment properties were revalued as at 31 March 2014 on an open market value existing use basis by a firm of independent professional valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the judgement, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at each of reporting period.

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

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

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

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

(f) Fair value of derivatives and other financial instruments

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

(g) Income taxes and deferred taxation

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

5. TURNOVER

The Group's turnover comprises:

	2014 HK$'000	2013 HK$'000
Gross rental income from investment properties	**53,555**	48,655
Gross rental income from assets classified as held for sale	**—**	1,322
	53,555	49,977

6. SEGMENT INFORMATION

For the year ended 31 March 2014 and 2013, the Group only engaged operating segment in property leasing and development. No analysis of the Group's results, assets and liabilities of other reportable segment is presented. The segmentations are based on the information about the operation of the Group that management uses to make decisions and regularly review by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance.

Geographical information

The Group's operations are located in Hong Kong only, after the disposal of subsidiaries which had operation in the People's Republic of China (the "PRC").

For the year ended 31 March 2014 and 2013, all of the Group's turnover are derived from Hong Kong. No analysis of the Group's result by geographical area is disclosed. The following is an analysis of the carrying amount of non-current assets and capital additions analysed by the geographical area in which the assets are located:

	Non-current assets*		Capital additions	
	At 31 March 2014 HK$'000	At 31 March 2013 HK$'000	Year ended 31 March 2014 HK$'000	Year ended 31 March 2013 HK$'000
The PRC	**—**	32,775	**133,111**	308,255
Hong Kong	**2,007,067**	1,904,604	**12,849**	12
	2,007,067	1,937,379	**145,960**	308,267

* Non-current assets excluding deferred tax assets and available-for-sale financial assets.

6. SEGMENT INFORMATION (Continued)

Information about major customers

Turnover for the year ended 31 March 2014 and 2013 represented gross income from leasing of investment properties. Included in turnover of approximately HK$53,555,000 (2013: HK$49,977,000) are turnover of approximately HK$16,689,000 (2013: HK$18,780,000) which arose from the Group's largest two (2013: two) customers with whom transactions in aggregate have exceeded 10% of the Group's turnover during the year.

Revenue from major customers, each of them amounted to 10% or more of the Group's revenue, are set out below:

	2014 HKD'000	2013 HKD'000
Customer A	**8,801**	11,220
Customer B	**7,888**	7,560

7. OTHER INCOME AND GAINS

	2014 HK$'000	2013 HK$'000
Bank interest income	**5,694**	1,204
Imputed interest income (note 33(a))	**1,981**	3,111
Sundry income	**142**	303
	7,817	4,618

8. PROFIT FROM OPERATIONS

	2014 HK$'000	2013 HK$'000
Profit from operations is arrived at after charging/(crediting):		
Directors' emoluments	**34,449**	10,039
Other staff costs		
Salaries and allowances	**10,639**	9,378
Retirement benefit scheme contributions	**106**	76
Social security contributions	**306**	623
Other benefits in kind	**3,239**	1,551
	14,290	11,628
Total staff costs	**48,739**	21,667
Net exchange loss	**1,779**	515
Auditors' remuneration	**650**	580
Depreciation for property, plant and equipment	**386**	635
Share-based payment expenses	**8,695**	7,174
Fair value loss of derivative financial instruments	**4,883**	—
Gross rental income from investment properties	**(53,555)**	(49,977)
Less: Direct operating expenses from investment properties that generated rental income during the year	**1,640**	1,122
	(51,915)	(48,855)

9. FINANCE COSTS

	2014 HK$'000	2013 HK$'000
Interest on bank borrowings		
— wholly repayable within five years	**40,432**	12,953
— wholly repayable after five years	**16,561**	66,398
Interest on amounts due to a non-controlling shareholder (note 33(c))	**—**	19,357
Interest on loans from shareholders (note 33(d))	**262**	7,163
Interest on loan from a related party (note 33(b)(ii))	**1,195**	2,879
Imputed interest on interest-free loan from a related party (note 33(b)(i))	**2,662**	4,936
	61,112	113,686
Less: amounts capitalised into investment properties under construction (included in "Assets classified as held for sale") (notes 15 and 32)	**(28,655)**	(82,142)
Total	**32,457**	31,544

The finance costs have been capitalised at the average rate ranging from 5–6% (2013: 5–9%) per annum.

For the year ended 31 March 2014

10. EMOLUMENTS OF DIRECTORS AND HIGHEST PAID INDIVIDUALS

(a) Directors' emoluments

Year ended 31 March 2014

	Directors' fees HK$'000	Basic salaries, allowances and other benefits HK$'000	Contributions to retirement benefit schemes HK$'000 (note 30)	Share options HK$'000 (note 29)	Special Bonus HK$'000	Total HK$'000
Executive directors						
Ng Ian	4	3,271	15	2,735	20,400	26,425
Lee Kwan Yee, Herrick (note b)	—	757	7	140	—	904
Chan Kwok Hung (note c)	—	546	11	—	—	557
	4	4,574	33	2,875	20,400	27,886
Non-executive directors						
Mak Wah Chi	520	—	—	—	—	520
Ng Chun For, Henry	8	—	—	2,735	3,000	5,743
	528	—	—	2,735	3,000	6,263
Independent non-executive directors						
Li Kit Chee	100	—	—	—	—	100
Chan Kam Man	100	—	—	—	—	100
Chu Tak Sum	100	—	—	—	—	100
	300	—	—	—	—	300
Total	832	4,574	33	5,610	23,400	34,449

10. EMOLUMENTS OF DIRECTORS AND HIGHEST PAID INDIVIDUALS (Continued)

(a) Directors' emoluments (Continued)

Year ended 31 March 2013

	Directors' fees HK$'000	Basic salaries, allowances and other benefits HK$'000	Contributions to retirement benefit schemes HK$'000 (note 30)	Share options HK$'000 (note 29)	Total HK$'000
Executive directors					
Ng Ian	4	2,750	15	2,166	4,935
Lee Kwan Yee, Herrick	—	1,781	15	327	2,123
	4	4,531	30	2,493	7,058
Non-executive directors					
Mak Wah Chi	500	—	—	—	500
Ng Chun For, Henry (note a)	8	67	—	2,166	2,241
	508	67	—	2,166	2,741
Independent non-executive directors					
Li Kit Chee	80	—	—	—	80
Chan Kam Man	80	—	—	—	80
Chu Tak Sum	80	—	—	—	80
	240	—	—	—	240
Total	752	4,598	30	4,659	10,039

Note:

(a) Re-designated on 28 March 2013

(b) Retired on 3 September 2013 (being the date of AGM)

(c) Appointed on 4 July 2013

There were no arrangements under which any director waived or agreed to waive any emoluments in respect of each of the two years ended 31 March 2014 and 2013.

10. EMOLUMENTS OF DIRECTORS AND HIGHEST PAID INDIVIDUALS (Continued)

(b) Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, two (2013: two) are directors of the Company whose emoluments are reflected in the analysis presented above. The emoluments of the remaining three (2013: three) individuals are as follows:

	2014 HK$'000	2013 HK$'000
Salaries, allowances and other benefits	**6,968**	3,801
Pension contributions	**45**	100
	7,013	3,901

The emoluments of these individuals are within the following bands:

	No. of individuals	
	2014	2013
HK$ Nil–HK$1,000,000	**1**	—
HK$1,000,001–HK$1,500,000	**1**	3
HK$1,500,001–HK$2,000,000	**—**	—
HK$2,000,001–HK$2,500,000	**—**	—
HK$2,500,001–HK$3,000,000	**—**	—
HK$3,000,001–HK$3,500,000	**—**	—
HK$3,500,001–HK$4,000,000	**—**	—
HK$4,000,001–HK$4,500,000	**—**	—
HK$4,500,001–HK$5,000,000	**1**	—
	3	3

The emoluments of senior management (excluding the Directors as disclosed in 10(a)) are within the following bands:

	No. of senior management	
	2014	2013
HK$Nil–HK$1,000,000	**1**	1
HK$1,000,001–HK$1,500,000	**1**	1
	2	2

(c) No emoluments were paid or payable to any directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 March 2014 and 2013.

(d) Mr. Ng Ian, the executive director of the Company is also the chief executive of the Company up to 28 March 2013 and his emoluments disclosed above include those for services rendered by him as the chief executive.

11. DIVIDEND

No dividend was paid or proposed during the year ended 31 March 2014, nor has any dividend been proposed since the end of reporting period (2013: Nil).

12. TAXATION

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2014 HK$'000	2013 HK$'000
Current tax — Hong Kong		
— Provision for the year	**795**	76
— Under/(over) provision in prior years	**99**	(26)
	894	50
Deferred taxation		
— (Credited)/charged to the consolidated statement of profit or loss and other comprehensive income	**(4,325)**	87,341
	(3,431)	87,391

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profits for the year ended 31 March 2014.

Pursuant to the income tax rules and regulations of the PRC, provision for the PRC Enterprise Income Tax is calculated based on a statutory rate of 25% on the assessable profits of the PRC subsidiary. No provision for the PRC Enterprise Income Tax for the year has been made as the PRC subsidiary incurred a loss during the year (2013: Nil).

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

	2014		2013	
	HK$'000	%	HK$'000	%
Profit before taxation	**234,573**		630,700	
Tax credit at Hong Kong profits tax rate of 16.5% (2013:16.5%)	**38,704**	**16.5**	104,065	16.5
Tax effect of expenses not deductible for tax purpose	**5,743**	**2.4**	15,465	2.5
Tax effect of income not taxable for tax purpose	**(49,728)**	**(21.2)**	(62,101)	(9.8)
Effect of different tax rate of subsidiaries operating in other jurisdictions	**(637)**	**(0.3)**	28,870	4.6
Tax effect of unused tax losses not recognised	**2,496**	**1.1**	2,357	0.3
Under/(over)-provision in respect of prior years	**99**	**0.1**	(26)	0.0
Utilisation of tax losses previously not recognised	**(108)**	**(0.1)**	(1,239)	(0.2)
Taxation (refund)/charge for the year	**(3,431)**	**(1.5)**	87,391	13.9

13. EARNINGS PER SHARE

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

	2014 HK$'000	2013 HK$'000
Earnings		
Earnings for the purpose of basic and diluted earnings per share	**123,600**	354,080

	2014 '000	2013 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**716,856**	716,419
Effect of dilutive potential ordinary shares:		
Share options	**44,164**	7,475
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**761,020**	723,894

14. PROPERTY, PLANT AND EQUIPMENT

The Group

	Leasehold improvements HK$'000	Furniture fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST				
At 1 April 2012	1,426	2,220	828	4,474
Additions	—	12	—	12
Exchange adjustments	—	6	15	21
Reclassified as held-for-sale	—	(370)	(843)	(1,213)
At 31 March 2013 and 1 April 2013	1,426	1,868	—	3,294
Additions	—	49	—	49
Disposals	—	(44)	—	(44)
At 31 March 2014	1,426	1,873	—	3,299
ACCUMULATED DEPRECIATION				
At 1 April 2012	1,124	1,387	681	3,192
Provided for the year	142	343	150	635
Exchange adjustments	—	5	12	17
Reclassified as held-for-sale	—	(311)	(843)	(1,154)
At 31 March 2013 and 1 April 2013	1,266	1,424	—	2,690
Provided for the year	139	247	—	386
Disposals	—	(44)	—	(44)
At 31 March 2014	1,405	1,627	—	3,032
CARRYING VALUES				
At 31 March 2014	21	246	—	267
At 31 March 2013	160	444	—	604

The above items of property, plant and equipment are depreciated on a straight-line basis at the followings rates per annum:

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

15. INVESTMENT PROPERTIES

	The Group	
	2014	2013
	HK$'000	HK$'000
FAIR VALUE:		
Completed investment properties, in Hong Kong	**2,006,800**	1,904,000
Investment properties under construction, in PRC	**—**	—
	2,006,800	1,904,000

	The Group		
	Completed investment properties, in Hong Kong	**Investment properties under construction, in the PRC**	**Total**
	HK$'000	HK$'000	HK$'000
FAIR VALUE:			
At 1 April 2012	1,601,000	2,871,329	4,472,329
Exchange adjustments	—	24,129	24,129
Construction costs incurred	—	308,255	308,255
Interest capitalised (note 9)	—	82,142	82,142
Net gain/(loss) in fair value recognised in statement of profit or loss and other comprehensive income	303,000	339,650	642,650
Reclassified as held-for-sale (note d)	—	(3,625,505)	(3,625,505)
At 31 March 2013 and 1 April 2013	1,904,000	—	1,904,000
Acquisition during the year (note 31)	12,800	—	12,800
Reclassified from held-for-sale (note e)	90,000	—	90,000
At 31 March 2014	2,006,800	—	2,006,800

(a) Valuation of investment properties

The investment properties in Hong Kong (as above) amounted to approximately HK$2,006,800,000 of the Group were stated at fair value at 31 March 2014. The fair values were arrived at based on the valuation out at that date by independent firms of qualified professional valuers, Savills Valuation and Professional Services Limited, who has among their staff members of the Hong Kong Institute of Surveyors with recent experience in the location and category of the properties being valued. The valuations conform to HKIS Valuation Standards (2012 Edition) issued by the Hong Kong Institute of Surveyors. The valuation of completed investment properties in Hong Kong were using income capitalisation approach.

15. INVESTMENT PROPERTIES (Continued)

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

	The Group	
	2014	2013
	HK$'000	HK$'000
In Hong Kong		
— long-term leases	**2,006,800**	1,904,000

(c) Pledge of investment properties

Investment properties with a carrying amount in aggregate of HK$1,904,000,000 (2013: HK$1,904,000,000) are pledged to several banks for Group's borrowings, details of which set out in note 22.

(d) Reclassification of Investment Properties in the PRC as assets held for sale

On 14 November 2012, the Group entered into a sale and purchase agreement ("SPA") to dispose the entire issued share capital of High Luck Investments Limited ("High Luck"), the company which indirectly held the investment properties in the PRC. The completion of the SPA is subject to the satisfaction and fulfillment of conditional precedents of the SPA (the "Very Substantial Disposal"). The Very Substantial Disposal has been approved by independent shareholders of the Company at a special general meeting held on 24 January 2013. For more details of the Very Substantial Disposal, please refer to the Circular of the Company dated 8 January 2013.

(e) Reclassification of assets classified as held-for-sale as investment properties in the Hong Kong

As at the date of reporting period, the management of the Company considered to revise the business plan for the properties held for sale to long term in purpose, therefore, the properties reclassify from assets classified as held for sale to investment properties.

(f) Fair value measurement of the Group investment properties

The following table analysed the investment properties which are measured at fair value as at 31 March 2014 into the three level hierarchy as defined in HKFRS 13.

	Fair value at 31 March 2014 HK$'000	**Valuation technique**	**Fair value hierarchy**	**Significant unobservable inputs**	**Capitalisation rate range**
Investment properties located in Hong Kong	2,006,800	Income capitalisation approach	Level 3	Reversionary yield; and Market rent per square foot	2.4% to 3.3%

Reversionary yield is the rate taking into account the capitalisation of rental income potential, nature of the property and prevailing market condition. Market rent per square foot is the market rent taking into account the direct comparable market transactions to the related properties.

There were no transfer into or out of level 3 during the year.

For the year ended 31 March 2014

16. INTERESTS IN SUBSIDIARIES

	The Company	
	2014	2013
	HK$'000	HK$'000
Unlisted shares, at cost	**—**	—
Amounts due from subsidiaries	**890,535**	634,464
Less: Impairment loss	**(62,130)**	(62,165)
	828,405	572,299
Amounts due to subsidiaries	**25,488**	42,953

Details of the Company's subsidiaries as at 31 March 2014 are set out in note 43.

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

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

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

17. TRADE AND OTHER RECEIVABLES

	The Group	
	2014	2013
	HK$'000	HK$'000
Trade receivables	**2,077**	1,656
Less: Impairment loss on trade receivables	**—**	—
	2,077	1,656
Other receivables	**1,990**	2,252
Promissory notes (note iv)	**—**	57,618
	4,067	61,526

	The Company	
	2014	2013
	HK$'000	HK$'000
Trade receivables	**—**	—
Less: Impairment loss on trade receivables	**—**	—
	—	—
Other receivables	**220**	326
	220	326

17. TRADE AND OTHER RECEIVABLES (Continued)

(i) Rentals and deposits are receivable in advance from tenants pursuant to the Group's lease agreements entered into with all tenants.

The Group maintains a defined and restricted credit policy to assess the credit quality of each counterparty or tenant. The collection is closely monitored to minimise any credit risk associated with these trade receivables. The trade receivables mainly consist rental receivables. The rental receivables are payable in advance by tenants.

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

The trade receivables included in trade and other receivables mainly consist of rental receivables. Rentals and deposits are payable in advance by tenants. The ageing analysis of the Group's trade receivables are as follows:

	2014 **HK$'000**	2013 HK$'000
Up to 30 days	**1,907**	1,598
31–60 days	**1**	8
61–90 days	**110**	36
More than 90 days	**59**	14
	2,077	1,656

17. TRADE AND OTHER RECEIVABLES (Continued)

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

	The Group	
	At 31 March 2014 HK$'000	At 31 March 2013 HK$'000
Neither past due nor impaired	**1,552**	1,153
Less than 1 month past due	**355**	445
1 to 3 months past due	**111**	44
More than 3 months past due	**59**	14
	525	503
	2,077	1,656

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

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

(iv) On 14 November 2012, the Group entered into the Deed of Arrangements with its joint venture partners (being non-controlling shareholders of non-wholly subsidiaries) whereby all outstanding arrears interests arising from approved connected shareholder loans from High Fly Investments Limited ("High Fly") to Grandyear Estate Limited ("High Fly Loans") shall be settled by issue of several promissory notes ('Promissory Notes") by non-controlling shareholders upon full and discharge of the High Fly Loans. The Promissory Notes has been approved by a special general meeting held on 24 January 2013. On 18 February 2013, the Group endorsed promissory notes receivable from a non-controlling shareholder (Premium Assets Development Limited ("Premium Assets")). As at 31 March 2013, the amount of promissory notes receivable from Premium Assets amounted to approximately HK$57,618,000 and the amount was received on 25 November 2013.

18. ASSETS CLASSIFIED AS HELD FOR SALE

	The Group	
	2014	2013
	HK$'000	HK$'000
Property, plant and equipment	**—**	59
Investment properties	**—**	3,715,505
Trade and other receivables	**—**	4,387
Cash and bank balances	**—**	118,638
Assets classified as held for sale	**—**	3,838,589
Other payables, rental deposits received and accruals	**—**	149,837
Bank borrowings	**—**	890,695
Amount due to a non-controlling shareholder	**—**	439,404
Loan from related party	**—**	59,786
Deferred tax liabilities	**—**	434,064
Liabilities directly associated with assets classified as held for sale	**—**	1,973,786

As mentioned in note 15 (d), by virtue of the SPA, the Group shall dispose the entire issued share capital of High Luck (subject to the fulfillment of conditional precedent). The Very Substantial Disposal has been approved by independent shareholders of the Company approval at a special general meeting held on 24 January 2013. For more details of the Very Substantial Disposal, please refer to the Circular of the Company dated 8 January 2013. The transactions were completed on 4 October 2013.

As at 31 March 2014, investment properties with a carrying amount in aggregate of approximately HK$Nil (2013: HK$3,715,505,000) are pledged to several banks for Group's borrowings.

As at 31 March 2013, the Group had approximately HK$90,000,000 of investment properties in Hong Kong, that the Group intends to dispose the investment properties within the next 12 months. As at 31 March 2014, the Group reclassified the investment properties under assets classified as held for sale to investment properties.

19. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	The Group	
	2014	2013
	HK$'000	HK$'000
Non-current:		
Unlisted equity investment, at cost (note a)	**—**	3
Current:		
Unlisted bond (note b)	**74**	74

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19. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Continued)

Notes:

(a) On 19 November 2012, the Group subscribed 400 issued shares capital in Double Favour Limited (which represents 4% of equity interests) by virtue of a shareholder's agreement dated 26 November 2012 at pro rata cost of USD400 (the "Shareholder Agreement"). Pursuant to the Shareholder Agreement, the Group will commit proportional funding obligation of RMB81,579,600 and committed facilities of RMB77,280,000 (collectively "Funding Obligations"), subject to the completion of the Very Substantial Disposal. The Shareholder Agreement constitutes as a discloseable transaction and has been approved by independent shareholders of the Company at a special general meeting held on 24 January 2013. For more details of the transaction, please refer to the Circular of the Company dated 8 January 2013.

As at 31 March 2013, the unlisted equity investments of the Group were stated at cost less impairment because they do not have a quoted market price in an active market and the range of reasonable fair value estimates is so significant that the directors are of the opinion that their fair value cannot be measured reliably.

On 14 November 2013, the Group through Uptodate Management Limited, Topnotch Corporation Limited and Double Favour Limited entered into a sales and purchase agreement (the "4% Sale and Purchase Agreement") to dispose its 4% equity interests in Double Favour Limited and thus released Funding Obligations. The 4% Sale and Purchase Agreement was completed on 28 November 2013. For more details, please refer to the announcement of the Company dated 28 November 2013.

(b) The bond bears interest at 0.25% per annum.

20. CASH AND BANK BALANCES

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

	The Group		The Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash and bank balances	**227,035**	77,119	**21,854**	7,117
Time deposits	**737,757**	302,083	**—**	—
	964,792	379,202	**21,854**	7,117
Cash and bank balances included in a disposal group classified as held for sale	**—**	118,638	**—**	—
	964,792	497,840	**21,854**	7,117

Cash and bank balances comprise cash held by the Group and bank balances that bear interest at prevailing market rates ranging from 0.01% to 1.53% (2013: 0.01% to 1.21%) per annum and have original maturity of three months or less.

As at 31 March 2014, pledged bank deposits of approximately HK$15,004,000 (2013: HK$15,000,000) represents deposits pledged to bank to secure banking facilities granted to the Group.

21. OTHER PAYABLES, RENTAL DEPOSITS RECEIVED AND ACCRUALS

	The Group		The Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Construction costs payables	**—**	144,495	**—**	—
Rental deposits received	**14,581**	15,790	**—**	—
Deposits from purchaser	**—**	407,966	**—**	—
Accruals	**1,325**	6,401	**42**	95
	15,906	574,652	**42**	95
Advanced rental received	**1,144**	2,080	**—**	—
	17,050	576,732	**42**	95
Less: Other payables and rental deposits received-non-current portion	**(10,207)**	(7,925)	**—**	—
Other payables, rental deposits received and accruals associated with assets classified as held for sale	**—**	(149,277)	**—**	—
	6,843	419,530	**42**	95

22. BANK BORROWINGS — SECURED

	The Group	
	2014	2013
	HK$'000	HK$'000
Bank loans	**999,874**	1,799,605
Bank loans associated with assets classified as held for sale	**—**	(890,695)
Less: Current portion	**(26,750)**	(109,036)
Non-current portion	**973,124**	799,874

For the year ended 31 March 2014

22. BANK BORROWINGS — SECURED (Continued)

The bank borrowings are repayable as follows:

	The Group	
	2014	2013
	HK$'000	HK$'000
On demand or within one year	**26,750**	109,036
After one year but within two years	**26,750**	26,750
After two year but within five years	**354,251**	148,251
After five years	**592,123**	624,873
	973,124	799,874
	999,874	908,910

Bank borrowings with total principal amounts approximately HK$999,874,000 (2013: HK$908,910,000) bearing floating interest rate at HIBOR or LIBOR plus under banking facilities granted to the Company's several wholly-owned subsidiaries provided by several banks in Hong Kong. These bank borrowings are secured by the Group's investment properties in Hong Kong, rent assignments in respect the investment properties, pledged bank deposit of HK$15,004,000, share mortgage and corporate guarantees to the extent of approximately HK$1,266,000,000 (2013: HK$1,070,000,000) given by the Company.

As at 31 March 2013, the bank borrowings approximately HK$890,695,000 included in assets classified as held for sale in note 18 bearing floating interest at the People's Bank of China ("PBOC") over 5 years benchmark rate discounted by 5%, are secured by the Group's investment properties under construction in the PRC.

23. DERIVATIVE FINANCIAL INSTRUMENTS

	The Group	
	2014	2013
	HK$'000	HK$'000
Current liabilities:		
Interest rate swaps	—	1,579
Non-current liabilities:		
Interest rate swaps	**4,883**	8,337

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

During the year ended 31 March 2014, one out of two interest rate swaps contracts of notional amount HK$120,000,000 matured, and as at 31 March 2014, major terms of the remaining interest rate swaps are set out below:

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

During the year ended 31 March 2014, the interest rate swaps no longer met the criteria for hedge accounting and the forecast transaction is no longer expected to occur. As a result, the Group ceased the hedge accounting and the interest rate swap is marked to market through profit or loss.

For the year ended 31 March 2013, the hedges of interest rate swaps are qualified as effective and a net loss (net of deferred tax) of approximately HK$8,278,000 is included in the hedging reserve to as follows:

	The Group
	2013
	HK$'000
Total fair value loss	9,916
Less: deferred tax on fair value loss	(1,638)
	8,278

The interest rate swaps agreements are secured by a corporate guarantee to the extent of HK$30,000,000 given by the Company.

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24. DEFERRED TAX

	The Group	
	2014	2013
	HK$'000	HK$'000
At 1 April	**6,254**	352,092
Credited to equity	**830**	885
Credited to consolidated statement of profit or loss and other comprehensive income	**(4,325)**	87,341
Release upon cessation of hedge accounting	**808**	—
Transferred to liabilities directly associated with assets classified as held for sale	**—**	(434,064)
Credited to assets classified as held for sale	**5,592**	—
At 31 March	**9,159**	6,254

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

	Deferred tax liabilities			Deferred tax assets		
	Depreciation allowances in excess of the related depreciation	Revaluation of investment properties	Assets classified as held for sale	Hedging instruments	Tax loss	Total
	HK$'000	HK$'000 (restated)	HK$'000	HK$'000 (restated)	HK$'000	HK$'000
THE GROUP						
At 1 April 2012	7,909	349,152	—	(2,523)	(2,446)	352,092
Charged to the consolidated statement of profit or loss and other comprehensive income (note 12)	1,226	84,912	—	—	1,203	87,341
Debited to equity	—	—	—	885	—	885
Transferred to liabilities directly associated with assets classified as held for sale	—	(434,064)	434,064	—	—	—
At 31 March 2013 and 1 April 2013	9,135	—	434,064	(1,638)	(1,243)	440,318
Charged to the consolidated statement of profit or loss and other comprehensive income (note 12)	1,161	—	(5,592)	—	106	(4,325)
Debited to equity	—	—	—	830	—	830
Disposal of subsidiaries (note 32)	—	—	(428,472)	—	—	(428,472)
Release upon cessation of hedge accounting	—	—	—	808	—	808
At 31 March 2014	10,296	—	—	—	(1,137)	9,159

As at 31 March 2014, the Group had unused tax losses of approximately HK$9,174,000 (2013: HK$43,996,000) available to offset against future profits. No deferred tax asset has been recognised in respect of the unused tax losses of approximately HK$2,285,000 (2013: HK$36,463,000) due to the unpredictability of future profit streams.

25. SHARE CAPITAL

	Number of shares		Amount	
	2014	2013	**2014**	2013
	Number	Number		
	'000	'000	**HK$'000**	HK$'000
Authorised:				
Ordinary of shares				
of HK$0.10 each				
At 1 April and 31 March	**1,000,000**	1,000,000	**100,000**	100,000
Issued and full paid:				
Ordinary shares of HK$0.10 each				
At 1 April	**716,419**	716,419	**71,642**	71,642
Issue of shares on exercise				
of share options (note a)	**26,600**	—	**2,660**	—
At 31 March	**743,019**	716,419	**74,302**	71,642

(a) During the year, 26,600,000 ordinary shares of HK$0.1 each were issued as a result of exercise of share options under the Old Share Option Scheme.

26. RESERVES

(a) Reserves of the Company

	Share premium	Share-based payment reserve	Contributed surplus	Retained profits/ (Accumulated losses)	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
The Company					
At 1 April 2012	537,866	16,209	39,258	(226,041)	367,292
Total comprehensive loss for the year	—	—	—	(21,689)	(21,689)
Recognition of share-based payments	—	7,174	—	—	7,174
At 31 March 2013 and at 1 April 2013	537,866	23,383	39,258	(247,730)	352,777
Total comprehensive income for the year	—	—	—	377,128	377,128
Exercise of share options	20,437	(8,390)	—	—	12,047
Lapse of share options	—	(1,969)	—	1,969	—
Recognition of share-based payments	—	8,695	—	—`	8,695
At 31 March 2014	558,303	21,719	39,258	131,367	750,647

26. RESERVES (Continued)

(a) Reserves of the Company (Continued)

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

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

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

In the opinion of the directors, the Company had distributable reserve of approximately HK$728,928,000 at the end of reporting period (2013: HK$329,394,000).

(b) Nature of reserves

Capital reserve

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

Special reserve

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

Share-based payment reserve

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

Exchange reserve

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

26. RESERVES (Continued)

(b) Nature of reserves (Continued)

Hedging reserve

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

27. COMMITMENTS

The Group has no material capital commitment as at 31 March 2014 (2013: Nil)).

28. OPERATING LEASE COMMITMENTS

The Group as lessee

	The Group	
	2014 HK$'000	2013 HK$'000
Minimum lease payments paid under operating leases for premises recognised in statement of profit or loss and other comprehensive income for the year	**1,444**	2,272

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

	The Group	
	2014 HK$'000	2013 HK$'000
Within one year	**1,084**	1,221
In the second to fifth year inclusive	**1,562**	—
	2,646	1,221

Operating lease payments represent rentals payable by the Group for certain of its office and warehouse premises. Leases are negotiated for an average term of 3 years and rentals are fixed during the lease period.

28. OPERATING LEASE COMMITMENTS (Continued)

The Group as lessor

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

	The Group	
	2013	2012
	HK$'000	HK$'000
Within one year	**37,064**	34,974
In the second to fifth year inclusive	**21,046**	33,476
	58,110	68,450

The properties are expected to generate rental yields of 2.69% (2013: 2.51%) per annum on an ongoing basis. All the properties held have committed tenants for the next year.

29. SHARE-BASED PAYMENT TRANSACTIONS

The Company has adopted a share option scheme which was approved by the shareholders of the Company at the Annual General Meeting ("AGM") held on 3 September 2013 ("New Share Option Scheme") upon the share option scheme previously adopted on 3 September 2003 and lapsed on 2 September 2013 ("Old Share Option Scheme"). Upon the expiration of the Old Share Option Scheme, no further option could be granted under the Old Share Option Scheme, but the provisions of the Old Share Option Scheme applicable for outstanding 72,840,000 share options shall remain in full force in all respects.

The primary purpose of New Share Option Scheme is to provide incentives to participants (as defined including but not limited to (a) any employees; (b) any supplier of goods or services to any member of the Group; (c) any customer of the Group; and (d) any director or independent non-executive director and/or shareholder of the Company and/or any member of the Group) who has contribution to the Group and to enable the Group to recruit and retain high caliber employees. At the adoption date, the share of the Company (the "Share") in issue was 716,419,399 Shares and thus the maximum number of Shares allowed to be issued upon exercise of all options to be granted under the New Share Option Scheme and any other share option scheme of the Company shall not exceed 71,641,939 Shares which represented 10% of the issued share capital of the Company as at the adoption date. The Company may seek approval from shareholders of the Company in general meeting to refresh the 10% limit.

Pursuant to Note (2) to Rule (2) to Rule 17.03(3) of the Listing Rules, the limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercise under the New Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the number of the Company's shares in issue from time to time. No options may be granted under any scheme of the Company if this will result in this 30% limit being exceeded.

The number of shares in respect of which options may be granted to any employee in any 12-month period is not permitted to exceed 1% of the total number of the Company's shares in issue, subject to approval from shareholders of the Company.

29. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

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

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

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

(c) the nominal value of a share.

No share option was granted under the New Share Option Scheme from 3 September 2013 to 31 March 2014.

Movements in the share options granted to the directors, employees of the Company and other eligible participants under the Old Share Option Scheme during the year were as follows:

	Date of grant	Exercise price HK$	Number of share options outstanding at 1 April '000	Granted during the year '000	Exercised during the year '000	Lapsed/ cancelled during the year '000	Reclass-ification during the year '000	Number of share options outstanding at 31 March '000
2014								
Directors	28 October 2005	0.676	4,000	—	—	—	—	4,000
	2 April 2007	0.686	6,000	—	—	—	—	6,000
	31 August 2007	1.156	2,000	—	—	—	—	2,000
	24 March 2010	0.450	12,600	—	—	—	—	12,600
	13 April 2010	0.480	4,770	—	—	(4,770)	—	—
	30 March 2011	0.560	12,600	—	—	—	—	12,600
	18 April 2011	0.660	3,280	—	—	(3,280)	—	—
	12 April 2012	0.550	14,000	—	—	—	—	14,000
	25 April 2013	0.642	—	14,000	—	—	—	14,000
			59,250	14,000	—	(8,050)	—	65,200
Eligible participants	28 October 2005	0.676	640	—	—	—	—	640
	2 April 2007	0.686	2,000	—	—	—	—	2,000
	31 August 2007	1.156	1,000	—	—	—	—	1,000
	24 March 2010	0.450	6,300	—	(6,300)	—	—	—
	30 March 2011	0.560	6,300	—	(6,300)	—	—	—
	12 April 2012	0.550	7,000	—	(7,000)	—	—	—
			23,240	—	(19,600)	—	—	3,640
Employees	2 April 2007	0.686	500	—	—	—	—	500
	18 April 2011	0.660	3,500	—	—	—	—	3,500
	25 April 2013	0.642	—	7,000	(7,000)	—	—	—
			4,000	7,000	(7,000)	—	—	4,000
			86,490	21,000	(26,600)	(8,050)	—	72,840

29. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

	Date of grant	Exercise price HK$	Number of share options outstanding at 1 April '000	Granted during the year '000	Exercised during the year '000	Lapsed/ cancelled during the year '000	Reclass-ification during the year '000	Number of share options outstanding at 31 March '000
2013								
Directors	28 October 2005	0.676	4,000	—	—	—	—	4,000
	2 April 2007	0.686	6,000	—	—	—	—	6,000
	31 August 2007	1.156	2,000	—	—	—	—	2,000
	24 March 2010	0.450	12,600	—	—	—	—	12,600
	13 April 2010	0.480	4,770	—	—	—	—	4,770
	30 March 2011	0.560	12,600	—	—	—	—	12,600
	18 April 2011	0.660	3,280	—	—	—	—	3,280
	12 April 2012	0.550	—	14,000	—	—	—	14,000
			45,250	14,000	—	—	—	59,250
Eligible participants	28 October 2005	0.676	640	—	—	—	—	640
	2 April 2007	0.686	2,000	—	—	—	—	2,000
	31 August 2007	1.156	1,000	—	—	—	—	1,000
	24 March 2010	0.450	6,300	—	—	—	—	6,300
	30 March 2011	0.560	6,300	—	—	—	—	6,300
	12 April 2012	0.550	—	7,000	—	—	—	7,000
			16,240	7,000	—	—	—	23,240
Employees	2 April 2007	0.686	500	—	—	—	—	500
	18 April 2011	0.660	3,500	—	—	—	—	3,500
			4,000	—	—	—	—	4,000
			65,490	21,000	—	—	—	86,490

29. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Details of specific categories of options are as follows:

Date of grant	Vesting period	Exercise period	Exercise price
28 October 2005	Vested upon granted	28 October 2005 to 27 October 2015	HK$0.676
2 April 2007	Vested upon granted	2 April 2007 to 1 April 2017	HK$0.686
31 August 2007	Vested upon granted	31 August 2007 to 30 August 2017	HK$1.156
24 March 2010	Vested upon granted	24 March 2010 to 23 March 2020	HK$0.450
13 April 2010	Vested upon granted	13 April 2010 to 12 April 2020	HK$0.480
30 March 2011	Vested upon granted	30 March 2011 to 29 March 2021	HK$0.560
18 April 2011	Vested on 18 April 2016	18 April 2016 to 17 April 2021	HK$0.660
12 April 2012	Vested upon granted	12 April 2012 to 11 April 2022	HK$0.550
25 April 2013	Vested upon granted	25 April 2013 to 24 April 2023	HK$0.642

During the year ended 31 March 2014, 21,000,000 (2013: 21,000,000) share options were granted. The options outstanding at the end of the year have a weighted average remaining contractual life of 6 years (2013: 7 years).

These fair values were calculated using the Binomial Option Pricing Model. The inputs into the model were as follows:

	2014	2013
Weighted average share price	**HK$0.64**	HK$0.55
Weighted average exercise price	**HK$0.642**	HK$0.55
Expected volatility	**80.86%**	80.14%
Expected life	**10 years**	10 years
Risk free rate	**0.89%**	1.195%
Expected dividend yield	**0%**	0%

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 10 years. The expected life of the options was the contractual life of the options. Expected dividends are based on historical dividends.

The Group recognised total expenses of HK$8,695,000 (2013: HK$7,174,000) related to equity-settled share-based payment transactions during the year.

30. RETIREMENT BENEFITS SCHEME

The Group operates a Mandatory Provident Fund Scheme ("MPF") for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes HK$1,250 or 5% of the relevant payroll costs, whichever is lower for each employee, to the scheme, which contribution is matched by employees.

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

The Group's contribution to retirement benefits schemes for the year ended 31 March 2014 amounted to approximately HK$445,000 (2013: HK$729,000).

For the year ended 31 March 2014

31. ACQUISITION OF A SUBSIDIARY

On 28 February 2014, Joy Depot Limited, an indirect wholly-owned subsidiary of the Company and Harvest Long Investments Limited ("Harvest Long") (being a company incorporated in the British Virgin Islands solely owned and controlled by Mr. Ng Ian, the chairman of the Company) entered into a sale and purchase agreement ("S&P") to acquire 100% equity interests in Bond Victory Limited ("Bond Victory") and assignment of loan owed by Bond Victory to Harvest Long for an aggregate consideration of HK$12,800,000 (subject to post completion adjustment). The transaction has been reported by an announcement dated 28 February 2014. The S&P was completed on 26 March 2014. Summary of the assets acquired and liabilities assumed as at the acquisition date were as follows:

	Acquiree's carrying amount HK$'000	Fair value adjustments HK$'000	Acquiree's fair value HK$'000
Net assets acquired:			
Investment properties	12,061	739	12,800
Trade and other receivables	2		2
Cash and bank balances	37		37
Other payables	(1)		(1)
Loan from a shareholder	(9,971)		(9,971)
Net assets acquired	2,128	739	2,867

	HK$'000
Satisfied by:	
Net assets acquired	2,867
Less: post completion adjustment	(38)
	2,829
Assignment of loan	9,971
Cash consideration	12,800

	HK$'000
Net cash outflow arising on acquisition	
Consideration paid in cash	12,800
Less: cash and cash equivalent balances acquired	(37)
Net cash outflow from acquisition of subsidiaries	12,763

32. GAIN ON DISPOSAL OF SUBSIDIARIES

On 14 November 2012, High Fly Investments Limited ("High Fly") and Premium Assets Development Limited ("Premium Assets") entered into the sale and purchase agreement ("SPA") with Double Favour Limited ("Double Favour") in relation to the disposal of the entire equity interests in High Luck International Limited ("High Luck") in a way to dispose of 100% interests in the JV Project, pursuant to which High Fly and Premium Assets agreed to dispose of their respective 55% and 45% attributable equity interests in High Luck and to assign their respective pro rata shareholders' loans owed by High Luck to High Fly and Premium Assets at a total cash consideration of RMB2,970,000,000 (equivalent to approximately HK$3,757,096,000) less outstanding construction loan liabilities of the Disposal Group approximately RMB710,000,000 (equivalent to approximately HK$900,990,000) and which was subjected to a post completion adjustment with a maximum amount not exceeding RMB150,000,000 deducted from total cash consideration ("Disposal Consideration"). Upon the completion of the SPA took place on 4 October 2013 ("Disposal Completion"), Double Favour exercised a deferral payment option under the SPA for deferral settlement of the Disposal Consideration from the Disposal Completion up to 25 November 2013 being payment date ("Deferral Period"). By virtue of the Deed of Confirmation dated 25 November 2013, the post completion adjustment was irrecoverably and unconditionally confirmed to its maximum amount approximately RMB70,310,000 (equivalent to approximately HK$89,222,000) deducted from the Disposal Consideration and accrued deferral payment interest income for the Deferral Period was also confirmed as to approximately RMB1,358,000 (equivalent to approximately HK$1,723,000. Accordingly, the Disposal Consideration, pursuant to the Deed of Confirmation, was eventually adjusted from approximately RMB2,970,000,000 to approximately RMB2,189,690,000 (equivalent to approximately HK$2,766,884,000). In terms of High Fly, being one of the vendors of the SPA sharing of 55% of the Disposal Consideration was approximately HK$1,521,786,000 which comprised underlying comprised sale share consideration of approximately HK$956,030,000 and the assignment of pro rata shareholders' loan consideration approximately HK$565,756,000 ("High Fly Disposal Consideration").

32. GAIN ON DISPOSAL OF SUBSIDIARIES (Continued)

Summary of the effects of the disposal is as follows:

	HK$'000
Net assets disposed of:	
Plant and equipment	45
Investment properties	3,756,240
Trade and other receivable	10,210
Cash and bank balances	69,075
Other payables, rental deposits received and accruals	(191,953)
Amount due to a non-controlling shareholder	(462,892)
Amount due to a related company	(63,140)
Deferred tax liabilities	(428,472)
Bank borrowings	(900,990)
Amounts due to the Group	(565,756)
Net assets disposed of	1,222,367
Less: Share proportion of non-controlling interests	(550,066)
Net assets disposal of attributable to High Fly	672,301
Add: Sale loan	565,756
Amount due from a non-controlling shareholder (note 33(a))	34,756
Release of other reserve	(28,047)
Release of exchange reserve	(19,772)
Gain on disposal of subsidiaries	297,739
Proceeds attributable to High Fly	1,522,733

	HK$'000
Consideration received in cash and cash equivalents:	
Sale share consideration	956,030
Sale loan	565,756
High Fly's Disposal Consideration	1,521,786
Deferred interest income	947
Proceeds attributable to High Fly	1,522,733

	HKD'000
Net cash inflow from disposal of subsidiaries	
Net consideration received	956,977
Less: cash and cash equivalent balances disposed of	(69,075)
Deposit from disposal of subsidiaries	(407,966)
Net cash inflow from disposal of subsidiaries	479,936

For the period from 1 April 2013 to date of completion, turnover of HK$Nil and loss of approximately HK$38,842,000 contributed by Disposal Group was recognised in the Group's profit for the year 2014.

33. MATERIAL RELATED PARTY TRANSACTIONS

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

(a) Amount due from a non-controlling shareholder, Premium Assets, is interest free and not repayable within the next twelve months. The amount was stated at fair value as at the end of the reporting period which is estimated by discounting the nominal value of the loan at current market interest rate of similar financial instruments. The imputed interest on the loan for the year amounted to approximately HK$1,981,000 (2013: HK$3,111,000). The amount due from a non-controlling shareholder was disposed during the year.

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

		The Group		The Company	
		2014	2013	**2014**	2013
	Notes	**HK$'000**	HK$'000	**HK$'000**	HK$'000
北京栢宇興業房地產開發有限公司 (Beijing Grand-Pac Ventures Limited) ("BGPV")	(i)	**—**	—	**—**	—
Golden Tool International Limited ("Golden Tool")	(ii)	**—**	99,708	**—**	99,708
		—	99,708	**—**	99,708

(i) BGPV is a company incorporated in the PRC, in which a director of a non wholly-owned subsidiary has equity interests. The amount due is unsecured, interest free and is not repayable before 14 November 2015. The amount was stated at fair value as of the end of the reporting period which is estimated by discounting the nominal value of the loan of approximately RMB60,186,000 at current market interest rate of similar financial instruments over the repayment period. Imputed interest on the nominal value of the loan for the year amounted to approximately HK$2,662,000 (2013: HK$4,936,000) and was charged to the statement of profit or loss and other comprehensive income. The amount was included in assets classified as held for sale in note 18 since the year ended 31 March 2013.

(ii) During the years ended 31 March 2014 and 2013, the controlling shareholder, Mr. Ng Ian, has controlling interests in Golden Tool. Golden Tool provided loans for full settlement and discharge of the convertible notes which carried interest rate at 2.7% p.a. over HIBOR, the loans are unsecured and are not repayable within the next twelve months. Interest on the loans for the year amounted to approximately HK$1,195,000(2013:HK$2,879,000) and was charged to the statement of profit or loss and other comprehensive income. As at 31 March 2013, the outstanding loan principal amounted to HK$96,730,000. The loan principal and the accrued interest were fully repaid during the year ended 31 March 2014.

33. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(c) The amount due to a non-controlling shareholder, Best Task Limited, of approximately HK$Nil (2013: HK$287,434,000) is unsecured, interest free and in substance represents pro rata quasi equity investment in the subsidiary from the non-controlling shareholder of a non-wholly owned subsidiary. The amount was waived and dealt with in the consolidated statement of profit or loss and other comprehensive income during the year.

(d) Loans from shareholders represent the followings:

	The Group		The Company	
	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000
Mr. Ng Ian	—	32,976	—	12,567
Mr. Chan Kwai Ping, Albert	—	545	—	—
Total	—	33,521	—	12,567

The loans from shareholders to the Group are unsecured, bearing fixed interest rate at 9% per annum and are not repayable within the next twelve months. Interest on these loans for the year amounted to approximately HK$200,000 (2013: HK$6,770,000) was charged to statement of profit or loss and other comprehensive income. During the reporting period, such advancement has been fully repaid and discharged.

On 10 August 2011, Mr. Ng Ian, being the Chairman, provided advancement to the Company of approximately HK$13 million within terms of unsecured, bearing an interest rate of 3.28% and are not repayable within the next twelve months. During the year ended 31 March 2013, the Company repaid approximately HK$1,100,000 and such advancement has been fully repaid and discharged during the year ended 31 March 2014. The interest for the year amounted to approximately HK$62,000 (2013: HK393,000) was charged to statement of profit or loss and other comprehensive income.

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

(f) For connected transactions occurred during the year, please refer to "Connected transactions" of the "Report of the Directors" on pages 13 to 15 of the annual report.

34. CORPORATE GUARANTEES

At of 31 March 2014, the Company has given several guarantees and the Group has given several cross guarantees both in favour of certain banks for securing banking facilities granted to their subsidiaries with an aggregate of approximately HK$1,266,000,000 (2013: HK$1,070,000,000).

35. PLEDGED OF ASSETS

At of 31 March 2014, the Group has pledged the following assets:

1. Investment properties in Hong Kong with an aggregate carrying amount of approximately HK$1,994,000,000 for securing certain bank borrowings granted from several banks to its wholly-owned subsidiaries;

2. Pledged deposits of approximately HK$15,004,000 for securing an interest rate swap contract; and

3. Share mortgage of several wholly-owned subsidiaries for securing their respective bank borrowings.

36. EVENT AFTER THE REPORTING PERIOD

On 30 April 2014, the Company has granted 17,200,000 share options under the New Share Option Scheme (the "Options"). Among the 17,200,000 Options granted, 4,600,000 Options and 1,000,000 Options were granted to executive Directors, Mr. Ng Ian and Mr. Chan Kwok Hung respectively while 4,600,000 Options were granted to a non-executive Director, Mr. Ng Chun For, Henry. Each of Options shall entitle its holder to subscribe for one ordinary share of HK$0.1 each in the capital of the Company.

37. CONTINGENT LIABILITIES

1. At of 31 March 2014, the Company has given several guarantees and the Group has given several cross guarantees both in favour of certain banks for securing banking facilities granted to their subsidiaries with an aggregate of approximately HK$1,266,000,000 (2013: HK$1,070,000,000).

2. High Fly and Premium Assets (being Indemnifiers) had signed Deed of Indemnity (the "Deed") on 4 October 2013 (being date of completion of the SPA). Pursuant to the Deed, each of indemnifiers hereby severally, pro rata to their respective shareholdings in the High Luck immediately before completion of the SPA (i.e. 45% as to Premium Assets and 55% as to High Fly) (the "Relevant Proportion") undertakes to Double Favour (for itself and as trustee of the Disposal Group) to pay them an amount or amounts equal to each of the following:

   (a) any liability to taxation in connection with any claim in respect of all taxation falling on any member of the Disposal Group resulting from or by reference to any transaction, event, matters or thing occurred or effected during the period from 1 September 2007 to 4 October 2013 (being date of completion of the SPA) ("Relevant Period"), or in respect of any gross receipts, income, profits or gains earned, accrued or received, or alleged or deemed to have been earned, accrued, or received by any member of the Disposal Group during the Relevant Period, whether alone or in conjunction with any other circumstances whenever occurring and whether or not such taxation is chargeable against or attributable to any other person, firm or company; and

37. CONTINGENT LIABILITIES (Continued)

2. (Continued)

(b) all action, claims, losses, damages, cost (including all legal costs), charges, expenses, interests, penalties or any other liabilities to which any member of the Disposal Group is or may be subject or which any member of the Disposal Group or Double Favour may reasonably and properly incur in connection with:

(i) any investigation, assessment or the contesting of any claim or any of the matter referred to in (a) above;

(ii) the settlement of any claim or any of the matters referred to in (a) above;

(iii) any legal proceedings or actions in which the Purchaser or any member of the Disposal Group claims under or in respect of the Deed and in which judgment is given in favour of Double Favour or any member to the Disposal Group; or

(iv) the enforcement of any such settlement or judgment,

and each of the Indemnifiers severally in the Relevant Proportion undertakes to indemnify an hold harmless or demand any member of the Disposal Group and Double Favour in respect of the matters referred to (a) to (b) (inclusive) above.

Notwithstanding anything to the contrary herein provided and the guarantee provided in the SPA, Double Favour further agrees and acknowledges to High Fly acting as trustee for the benefit of Uptodate and Best Task Limited that their respective obligations under the guarantee in respect of any obligations arising from any claims against High Fly under the Deed and/or the SPA ("Relevant Claims"), the obligations of Uptodate under the guarantee for such Relevant Claims should only be limited to 54.55% of the said claims (i.e. not more than 30% of total claims).

Pursuant to the Deed, the Board is of the opinion that it would be unlikely for the Group through Uptodate to suffer any material financial loss as a result of giving the aforesaid indemnity on several basis limited to 30% of the Relevant Claims.

38. CAPITAL RISK MANAGEMENT

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

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

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

38. CAPITAL RISK MANAGEMENT (Continued)

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

	2014 HK$'000	2013 HK$'000
Total asset	**2,992,141**	6,234,883
Total liabilities	**1,032,703**	3,749,865
Gearing ratio	**34.5%**	60.1%

39. FINANCIAL RISK MANAGEMENT

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

(i) Credit risk

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

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

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

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

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

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39. FINANCIAL RISK MANAGEMENT (Continued)

(ii) Liquidity risk

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

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

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

The Group	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Non-derivative financial liabilities						
2014						
Bank borrowings	**999,874**	**1,181,828**	**49,337**	**48,733**	**393,289**	**690,469**
Other payables, rental deposits and accruals	**17,050**	**17,050**	**6,843**	**10,207**	**—**	**—**
	1,016,924	**1,198,878**	**56,180**	**58,940**	**393,289**	**690,469**
2013						
Bank borrowings	908,910	1,106,710	127,737	44,858	197,492	736,623
Other payables, rental deposits and accruals	427,455	427,455	419,530	7,925	—	—
Loans from related parties	99,708	111,345	—	111,345	—	—
Amounts due to non-controlling shareholders	287,434	287,434	287,434	—	—	—
Loans from shareholders	33,521	35,206	—	35,206	—	—
	1,757,028	1,968,150	834,701	199,334	197,492	736,623

39. FINANCIAL RISK MANAGEMENT (Continued)

(ii) Liquidity risk (Continued)

The Group	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000
Derivative — net settlement						
2014						
Interest rate swaps	**4,883**	**4,883**	**—**	**4,883**	**—**	**—**
2013						
Interest rate swaps	9,916	9,916	1,579	—	8,337	—

The Company	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000
2014						
Other payables	**42**	**42**	**42**	**—**	**—**	**—**
Amounts due to subsidiaries	**25,488**	**25,488**	**25,488**	**—**	**—**	**—**
	25,530	**25,530**	**25,530**	**—**	**—**	**—**
2013						
Other payables	95	95	95	—	—	—
Amount due to a related company	99,708	111,345	—	111,345	—	—
Amount due to a shareholder	12,567	12,994	—	12,994	—	—
Amounts due to subsidiaries	42,953	42,953	42,953	—	—	—
	155,323	167,387	43,048	124,339	—	—

(iii) Interest rate risk

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

For the year ended 31 March 2014

39. FINANCIAL RISK MANAGEMENT (Continued)

(iii) Interest rate risk (Continued)

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

	The Group				The Company			
	2014		2013		2014		2013	
	Effective interest rate	HK$'000	Effective interest rate	HK$'000	Effective interest rate	HK$'000	Effective interest rate	HK$'000
Fixed rate borrowings								
Loan from shareholders	—	—	9%	13,980	—	—		
Loans from a shareholder	—	—	3.28%	11,900	—	—	3.28%	11,900
		—		25,880		—		11,900
Net variable rate borrowings								
Loan from related parties	—	—	(Note 2)	96,731	—	—	(Note 2)	96,731
Bank borrowings	(Note 1)	**999,874**	(Note 1)	908,910	—	—	—	—
Bank balances (included pledged deposits)	**0.01%**	**(979,796)**	0.01%	(394,202)	**0.01%**	**(21,854)**	0.01%	(7,117)
		20,078		611,439		**(21,854)**		89,614
Fixed rate borrowings as a percentage of total net borrowings	—		4%		—		11%	

Note 1: Details of the Group's bank borrowings are set out in note 22 to the consolidated financial statements.

Note 2: Details of the loans from related parties are set out in note 33(b)(ii) to the consolidated financial statements.

At 31 March 2014, it was estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would increase/decrease the Group's profit after taxation by approximately HK$200,780 (2013: decrease/increase profit by approximately HK$6,114,000). Accumulated losses will increase/decrease by the same amount.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of reporting period and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The 100 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting date. The analysis is performed on the same basis for 2013.

39. FINANCIAL RISK MANAGEMENT (Continued)

(iv) Foreign exchange risk

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

(v) Fair values

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

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

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

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

Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable as at 31 March 2014 and 2013.

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

	Level 1 HK$'000	**Level 2** HK$'000	**Level 3** HK$'000	**Total** HK$'000
Financial liabilities				
2014				
Derivative financial instruments				
— interest rate swap	—	4,883	—	4,883
2013				
Derivative financial instruments				
— interest rate swap	—	9,916	—	9,916

There were no transfers between level 1, 2 and 3 in both years.

40. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The carrying amounts of the Group's financial assets and financial liabilities as recognised at 31 March 2014 and 2013 are categorised as follows:

	The Group	
	2014 HK$'000	2013 HK$'000
Financial assets		
Loan and receivables (including cash and bank balances)	**983,863**	488,503
Available-for-sale financial assets	**74**	77
Financial liabilities		
Financial liabilities measured at amortised cost	**1,016,924**	1,757,028
Financial liabilities measured at fair value	**4,883**	9,916

41. CHANGE IN OWNERSHIP INTERESTS IN DISPOSED SUBSIDIARIES

During the year ended 31 March 2013, the Group transferred 611 fully paid shares of High Luck from High Fly to Premium Assets, non-controlling shareholders of the Group to terminate the trust arrangement in relation to the 10% equity interests in Tian Shun, which is held by Grandyear Estate Limited in trust for Premium Assets. The Group then recognised a decrease in non-controlling interests of approximately HK$28,047,000, which represents the Group's 54.55% share of the difference between non-controlling interests as at 18 February 2013 of approximately HK$128,175,000, by virtue of termination of Premium Assets' trust interests in Tian Shun, and High Fly's disposal of it approximately 6% attributable interests of High Luck of approximately HK$76,761,000. Such decrease in non-controlling interests is accounted for in other reserve as equity transactions.

42. NON-CASH TRANSACTIONS

Best Task Limited, being an indirect non-controlling shareholder of High Fly, pursuant to the Deed of Arrangements dated 26 November 2012, waived entire outstanding interest-free proportional shareholder loan owned by High Fly amounted to approximately HK$287,469,000. The gain arose from the waiver has been dealt with in the consolidated statement of changes in equity set out in page 40 of annual report.

During the year ended 31 March 2013, Premium Assets issued negotiable interest-free promissory notes payable of approximately HK$57,618,000 to the Group which was treated as interest free loans from Premium Assets according to the Deed of Arrangements disclosed in the Company's circular dated 8 January 2013 in relation to the Very Substantial Disposal.

43. SUBSIDIARIES

Details of the Company's principal subsidiaries at 31 March 2014 were as follows:

Name of subsidiaries	Place of incorporation/ establishment/ operations	Issued and paid-up share capital/registered capital	Percentage of equity attributable to the Company/ proportion of voting power held by the Company Direct	Indirect	Principal activities
Henry Group Assets Management Limited	The British Virgin Islands/ Hong Kong	Ordinary US$1	100%	—	Investment holding
New treasure Group Limited	The British Virgin Islands/ Hong Kong	Ordinary US$1	100%	—	Investment holding
Henry Group Holdings Limited	The British Virgin Islands/ Hong Kong	Ordinary US$1	—	100%	Investment holding
Gold Matrix Holdings Limited	The British Virgin Islands/ Hong Kong	Ordinary US$1	100%	—	Investment holding
Henry Group Property Management Limited	Hong Kong	Ordinary HK$1	—	100%	Securities investment and time deposit
Henry Group Management Limited	Hong Kong	Ordinary HK$1	100%	—	Provision of administration service to group companies
Rose City Group Limited	The British Virgin Islands/ Hong Kong	Ordinary US$1	—	100%	Investment holding
Max Act Enterprises Limited	The British Virgin Islands/ Hong Kong	Ordinary US$1	—	100%	Investment holding
Sharp Wonder Investments Limited	The British Virgin Islands/ Hong Kong	Ordinary US$1	—	100%	Investment holding
Top Bright Properties Limited ("Top Bright")	Hong Kong	Ordinary HK$9,999 Deferred share HK$1	—	100% (note 1)	Property investment
Wingplace Investments Limited	The British Virgin Islands/ Hong Kong	Ordinary US$1	—	100%	Investment holding
Smart Land Properties Limited	Hong Kong	Ordinary HK$1	—	100%	Property investment
Seedtime International Limited	The British Virgin Islands/ Hong Kong	Ordinary US$1	—	100%	Investment holding
Land Base Limited	Hong Kong	Ordinary HK$2	—	100%	Property investment

43. SUBSIDIARIES (Continued)

Name of subsidiaries	Place of incorporation/ establishment/ operations	Issued and paid-up share capital/registered capital	Percentage of equity attributable to the Company/ proportion of voting power held by the Company		Principal activities
			Direct	Indirect	
Maxwing Investment Limited	The British Virgin Islands/ Hong Kong	Ordinary US$1	—	100%	Investment holding
Winning Pride Limited	The British Virgin Islands/ Hong Kong	Ordinary US$1	—	100%	Investment holding
Joy Depot Limited (note 2)	The British Virgin Islands	Ordinary US$1	—	100%	Investment holding
Bond Victory Limited	Hong Kong	Ordinary HK$5,000	—	100%	Property Investment
High Pitch Investments Limited ("High Pitch") (note 3)	The British Virgin Islands	Ordinary US$10,000	—	—	N/A
High Fly Investments Limited ("High Fly") (note 3)	The British Virgin Islands	Ordinary US$1	—	—	N/A

Note 1: One non-voting deferred share of Top Bright is held by an outside party. Pursuant to the Article of Association of Top Bright, on a winding up, the holder of the deferred share shall be entitled out of the surplus assets of Top Bright to a return of the capital paid up on the one non-voting share but only after a holder of ordinary share has received in full the return of capital paid on them and, in aggregate, a total sum of HK$100,000,000,000,000.

Note 2: Joy Depot Limited was incorporated on 19 February 2014.

Note 3: High Fly and High Pitch were dissolved by virtue of voluntary liquidation with BVI Registry of Corporate Affairs approved on 24 January 2014.

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

44. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2014 HK$'000	2013 HK$'000
NON-CURRENT ASSETS			
Interests in subsidiaries	16	**828,405**	572,299
CURRENT ASSETS			
Other receivables	17	**220**	326
Cash and bank balances	20	**21,854**	7,117
		22,074	7,443
CURRENT LIABILITIES			
Other payables	21	**42**	95
Amounts due to subsidiaries	16	**25,488**	42,953
		25,530	43,048
NET CURRENT LIABILITIES		**(3,456)**	(35,605)
TOTAL ASSETS LESS CURRENT LIABILITIES		**824,949**	536,694
NON-CURRENT LIABILITIES			
Amount due to a related party	33(b)(ii)	**—**	99,708
Loan from a shareholder	33(d)	**—**	12,567
		—	112,275
NET ASSETS		**824,949**	424,419
CAPITAL AND RESERVES			
Share capital	25	**74,302**	71,642
Reserve	26	**750,647**	352,777
TOTAL EQUITY		**824,949**	424,419

Five-year Financial Summary

For the year ended 31 March 2014

	Year ended 31 March				
	2010	2011	2012	2013	**2014**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
			(restated)		
	(note b)	(note b)	(note a)		
Turnover	34,023	33,461	39,330	49,977	**53,555**
Other income and gains	2,267	4,683	5,421	4,618	**7,817**
(Decrease)/increase in fair value of investment properties	(47,022)	119,985	339,794	652,650	**(22,367)**
Loss on disposal of available-for-sale financial assets	—	—	—	—	**(3)**
Gain on disposal of subsidiaries	—	—	—	—	**297,739**
Staff costs	(17,650)	(18,610)	(12,641)	(21,667)	**(48,739)**
Depreciation on properties, plant and equipment	(754)	(613)	(655)	(635)	**(386)**
Other operating expenses	(19,473)	(15,613)	(12,957)	(22,699)	**(20,586)**
(Loss)/profit from operations	(48,609)	123,293	358,292	662,244	**267,030**
Finance costs	(37,845)	(37,622)	(38,103)	(31,544)	**(32,457)**
Gain on disposal of jointly-controlled entities	15,592	—	—	—	**—**
Share or losses on jointly-controlled entities	(12,115)	—	—	—	**—**
(Loss)/profit before tax	(82,977)	85,671	320,189	630,700	**234,573**
Taxation credit/(charge)	19,770	(12,921)	4,334	(87,391)	**3,431**
(Loss)/profit for the year	(63,207)	72,750	324,523	543,309	**238,004**
Profit for the year attributable to:					
Equity holders of the Company	39,695	147,709	377,623	354,080	**123,600**
Non-controlling interests	(102,902)	(74,959)	(53,100)	189,229	**114,404**
	(63,207)	72,750	324,523	543,309	**238,004**
Dividend	—	—	—	—	**—**

For the year ended 31 March 2014

	Year ended 31 March				
	2010	2011	2012	2013	**2014**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
			(restated)		
	(note b)	(note b)	(note a)		
EARNINGS PER SHARE					
— Basic (in HK cents)	6.24	23.21	55.70	49.42	**17.24**
— Diluted (in HK cents)	6.24	19.87	55.54	48.91	**16.24**
ASSETS AND LIABILITIES					
Total assets	3,688,017	4,110,867	4,752,018	6,234,883	**2,992,141**
Total liabilities	2,425,726	2,748,452	2,835,347	3,749,865	**1,032,703**
	1,262,291	1,362,415	1,916,671	2,485,018	**1,959,438**

Notes:

(a) Figures for year 2012 have been adjusted to changes in accounting policies related to HKAS 12.

(b) The financial summary of the Group for the year ended 31 March 2011 and 2010 have not been restated upon changes in accounting policies as the directors of the Company are of the opinion that they would involve costs not in proposition to the benefit of the Group.

Schedule of Properties Held by the Group

For the year ended 31 March 2014

MAJOR PROPERTIES

Particulars of major properties held by the Group at 31 March 2014 were as follows:

Investment properties

Location	Use	Group interest	Approximately gross area
Jardine Center No. 50 Jardine's Baraar Causeway Bay Hong Kong	Commercial	100%	58,522(sq. ft.)
L'hart No. 487–489 Lockhart Road Causeway Bay Hong Kong	Commercial	100%	33,600(sq. ft.)
Ground Floor and Cockloft Floor No. 38 Jardine's Bazaar Causeway Bay Hong Kong	Commercial	100%	1,400(sq. ft.)
First Floor No. 38 and No. 40 Jardine's Bazaar Causeway Bay Hong Kong	Residential	100%	838(sq. ft.)