TACK HSIN HOLDINGS LIMITED

Stock Code: 00611

Annual Report 2010

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors:

Mr. Chan Shu Kit *(Chairman)*
Mr. Kung Wing Yiu *(Deputy Chairman)*
Mr. Chan Ho Man
Ms. Jian Qing

Independent non-executive Directors:

Mr. Kung Fan Cheong
Mr. Chan Ka Ling, Edmond
Mr. Lo Kin Cheung

AUDIT COMMITTEE

Mr. Chan Ka Ling, Edmond *(Chairman)*
Mr. Kung Fan Cheong
Mr. Lo Kin Cheung

REMUNERATION COMMITTEE

Mr. Chan Ka Ling, Edmond *(Chairman)*
Mr. Chan Shu Kit
Mr. Kung Fan Cheong
Mr. Lo Kin Cheung

COMPANY SECRETARY

Mr. Tam Cheuk Ho

PRINCIPAL BANKERS

Chong Hing Bank Limited
HSBC Holdings Plc

AUDITORS

Ernst & Young
Certified Public Accountants
18th Floor
Two International Finance Centre
8 Finance Street, Central
Hong Kong

HONG KONG LEGAL ADVISER

Richards Butler
19th Floor
Alexandra House
Central
Hong Kong

BERMUDA LEGAL ADVISER

Conyers, Dill & Pearman
2901 One Exchange Square
8 Connaught Place
Central
Hong Kong

HONG KONG SHARE REGISTRARS

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

REGISTERED OFFICE

Clarendon House
Church Street
Hamilton HM 11
Bermuda

HONG KONG PRINCIPAL OFFICE

Unit 1203 12/F
Peninsula Centre
67 Mody Road
Tsim Sha Tsui East
Kowloon
Hong Kong

STOCK CODE

611

WEBSITE

www.tackhsin.com
http://tackhsin.etnet.com.hk

Chairman's Statement

REVIEW OF OPERATIONS

For the year under review, business development of the Company was inevitably affected by the temporary influence of the H1N1 flu during the first half of the year; however, in the second half of the year, our business made a turnaround as the local economy recovered and stabilized.

Financial Review

The Group's consolidated revenue for the year ended 31 March 2010 was HK$287,826,000, representing an increase of HK$10,329,000 compared to the revenue of HK$277,497,000 recorded in last year. Consolidated loss for the year attributable to equity holders of the parent was HK$574,902,000 (2009: profit of HK$4,606,000). Losses per share was HK$1.59 (2009: earnings per share of HK1.3 cents). Our core business achieved better results than last year. The significant loss for the current year was due to the recognition of derivative financial instruments of: (1) the issuance of 72,000,000 warrants on 19 October 2009 (the "Warrants"); (2) the issuance of zero coupon convertible bonds with the principal amount of HK$80,000,000 on 16 November 2009 (the "Convertible Bonds") and (3) entering into a subscription agreement to issue zero coupon convertible bonds in the principal amount of HK$200,000,000 on 20 January 2010. The relevant derivative financial liabilities and the related losses on changes in fair value are non-cash in nature. In case that all of the above mentioned derivative financial instruments are converted into the Company's ordinary shares, the related financial liabilities will be transferred as part of the share premium in respect of the issuance of its own shares. In case that the above mentioned derivative financial instrument were not converted and redeemed by the holders of the financial instruments, the financial liabilities will be reversed in the subsequent income statements upon redemption or expiration. As a result, the Company will in no event be obliged to settle any of such financial liabilities by incurring cash payout or otherwise by using any of its assets. Excluding the fair value losses on these derivatives financial instruments of HK$591,849,000, the Group would have recorded a profit for the year of HK$18,459,000 from its core business for the year ended 31 March 2010.

In view of the improvement of the operating environment in Hong Kong in the second half of the year and the recovery of sentiment in the consumer market, the performance of our overall restaurant operations exceeded our expectation. This contributed to the steady growth in business for the whole year.

Food prices were stabilized as a result of H1N1 flu prevalent in the first half of the previous year, thereby having less impact on our overall gross profit. Meanwhile, the management made efforts to improve and control food processing internally, which made significant contribution to a higher overall gross profit. In addition to maintaining food prices within an expected level, the Group also kept an eye on the trend of food prices from time to time, with a view to achieve cost-effectiveness, and thus the gross profit margin of the Group was kept stable at 67% for the year.

Review of Hotel Operation

A new member of "Sunny Day Hotel" in Jordan was opened in June 2009. The hotel is located at No.182, Nathan Road, Tsim Sha Tsui, and surrounded by shopping malls and in proximity to the Kowloon Park, with beautiful scenery and the convenience of easy accessibility. The hotel has 53 guest rooms and is targeted at individual travellers. The average occupancy rate of our two hotels was 74%.

Liquidity and Financial Resources

The bank borrowings of the Group totalling HK$10,231,000 were fully repaid as at 31 March 2010 (2009: HK$10,231,000). The Group had no mortgage loans (2009: HK$10,231,000). The deficiency of assets was HK$486,824,000 (2009: equity of HK$89,245,000). The ratio of non-current liabilities to shareholders' equity was minus 0.14 (2009: 0.11). The deterioration in the gearing ratio in 2010 was primarily due to the financial liabilities arising from the above mentioned derivative financial instruments, which will not result in significant cash outflow upon their realisation.

The Group has adopted the prudent and healthy financial policies and imposed strict control over its cash and risk management. The Group's cash and borrowings are mainly denominated in Hong Kong dollars, and hence it is not exposed to exchange risk. And, the Group has not used any financial instrument for hedging purpose.

Contingent Liabilities

As at 31 March 2010, the Group had no significant contingent liabilities.

Number of Employees and Remuneration Policy

As at 31 March 2010, the Group had 536 employees, the remuneration packages of whom have been reviewed annually with reference to the prevailing market condition.

OUTLOOK

With the steady recovery of Hong Kong economy and the improvement of local consumer confidence, the Group has confidence in the future prospects. The proceeds from the issuance of the Warrants and Convertible Bonds, apart from being partly used as working capital of the Group, will be retained for its future business development plans, which will enable the Group to further expand its market share.

The Group will continue to grasp any investment opportunities emerging in the future. With its internal resources and the introduction of different cuisines, the Group has endeavored to cater for the changing consumer's taste. By taking on current challenges and competition with unswerving confidence, the Group is committed to playing its part in the provision of quality food for Hong Kong. In addition, the Group will adhere to its goal of serving the public to reward the unremitting support from Hong Kong people.

By Order of the Board
Chan Shu Kit
Chairman

Hong Kong, 13 July 2010

Corporate Governance Report

The board of directors (the "Board") of the Company is pleased to present this Corporate Governance Report in the Group's Annual Report for the year ended 31 March 2010.

The key corporate governance principles and practices of the Company are summarised as follows:

CORPORATE GOVERNANCE PRACTICES OF TACK HSIN HOLDINGS LIMITED

The Board of the Company considers good corporate governance practices to be essential to the promotion of shareholder value and investor confidence.

The Company has applied the principles as set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules").

Throughout the year under review, the Company has complied with the code provisions as set out in the CG Code, except for the code provisions in respect of the separate of roles of Chairman and Chief Executive Officer, details of which will be explained below.

The Company regularly reviews its corporate governance practices to ensure compliance with the CG Code.

A. THE BOARD

(1) Responsibilities

Overall management of Company's business is vested in the Board, which assumes the responsibility for leadership and control of the Company and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. All directors take decisions objectively in the interests of the Company.

All directors have carried out their duties in good faith, in compliance with the standards of the applicable laws and regulations, and have acted in the interests of the Company and its shareholders at all times.

(2) Delegation of Management Functions

The Board undertakes responsibility for decision making in major Company matters, including: the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant financial and operational matters.

All directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary, with a view to ensuring that Board procedures and all applicable rules and regulations are followed. Each director is normally able to seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board.

The day-to-day management, administration and operation of the Company are delegated to the Chief Executive Officer and the senior management. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the abovementioned officers.

The Board has the full support of the Chief Executive Officer and the senior management to discharge its responsibilities.

(3) Board Composition

The Board currently comprises 7 members, consisting of 4 executive directors and 3 independent non-executive directors.

The Board of the Company comprises the following directors:

Executive directors:

Mr. Chan Shu Kit *(Chairman of the Board, Chief Executive Officer and member of the Remuneration Committee)*
Mr. Kung Wing Yiu *(Deputy Chairman of the Board)*
Mr. Chan Ho Man
Ms. Jian Qing

Independent non-executive directors:

Mr. Chan Ka Ling, Edmond, Chairman of the Audit Committee and the Remuneration Committee
Mr. Kung Fan Cheong, member of the Audit Committee and the Remuneration Committee
Mr. Lo Kin Cheung, member of the Audit Committee and the Remuneration Committee

The Company has adopted the recommended best practice under the CG Code for the Board to have at least one-third of its member comprising independent non-executive directors.

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

The relationships among the members of the Board are disclosed under "Biographical Details of the Directors" on pages 15 and 16.

During the year ended 31 March 2010, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each independent non-executive director of his independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive directors to be independent in accordance with the independence guidelines as set out in the Listing Rules.

All directors, including independent non-executive directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive directors have been invited to serve on the Audit and Remuneration Committees of the Company.

(4) Appointment and Re-election of Directors

The procedures and process of appointment, re-election and removal of directors are laid down in the Company's Bye-laws. Though the Company has not set up a nomination committee, the Board as a whole is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of directors, monitoring the appointment and succession planning of directors and assessing the independence of independent non-executive directors.

The Board reviews its own structure, size and composition regularly to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company.

Where vacancies on the Board exist, the Board shall carry out the selection process by making reference to the skills, experience, professional knowledge, personal integrity and time commitments of the proposed candidates, the Company's needs and other relevant statutory requirements and regulations. An external recruitment agency may be engaged to carry out the recruitment and selection process when necessary.

Mr. Chan Shu Kit, Mr. Kung Wing Yiu and Mr. Chan Ho Man, being the executive directors of the Company have entered into a service agreement with the Company on 1 April 2009 for a term of two years and are subject to retirement and re-election at each annual general meeting of the Company in accordance with the Bye-laws of the Company.

Ms. Jian Qing has been appointed as an executive director with effect from 19 October 2009 and has entered into a service contract with the Company for an initial term of three years and is subject to retirement and re-election at the next annual general meeting and thereafter retirement by rotation in accordance with the Bye-laws of the Company.

Each of the independent non-executive directors of the Company has entered into a service agreement with the Company with effect from 1 April 2009 and is subject to retirement and re-election at each annual general meeting of the Company in accordance with the Bye-laws of the Company and the appointment shall be extended for a further period of calendar years, until 31 March 2011.

Mr. Chan Shu Kit, Mr. Kung Wing Yiu, Mr. Chan Ho Man, Mr. Kung Fan Cheong, Mr. Chan Ka Ling, Edmond and Mr. Lo Kin Cheung shall retire at the forthcoming annual general meeting of the Company in accordance with Bye-law 87 of the Company's Bye-laws while Ms. Jian Qing shall retire at the forthcoming annual general meeting in accordance with Bye-law 86(2) of the Company's Bye-laws. All the retiring directors, being eligible will offer themselves for re-election.

The Board recommended the re-appointment of the directors standing for re-election at the next forthcoming annual general meeting of the Company.

The Company's circular dated 26 July 2010 contains detailed information of the directors standing for re-election.

(5) Training for Directors

Each newly appointed director receives formal, tailored and comprehensive induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Continuing briefing and professional development for directors will be arranged where necessary.

(6) Board Meetings

Number of Meetings and Directors' Attendance

During the year ended 31 March 2010, 4 regular Board meetings were held at approximately quarterly intervals for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company. Apart from regular Board meetings, 2 Remuneration Committee meetings and 2 Audit Committee meetings were held. In addition, 12 Business meetings attended only by the executive directors of the Company were also held during the year.

The attendance records of each director at the meetings of the Full Board, Remuneration Committee, Audit Committee and Business during the year ended 31 March 2010 are set out below:

	Attendance/Number of Meetings			
			Remuneration	Audit
Name of Director	**Full Board**	**Business**	**Committee**	**Committee**
Chan Shu Kit	4/4	12/12	2/2	N/A
Kung Wing Yiu	4/4	12/12	N/A	N/A
Chan Ho Man	4/4	12/12	N/A	N/A
Jian Qing	1/4	1/12	N/A	N/A
Kung Fan Cheong	4/4	N/A	2/2	2/2
Chan Ka Ling, Edmond	4/4	N/A	2/2	2/2
Lo Kin Cheung	4/4	N/A	2/2	2/2

Practices and Conduct of Meetings

Annual meeting schedules and draft agenda of each meeting are normally made available to directors in advance.

Notices of regular Board meetings are served to all directors at least 14 days before the meetings. For other Board and committee meetings, reasonable notice is generally given.

Board papers together with all appropriate, complete and reliable information are sent to all directors at least 3 days before each Board meeting or committee meeting to keep directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each director also have separate and independent access to the senior management when necessary.

The Chairman/Chief Executive Officer, Financial Controller and Company Secretary attend all regular Full Board meetings and where necessary, other Board and committee meetings to advise on business developments, financial and accounting matters, statutory compliance, corporate governance and other major aspects of the Company.

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

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

B. CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

Mr. Chan Shu Kit is the Chairman and Chief Executive Officer of the Company. The Board believes that vesting the roles of both Chairman and Chief Executive Officer in the same person provides the Company with strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies.

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

C. BOARD COMMITTEES

The Board has established two committees, namely, the Remuneration Committee and Audit Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference. The terms of reference of the Board committees are available to shareholders upon request.

The majority of the members of each Board committee are independent non-executive directors and the list of the chairman and members of each Board committee is set out under "Corporate Information" on page 2.

The 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.

(1) Remuneration Committee

The Remuneration Committee comprises 4 members, Mr. Chan Ka Ling, Edmond (Chairman), Mr. Chan Shu Kit, Mr. Kung Fan Cheong and Mr. Lo Kin Cheung.

The primary objectives of the Remuneration Committee include making recommendations on and approving the remuneration policy and structure and remuneration packages of the executive directors and the senior management. The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no director or any of his/her associates will participate in deciding his/her own remuneration, which remuneration will be determined by reference to his/her duties and responsibilities with the Company.

The Remuneration Committee normally meets at least once a year for reviewing the remuneration policy and structure and determining the annual remuneration packages of the executive directors and the senior management and other related matters. The Human Resources Department is responsible for collection and administration of the human resources data and making recommendations to the Remuneration Committee for consideration. The Remuneration Committee shall consult the Chairman/the Chief Executive Officer of the Company about these recommendations on remuneration policy and structure and remuneration packages.

The Remuneration Committee met twice during the year ended 31 March 2010 and reviewed the remuneration policy and structure of the Company and remuneration packages of the executive directors and the senior management for the year under review.

(2) Audit Committee

The Audit Committee comprises 3 independent non-executive directors, namely, Mr. Chan Ka Ling, Edmond (Chairman), Mr. Kung Fan Cheong and Mr. Lo Kin Cheung (including two independent non-executive director who possesses the appropriate professional qualifications or accounting or related financial management expertise). None of the members of the Audit Committee is a former partner of the Company's existing external auditors.

The main duties of the Audit Committee include the following:

(a) To review the financial statements and reports and consider any significant or unusual items raised by the Financial Controller or external auditors before submission to the Board.

(b) To review the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, and make recommendations to the Board on the appointment, re-appointment and removal of external auditors.

(c) To review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures.

The Audit Committee held 2 meetings during the year ended 31 March 2010 to review the financial results and reports, financial reporting and compliance procedures and the re-appointment of the external auditors.

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

There is no disagreement between the Board and the Audit Committee regarding the selection, appointment, resignation or dismissal of external auditors.

The Company's annual results for the year ended 31 March 2010 have been reviewed by the Audit Committee.

D. MODEL CODE FOR SECURITIES TRANSACTION

The Company has adopted its own code of conduct regarding directors' dealings in the Company's securities (the "Company's Code") on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made of all the directors and the directors have confirmed that they have complied with the Company's Code and the Model Code throughout the year ended 31 March 2010.

The Company has also established written guidelines on no less exacting terms than the Model Code (the "Employees Written Guidelines") for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company.

No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

E. DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 March 2010.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price-sensitive announcements and other disclosures required under the Listing Rules and other regulatory requirements.

The Management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval.

F. EXTERNAL AUDITORS AND AUDITORS' REMUNERATION

The statement of the external auditors of the Company about their reporting responsibilities for the financial statements is set out in the "Independent Auditors' Report" on pages 17 and 18.

The Company engaged Ernst & Young as the statutory auditors of the Company. The remuneration paid to the external auditors of the Company in respect of audit service and non-audit service (interim accounting service) for the year ended 31 March 2010 amounted to HK$860,000 and HK$220,000 respectively.

G. INTERNAL CONTROLS

During the year under review, the Board, through the Audit Committee, has conducted a review of the effectiveness of the internal control system of the Company including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget. The review has covered the financial, operational, compliance and risk management aspects of the Group.

The Board is responsible for maintaining an adequate internal control system to safeguard shareholder investments and Company assets and reviewing the effectiveness of such on an annual basis through the Audit Committee.

H. COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

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

The general meetings of the Company provide a forum for communication between the Board and the shareholders. The Chairman of the Board as well as chairman of the Remuneration Committee and Audit Committee and, in their absence, other members of the respective committees are available to answer questions at shareholder meetings.

To promote effective communication, the Company maintains a website at http://tackhsin.etnet.com.hk, where extensive information and updates on the Company's financial information and other information are posted.

I. SHAREHOLDER RIGHTS

To safeguard shareholder interests and rights, separate resolutions are proposed at shareholder meetings on each substantial issue, including the election of individual directors.

All resolutions put forward at shareholder meetings will be taken by poll pursuant to the Listing Rules and the poll results will be posted on the websites of the Company and of the Stock Exchange after the shareholder meeting.

The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 March 2010.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the principal subsidiaries are set out in note 18 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 March 2010 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 19 to 69.

An interim dividend of HK1 cent per ordinary share was paid on 28 January 2010. The Board has resolved not to recommend a final dividend for the year ended 31 March 2010 (2009: HK1.5 cents per share).

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and minority interests of the Group for the last five financial years, as extracted from the audited financial statements and restated/reclassified as appropriate, is set out on page 70. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property, plant and equipment and investment properties of the Group during the year are set out in notes 14 and 15 to the financial statements, respectively.

SHARE CAPITAL

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

PRE-EMPTIVE RIGHTS

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 30(b) to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

As at 31 March 2010, the Company had no reserves available for distribution, calculated in accordance with the provisions of the Companies Act 1981 of Bermuda (as amended). In addition, the Company's share premium account, in the amount of approximately HK$43,970,000, may be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the five largest customers of the Group accounted for less than 30% of the Group's total sales for the year. Purchases from the five largest suppliers of the Group accounted for less than 30% of the total purchases for the year.

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

DIRECTORS

The directors of the Company during the year were:

Executive directors:

Chan Shu Kit *(Chairman)*
Kung Wing Yiu *(Deputy Chairman)*
Chan Ho Man
Jian Qing *(appointed on 19 October 2009)*

Independent non-executive directors:

Kung Fan Cheong
Chan Ka Ling, Edmond
Lo Kin Cheung

Mr. Chan Shu Kit, Mr. Kung Wing Yiu, Mr. Chan Ho Man, Mr. Kung Fan Cheong, Mr. Chan Ka Ling, Edmond and Mr. Lo Kin Cheung shall retire at the forthcoming annual general meeting of the Company in accordance with Bye-law 87 of the Company's Bye-laws while Ms. Jian Qing shall retire at the forthcoming annual general meeting in accordance with Bye-law 86(2) of the Company's Bye-laws. All the retiring directors, being eligible will offer themselves for re-election.

The Company has received annual confirmations of independence from each of the independent non-executive directors, and still considers them to be independent.

DIRECTORS' SERVICE CONTRACTS

Mr. Chan Shu Kit, Mr. Kung Wing Yiu and Mr. Chan Ho Man, being the executive directors of the Company have entered into a service agreement with the Company on 1 April 2009 for a term of two years and are subject to retirement and re-election at each annual general meeting of the Company in accordance with the Bye-laws of the Company.

Ms. Jian Qing has been appointed as an executive director with effect from 19 October 2009 and has entered into a service contract with the Company for an initial term of three years and is subject to retirement and re-election at the next annual general meeting and thereafter retirement by rotation in accordance with the Bye-laws of the Company.

Each of the independent non-executive directors of the Company has entered into a service agreement with the Company with effect from 1 April 2009 and is subject to retirement and re-election at each annual general meeting of the Company in accordance with the Bye-laws of the Company and the appointment shall be extended for a further period of calendar years, until 31 March 2011.

Apart from the foregoing, no director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in note 34 to the financial statements, no director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES

At 31 March 2010, the interests and short positions of the directors in the share capital of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

Long positions in ordinary shares of the Company

	Number of shares held, capacity and nature of interest			
Name of director	**Directly beneficially owned**	**Through controlled corporation**	**Total**	**Percentage† of the Company's issued share capital**
Chan Shu Kit	–	114,240,000 *(note)*	114,240,000	31.44
Kung Wing Yiu	7,802,000	–	7,802,000	2.15

Note: These shares are held through Hoylake Holdings Limited, a company wholly owned by Chan Shu Kit.

† The percentage represents the number of ordinary shares held/interested divided by the number of the Company's issued shares as at 31 March 2010.

Save as disclosed above, as at 31 March 2010, none of the directors had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouses or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES

At 31 March 2010, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

(a) Long positions in ordinary shares of the Company:

Name	**Capacity and nature of interest**	**Number of ordinary shares held**	**Percentage† of the Company's issued share capital**
Hoylake Holdings Limited *(note)*	Directly beneficially owned	114,240,000	31.44
Ma Lan	Directly beneficially owned	31,910,000	8.78

Note: This interest has also been disclosed as an interest of Chan Shu Kit under the section headed "Directors' interests and short positions in shares" above.

† The percentage represents the number of ordinary shares held divided by the number of the Company's issued shares as at 31 March 2010.

(b) Long positions in underlying shares of the Company:

Name	Capacity and nature of interest	Number of underlying shares held	Percentage† of the Company's issued share capital
中國核工業建設集團有限公司 (China Nuclear Construction Group Company*) *(note 1)*	Directly beneficially owned	400,000,000	52.40
Lee Yu Leung *(note 2)*	Interest of a controlled corporation	200,000,000	35.50
Project Giant Investments Limited *(note 2)*	Directly beneficially owned	200,000,000	35.50

Notes:

1. Such interests in 400,000,000 underlying shares of the Company are derived from the zero coupon rate unsecured redeemable convertible bonds due 2013 in the principal amount of HK$200,000,000, which are unlisted and physically settled. 中國核工業建設集團有限公司 (China Nuclear Construction Group Company*) held interest in these underlying shares and held 100% interests in 中核投資有限公司 (Zhong He Investment Company Limited*) which in turns holds 100% interests in 中核投資（香港）有限公司 (China He Investment (Hong Kong) Company Limited*).

2. Such interests in 200,000,000 underlying shares of the Company are derived from the zero coupon rate unsecured redeemable convertible bonds due 2012 in the principal amount of HK$80,000,000, which are unlisted and physically settled. Lee Yu Leung is deemed to be interested in these underlying shares by virtue of his 100% interests in Project Giant Investments Limited.

† The percentage represents the number of underlying shares held/interested divided by the number of the Company's issued shares as enlarged by the underlying shares as at 31 March 2010.

* For identification purposes only

Save as disclosed above, as at 31 March 2010, no person, other than the directors of the Company, whose interests are set out in the section headed "Directors' interests and short positions in shares" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

BIOGRAPHICAL DETAILS OF THE DIRECTORS

Name	Age	Position held	Number of years of service	Business experience
Chan Shu Kit	61	Chairman	27	Mr. Chan is a co-founder of the Group and has over 38 years' experience in the catering business. He is responsible for the overall corporate strategy of the Group and is acting as director of subsidiaries of the Company. He is the father of Mr. Chan Ho Man.
Kung Wing Yiu	58	Deputy chairman	24	Mr. Kung is responsible for business development and restaurant site selection and is acting as director of Tack Hsin (BVI) Holdings Limited, subsidiary of the Company. He has over 33 years' business experience. He joined the Group in 1986.
Chan Ho Man	34	Executive director	9	Mr. Chan joined the Company on 1 March 2001 and has been involved in the management and operation of the Company's restaurant business. He is acting as director of subsidiaries of the Company. He is the son of Mr. Chan Shu Kit.

Name	Age	Position held	Number of years of service	Business experience
Jian Qing	38	Executive director	5 months	Ms. Jian joined the Company on 19 October 2009 and has been involved in the identifying suitable investments opportunities for the Company via her business network. Ms. Jian graduated from the Jilin University in China with a Bachelor degree in Economic. She also holds a Master of Business Administration degree from the Lawrence Technology University in the United States. She has more than 16 years of experience in different areas of securities and financial management, which was gained from a number of securities companies in China.
Kung Fan Cheong	55	Independent non-executive director	18	Mr. Kung is a solicitor of the High Court of Hong Kong and is a partner in a law firm of Pang, Kung & Co.. He is a member of the Law Society of Hong Kong.
Chan Ka Ling, Edmond	51	Independent non-executive director	18	Mr. Chan is a partner of Chan and Chan, Certified Public Accountants. He is a certified public accountant and is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants (UK). Mr. Chan resigned on 23 April 2010 as independent non-executive director of Simsen International Corporation Limited, which is a company incorporated in Bermuda and listed on the Stock Exchange.
Lo Kin Cheung	46	Independent non-executive director	6	Mr. Lo is the Chief Financial Officer of Toppan Leefung (Hong Kong) Limited. He is a fellow member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants (UK) and an associate member of the Certified General Accountants of Canada and the Institute of Chartered Accountants in England and Wales.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

AUDITORS

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

Chan Shu Kit
Chairman

Hong Kong
13 July 2010

Independent Auditors' Report

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To the shareholders of Tack Hsin Holdings Limited
(Incorporated in Bermuda with limited liability)

We have audited the financial statements of Tack Hsin Holdings Limited set out on pages 19 to 69, which comprise the consolidated and company statements of financial position as at 31 March 2010, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. Our report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the 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 financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2010 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants
18/F, Two International Finance Centre
8 Finance Street, Central
Hong Kong

13 July 2010

Consolidated Income Statement

Year ended 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
REVENUE	5	**287,826**	277,497
Other income and gains	5	**15,536**	2,891
Cost of inventories used		**(90,138)**	(94,232)
Staff costs		**(81,810)**	(80,742)
Rental expenses		**(36,912)**	(31,861)
Utility expenses		**(22,138)**	(21,299)
Depreciation	14	**(7,147)**	(6,185)
Other operating expenses		**(40,156)**	(38,836)
Fair value losses on derivative financial instruments		**(591,849)**	–
Finance costs	6	**(3,143)**	(462)
PROFIT/(LOSS) BEFORE TAX	7	**(569,931)**	6,771
Income tax expense	10	**(3,459)**	(947)
PROFIT/(LOSS) FOR THE YEAR		**(573,390)**	5,824
Attributable to:			
Owners of the parent	11	**(574,902)**	4,606
Minority interests		**1,512**	1,218
		(573,390)	5,824
EARNINGS/(LOSSES) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	13		
Basic		**(HK$1.59)**	HK1.3 cents
Diluted		**(HK$1.59)**	N/A

Details of the dividends payable are disclosed in note 12 to the financial statements.

Consolidated Statement of Comprehensive Income

Year ended 31 March 2010

	Note	**2010**	2009
		HK$'000	*HK$'000*
Profit/(loss) for the year		**(573,390)**	5,824
Gain on property revaluation		**8**	69
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**(573,382)**	5,893
Attributable to:			
Owners of the parent	*11*	**(574,894)**	4,675
Minority interests		**1,512**	1,218
		(573,382)	5,893

Consolidated Statement of Financial Position

31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**26,608**	26,206
Investment properties	15	**29,000**	23,000
Prepaid land lease payments	16	**7,174**	7,275
Property held for development	17	**–**	4,665
Deferred tax assets, net	28	**1,291**	1,924
Total non-current assets		**64,073**	63,070
CURRENT ASSETS			
Inventories		**2,540**	3,238
Trade receivables	19	**1,359**	726
Prepayments, deposits and other receivables	20	**16,160**	16,815
Cash and bank balances	21	**125,579**	41,120
Total current assets		**145,638**	61,899
CURRENT LIABILITIES			
Trade payables	22	**5,964**	4,852
Other payables and accruals	23	**14,634**	17,758
Interest-bearing bank borrowing	24	**–**	542
Provision for long service payments	25	**1,333**	2,372
Derivative financial instruments	27	**603,306**	–
Tax payable		**1,922**	173
Total current liabilities		**627,159**	25,697
NET CURRENT ASSETS/(LIABILITIES)		**(481,521)**	36,202
TOTAL ASSETS LESS CURRENT LIABILITIES		**(417,448)**	99,272
NON-CURRENT LIABILITIES			
Convertible bonds	26	**69,201**	–
Interest-bearing bank borrowing	24	**–**	9,689
Deferred tax liabilities, net	28	**175**	338
Total non-current liabilities		**69,376**	10,027
Net assets/(liabilities)		**(486,824)**	89,245

Consolidated Statement of Financial Position (continued)

31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
EQUITY/DEFICIENCY OF ASSETS			
Equity attributable to owners of the parent			
Issued capital	*29*	**36,332**	36,032
Reserves	*30(a)*	**(526,192)**	46,284
Proposed final dividend	*12*	**–**	5,405
		(489,860)	87,721
Minority interests		**3,036**	1,524
Total equity/(deficiency of assets)		**(486,824)**	89,245

Chan Shu Kit
Director

Kung Wing Yiu
Director

Consolidated Statement of Changes in Equity

Year ended 31 March 2010

		Attributable to owners of the parent								
	Notes	Issued capital *HK$'000*	Share premium account *HK$'000*	Contributed surplus *HK$'000*	Fixed asset revaluation reserve *HK$'000*	Retained profits/ (accumulated losses) *HK$'000*	Proposed final dividend *HK$'000*	Total *HK$'000*	Minority interests *HK$'000*	Total equity *HK$'000*
At 1 April 2008		36,032	37,934	5,266	348	7,069	9,008	95,657	306	95,963
Total comprehensive income for the year		–	–	–	69	4,606	–	4,675	1,218	5,893
Final 2008 dividend declared		–	–	–	–	–	(9,008)	(9,008)	–	(9,008)
Interim 2009 dividend	*12*	–	–	(3,603)	–	–	–	(3,603)	–	(3,603)
Proposed final 2009 dividend	*12*	–	–	(1,663)	–	(3,742)	5,405	–	–	–
At 31 March 2009 and 1 April 2009		36,032	37,934*	–	417*	7,933*	5,405	87,721	1,524	89,245
Total comprehensive income for the year		–	–	–	8	(574,902)	–	(574,894)	1,512	(573,382)
Conversion of warrants	*29*	300	6,036	–	–	–	–	6,336	–	6,336
Final 2009 dividend declared		–	–	–	–	–	(5,405)	(5,405)	–	(5,405)
Interim 2010 dividend	*12*	–	–	–	–	(3,618)	–	(3,618)	–	(3,618)
At 31 March 2010		36,332	43,970*	–	425*	(570,587)*	–	(489,860)	3,036	(486,824)

* These reserve accounts comprise the consolidated negative reserves of HK$526,192,000 (2009: reserves of HK$46,284,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		**(569,931)**	6,771
Adjustments for:			
Fair value losses on derivative financial instruments		**591,849**	–
Finance costs	6	**3,143**	462
Interest income	5	**(43)**	(350)
Depreciation	14	**7,147**	6,185
Recognition of prepaid land lease payments	7	**101**	101
Fair value (gains)/losses on investment properties	7	**(6,000)**	2,000
Surplus arising from revaluation of buildings	5	**(32)**	(32)
Write off of deposits and other receivables	7	**–**	278
Gain on disposal of a property held for development	5	**(8,335)**	–
		17,899	15,415
Decrease in inventories		**698**	3,017
Increase in trade receivables		**(633)**	(242)
(Increase)/decrease in prepayments, deposits and other receivables		**655**	(3,059)
Increase/(decrease) in trade payables		**1,112**	(282)
Decrease in other payables and accruals		**(3,124)**	(816)
Increase/(decrease) in provision for long service payments		**(1,039)**	1,116
Cash generated from operations		**15,568**	15,149
Hong Kong profits tax paid		**(1,240)**	(578)
Net cash flows from operating activities		**14,328**	14,571
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment	14	**(7,509)**	(9,144)
Additions of prepaid land lease payments	16	**–**	(2,552)
Proceeds from disposal of property held for development		**13,000**	–
Interest received		**43**	350
Increase in short term deposits with original maturity of more than three months		**(39,002)**	–
Net cash flows used in investing activities		**(33,468)**	(11,346)

Consolidated Statement of Cash Flows (continued)

Year ended 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
Net cash flows used in investing activities		**(33,468)**	(11,346)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of convertible bonds	26	**80,000**	–
Proceeds from issue of warrants	27	**1,440**	–
Issue of shares from conversion of warrants		**2,700**	–
Repayment of bank loans		**(10,231)**	(513)
Dividends paid		**(9,023)**	(12,611)
Interest paid		**(289)**	(465)
Net cash flows from/(used in) financing activities		**64,597**	(13,589)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**45,457**	(10,364)
Cash and cash equivalents at beginning of year		**41,120**	51,484
CASH AND CASH EQUIVALENTS AT END OF YEAR		**86,577**	41,120
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	21	**40,567**	30,119
Time deposits		**85,012**	11,001
Cash and bank balance as stated in the consolidated statement of financial position		**125,579**	41,120
Time deposits with original maturity of more than three months		**(39,002)**	–
Cash and cash equivalents as stated in the statement of cash flows		**86,577**	41,120

Statement of Financial Position

31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
NON-CURRENT ASSETS			
Interests in subsidiaries	18	**218,477**	117,950
CURRENT ASSETS			
Cash and bank balances	21	**60**	59
CURRENT LIABILITIES			
Other payables and accruals	23	**11**	9
Derivative financial instruments	27	**603,306**	–
Total current liabilities		**603,317**	9
NET CURRENT ASSETS/(LIABILITIES)		**(603,257)**	50
TOTAL ASSETS LESS CURRENT LIABILITIES		**(384,780)**	118,000
NON-CURRENT LIABILITIES			
Convertible bonds	26	**69,201**	–
Due to subsidiaries	18	**32,891**	28,750
Total non-current liabilities		**102,092**	28,750
Net assets/(liabilities)		**(486,872)**	89,250
EQUITY/DEFICIENCY OF ASSETS			
Issued capital	29	**36,332**	36,032
Reserves	30(b)	**(523,204)**	47,813
Proposed final dividend	12	**–**	5,405
Total equity/(deficiency of assets)		**(486,872)**	89,250

Chan Shu Kit
Director

Kung Wing Yiu
Director

1. CORPORATE INFORMATION

Tack Hsin Holdings Limited is a limited liability company incorporated in Bermuda. The principal place of business of the Company is located at Unit 1203, 12/F Peninsula Centre, 67 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong.

During the year, the Group was engaged in the following principal activities:

- restaurant operations
- property investments
- hotel operations

2.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared under the going concern concept notwithstanding the loss for the year ended 31 March 2010 of HK$573,390,000 and the net liabilities of the Group and the Company as at 31 March 2010 of HK486,824,000 and HK$486,872,000, respectively.

The Group recorded significant loss for the current year and the net liabilities as at 31 March 2010 are due to the recognition of derivative financial instruments as follows:

- As disclosed in note 27 to the financial statements, the Company issued 72,000,000 warrants on 19 October 2009, resulting in a financial liability of HK$89,618,000 as at 31 March 2010 and a loss on fair value change of HK$91,814,000 for the year then ended.

- As disclosed in notes 26 and 27 to the financial statements, the Company issued zero coupon convertible bonds with the principal amount of HK$80,000,000 on 16 November 2009, resulting in a financial liability of HK$226,252,000 as at 31 March 2010 and a loss on fair value change of HK$212,599,000 for the year then ended in respect of the embedded derivative financial instrument of these convertible bonds.

- As disclosed in note 27 to the financial statements, the Company entered into a subscription agreement to issue zero coupon convertible bonds in the principal amount of HK$200,000,000 on 20 January 2010, resulting in a financial liability of HK$287,436,000 as at 31 March 2010 and a loss on fair value change of HK$287,436,000 for the year then ended in respect of the forward contract regarding the issuance of convertible bonds.

As a result of the above transactions, the Group recognised in aggregate, derivative financial instruments liabilities of HK$603,306,000 as at 31 March 2010 and fair values losses of HK$591,849,000 for the year then ended.

2.1 BASIS OF PREPARATION (continued)

Despite the significant impact of the derivative financial instruments on the income statement and statement of financial position of the Group, the directors of the Company considered that these derivative financial instruments are non-cash in nature and would not affect the going concern of the Group. In case that all of the above mentioned derivative financial instruments are converted into the Company's ordinary shares, the related financial liabilities will be transferred as part of the share premium in respect of the issuance of the Company's own shares. In case that the above mentioned derivative financial instrument are not converted and are exercised by the holders, the financial liabilities will be reversed in the subsequent income statements upon redemption or expiration. As a result, the Company will in no event be obliged to settle any such financial liabilities by incurring cash payout or otherwise by using any of its assets. Therefore, the directors of the Company are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due in the foreseeable future and accordingly, the consolidated financial statements have been prepared on a going concern basis.

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, buildings and derivative financial instruments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

These consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2010. The results of subsidiaries are consolidated from the dates of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All income, expenses and unrealised gains and losses resulting from intercompany transactions and intercompany balances within the Group are eliminated on consolidation in full.

Minority interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Company's subsidiaries.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 *First-time Adoption of HKFRSs* and HKAS 27 *Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Vesting Conditions and Cancellations*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosure – Improving Disclosures about Financial Instruments*
HKFRS 8	*Operating Segments*
HKAS 1 (Revised)	*Presentation of Financial Statements*
HKAS 18 Amendment*	Amendment to Appendix to HKAS 18 *Revenue – Determining whether an entity is acting as a principal or as an agent*
HKAS 23 (Revised)	*Borrowing Costs*
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation* and HKAS 1 *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*
HK(IFRIC)-Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC)-Int 9 *Reassessment of Embedded Derivatives* and HKAS 39 *Financial Instruments: Recognition and Measurement – Embedded Derivatives*
HK(IFRIC)-Int 13	*Customer Loyalty Programmes*
HK(IFRIC)-Int 15	*Agreements for the Construction of Real Estate*
HK(IFRIC)-Int 16	*Hedges of a Net Investment in a Foreign Operation*
Improvements to HKFRSs (October 2008)**	Amendments to a number of HKFRSs

* Included in *Improvements to HKFRSs 2009* (as issued in May 2009).

** The Group adopted all the improvements to HKFRSs issued in October 2008 except for the amendments to HKFRS 5 *Non-current assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary*, which are effective for annual periods beginning on or after 1 July 2009.

Other than as further explained below regarding the impact of HKAS 1 (Revised), HKFRS 7 Amendments and HKFRS 8, the adoption of these new and revised HKFRSs has had no significant financial effect on these financial statements and there have been no significant changes to the accounting policies applied in these financial statements.

(a) HKAS 1 (Revised) *Presentation of Financial Statements*

HKAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this standard introduces the statement of comprehensive income, with all items of income and expenses recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present two statements.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (continued)

(b) Amendments to HKFRS 7 *Financial Instruments: Disclosure – Improving Disclosures about Financial Instruments*

The HKFRS 7 Amendments require additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by sources of inputs using a three-level fair value hierarchy, by class, for all financial instruments recognised at fair value. In addition, a reconciliation between the beginning and ending balance is now required for level 3 fair value measurements, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement disclosures are presented in note 36 to the financial statements while the revised liquidity risk disclosures are presented in note 37 to the financial statements.

(c) HKFRS 8 *Operating Segments*

HKFRS 8, which replaces HKAS 14 *Segment Reporting*, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the operating segments determined in accordance with HKFRS 8 are the same as the business segments previously identified under HKAS 14. These revised disclosures, including the related revised comparative information, are shown in note 4 to the financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs

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

HKFRS 1 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards*[1]
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters*[2]
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions*[2]
HKFRS 3 (Revised)	*Business Combinations*[1]
HKFRS 9	*Financial Instruments*[6]
HKAS 24 (Revised)	*Related Party Disclosures*[5]
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*[1]
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation – Classification of Rights Issues*[3]
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*[1]
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement*[5]
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners*[1]
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*[4]
Amendments to HKFRS 5 included in *Improvements to HKFRSs* issued in October 2008	Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to sell the controlling Interest in a subsidiary*[1]
HK Interpretation 4 (Revised in December 2009)	*Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases*[2]

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs (continued)

Apart from the above, the HKICPA has issued *Improvements to HKFRSs 2009* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 2, HKAS 38, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16 are effective for annual periods beginning on or after 1 July 2009 while the amendments to HKFRS 5, HKFRS 8, HKAS 1, HKAS 7, HKAS 17, HKAS 36 and HKAS 39 are effective for annual periods beginning on or after 1 January 2010 although there are separate transitional provisions for each standard or interpretation.

[1] Effective for annual periods beginning on or after 1 July 2009
[2] Effective for annual periods beginning on or after 1 January 2010
[3] Effective for annual periods beginning on or after 1 February 2010
[4] Effective for annual periods beginning on or after 1 July 2010
[5] Effective for annual periods beginning on or after 1 January 2011
[6] Effective for annual periods beginning on or after 1 January 2013

The Group is in the process of making an assessment of the impact of those new and revised HKFRSs upon initial application. So far, the Group considers that these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial positions.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's interests in subsidiaries are stated at cost less any impairment losses.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to the income statement in the period in which it arises in those expense categories consistent with the function of the impaired asset, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties

A party is considered to be related to the Group if:

(a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;

(b) the party is a member of the key management personnel of the Group or its parent;

(c) the party is a close member of the family of any individual referred to in (a) or (b);

(d) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (b) or (c); or

(e) the party is a post-employment benefit plan for the benefit of the employees of the Group, or of any entity that is a related party of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost or valuation less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation.

Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Changes in the values of property, plant and equipment are dealt with as movements in the fixed asset revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to the income statement. Any subsequent revaluation surplus is credited to the income statement to the extent of the deficit previously charged. On disposal of a revalued asset, the relevant portion of the fixed asset revaluation reserve realised in respect of previous valuations is transferred to retained profits as a movement in reserves.

Depreciation is calculated on the straight-line basis to write off the cost or valuation of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	2%
Furniture and fixtures	15-20%
Air-conditioning plant	15-20%
Electrical appliances	20%
Office equipment	20%
Motor vehicles	20%

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Kitchen utensils, linen and uniforms

No depreciation is provided on the initial purchase of kitchen utensils, linen and uniforms which are capitalised at cost. The cost of subsequent replacement of these items is charged directly to the income statement in the year in which such expenditure is incurred.

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of the retirement or disposal.

Property held for development

Property held for development is stated at the lower of cost and net realisable value and comprises land costs, construction costs, professional fees and other costs directly attributable to such property incurred during the development period.

Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the income statement on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to the income statement on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets

Initial recognition and measurement

Financial assets within the scope of HKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets, as appropriate. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

The Group's financial assets include cash and bank balances and trade and other receivables.

Subsequent measurement

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance income in the income statement. The loss arising from impairment is recognised in finance costs in the income statement.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;

- the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the income statement.

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of HKAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, derivative financial instruments and interest-bearing loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the income statement.

Warrant liabilities

Warrant liabilities are initially recognised at fair value on the date of grant and are subsequently remeasured at fair value, changes in fair value of warrant liabilities are recognised in the consolidated income statement.

Convertible bonds

The component of convertible bonds that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs. On issuance of convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

If the conversion option of convertible bonds exhibits characteristics of an embedded derivative, it is separated from its liability component. On initial recognition, the derivative component of the convertible bonds is measured at fair value and presented as derivative financial instruments. Any excess of proceeds over the amount initially recognised as the derivative component is recognised as the liability component. Transaction costs are apportioned between the liability and derivative components of the convertible bonds based on the allocation of proceeds to the liability and derivative components when the instruments are initially recognised. The portion of the transaction costs relating to the liability component is recognised initially as part of the liability. The portion relating to the derivative component is recognised immediately in the income statement.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Forward contracts

Forward contracts are derivative financial instruments and are initially recognised at fair value on which the forward contract is entered into. Forward contracts are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the income statement.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments where there is no active market, the fair value is determined using appropriate valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis; and other valuation models.

Inventories

Inventories comprise mainly food and beverages and are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is based on the estimated selling prices less any estimated costs necessary to make the sale.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions

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

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the income statement.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences while deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised.

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

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) receipts from restaurant operations, upon the delivery of food and beverages to customers;

(b) from the rendering of hotel services, when services have been rendered;

(c) rental income, on a time proportion basis over the lease terms; and

(d) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Employee benefits

Pension scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends proposed by the directors are classified as a separate allocation of contributed surplus or retained earnings within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

Estimation uncertainty

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

Fair value of investment properties and buildings

Investment properties and buildings are carried in the statement of financial position at their fair value. The fair value was based on a valuation on these properties conducted by an independent firm of professional valuers using property valuation techniques which involve making assumptions on certain market conditions. Favourable or unfavourable changes to these assumptions would result in changes in the fair value of the Group's investment properties and buildings, the corresponding adjustments to the gain or loss recognised in the income statement and fixed asset revaluation reserve. During the year, surplus arising from revaluation of buildings of approximately HK$32,000 (2009: HK$32,000) and HK$8,000 (2009: HK$69,000) were recognised in the income statement and fixed asset revaluation reserve, respectively. Fair value gains on investment properties for the year ended 31 March 2010 was approximately HK$6,000,000 (2009: loss of HK$2,000,000). Further details are contained in notes 14 and 15 to the financial statements.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax assets relating to recognised tax losses at 31 March 2010 was approximately HK$2,290,000 (2009: HK$2,386,000). The amount of unrecognised tax losses at 31 March 2010 was approximately HK$63,592,000 (2009: HK$69,109,000). Further details are contained in note 28 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Estimation of fair value of derivative financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgments include consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

(a) the restaurant segment comprises the Group's restaurant operations;

(b) the property segment comprises the Group's property investments;

(c) the hotel segment comprises the Group's hotel operations; and

(d) the corporate segment comprises the Group's corporate income and expense items.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that interest income, finance costs, dividend income, fair value losses from the Group's financial instruments as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, cash and cash equivalents and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude derivative financial instruments, interest-bearing bank and other borrowings, convertible bonds, tax payable, deferred tax liabilities and other unallocated head office and corporate assets as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

All of the Group's revenue from external customers is derived from the Group's operations in Hong Kong, and no non-current assets of the Group are located outside Hong Kong.

During the year ended 31 March 2010 and 2009, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

4. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 March 2010

	Restaurant *HK$'000*	Property *HK$'000*	Hotel *HK$'000*	Corporate *HK$'000*	Total *HK$'000*
Segment revenue:					
Sales to external customers	274,294	799	12,733	–	287,826
Intersegment sales	–	17,670	–	11,395	29,065
Other income and gains	875	14,378	240	–	15,493
Intersegment other income and gains	–	–	–	812	812
	275,169	32,847	12,973	12,207	333,196
Reconciliation:					
Elimination of intersegment sales					(29,065)
Elimination of intersegment other income and gains					(812)
Total					303,319
Segment results	14,094	13,357	(2,398)	(35)	25,018
Reconciliation:					
Interest income and unallocated gains					43
Interest on bank loans and overdrafts					(289)
Imputed interest on convertible bonds					(2,854)
Fair value losses on derivative financial instruments					(591,849)
Loss before tax					(569,931)
Segment assets	42,043	45,768	11,495	109,114	208,420
Reconciliation:					
Corporate and other unallocated assets					1,291
Total assets					209,711
Segment liabilities	13,767	1,742	4,458	1,964	21,931
Reconciliation:					
Unallocated liabilities					674,604
Total liabilities					696,535
Other segment information:					
Depreciation	4,602	68	2,167	310	7,147
Fair value gains on investment properties	–	(6,000)	–	–	(6,000)
Surplus arising from revaluation of buildings recognised directly in the income statement	(32)	–	–	–	(32)
Capital expenditure	2,932	–	3,252	1,325	7,509*

* Capital expenditure represents additions to property, plant and equipment.

4. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 March 2009

	Restaurant *HK$'000*	Property *HK$'000*	Hotel *HK$'000*	Corporate *HK$'000*	Total *HK$'000*
Segment revenue:					
Sales to external customers	269,508	804	7,185	–	277,497
Intersegment sales	–	17,654	–	9,676	27,330
Other income and gains	1,060	1,369	112	–	2,541
Intersegment other income and gains	360	–	–	740	1,100
	270,928	19,827	7,297	10,416	308,468
Reconciliation:					
Elimination of intersegment sales					(27,330)
Elimination of intersegment other income and gains					(1,100)
Total					280,038
Segment results	10,190	(1,198)	(1,049)	(1,060)	6,883
Reconciliation:					
Interest income and unallocated gains					350
Interest on bank loans and overdrafts					(462)
Profit before tax					6,771
Segment assets	46,178	39,746	9,099	28,022	123,045
Reconciliation:					
Corporate and other unallocated assets					1,924
Total assets					124,969
Segment liabilities	17,374	2,669	2,740	2,372	25,155
Reconciliation:					
Unallocated liabilities					10,569
Total liabilities					35,724
Other segment information:					
Depreciation	4,753	45	1,339	48	6,185
Fair value losses on investment properties	–	2,000	–	–	2,000
Surplus arising from revaluation of of buildings recognised in the income statement	(32)	–	–	–	(32)
Capital expenditure	11,405	–	264	27	11,696*

* Capital expenditure comprises of additions to property, plant and equipment and prepaid land lease payments.

5. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts, and the rental income received and receivable from investment properties and hotel operations during the year.

An analysis of revenue, other income and gains is as follows:

	Group	
	2010	2009
	HK$'000	*HK$'000*
Revenue		
Receipts from restaurant operations	**274,294**	269,508
Hotel operations	**12,733**	7,185
Gross rental income *(note 7)*	**799**	804
	287,826	277,497
Other income		
Bank interest income	**43**	350
Others	**1,126**	1,159
	1,169	1,509
Gains		
Fair value gains on investment properties *(note 15)*	**6,000**	–
Surplus arising from revaluation of buildings	**32**	32
Gain on disposal of a property held for development	**8,335**	–
Gain on forfeited deposits	**–**	1,350
	14,367	1,382
	15,536	2,891

6. FINANCE COSTS

	Group 2010 HK$'000	Group 2009 HK$'000
Interest on bank loans and overdrafts	**289**	462
Imputed interest on convertible bonds	**2,854**	–
	3,143	462

7. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	Group 2010 HK$'000	Group 2009 HK$'000
Minimum lease payments under operating leases:		
Land and buildings	**36,912**	31,861
Office equipment	**171**	112
	37,083	31,973

	Notes	Group 2010 HK$'000	Group 2009 HK$'000
Recognition of prepaid land lease payments	*16*	**101**	101
Fair value (gains)/losses on investment properties	*15*	**(6,000)**	2,000
Auditors' remuneration		**860**	792
Staff costs (including directors' remuneration *(note 8)*):			
Wages, salaries and bonuses		**79,030**	75,735
Provision/(write back of provision) for long service payments, net	*25*	**(858)**	1,540
Pension scheme contributions		**3,638**	3,467
Total staff costs		**81,810**	80,742
Write-off of deposits and other receivables		**–**	278
Gross rental income	*5*	**(799)**	(804)
Less: Outgoings		**172**	162
Net rental income		**(627)**	(642)

8. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Group			
	Executive directors		Independent non-executive directors	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Fees	**–**	–	**300**	300
Other emoluments:				
Salaries, allowances and benefits in kind	**2,101**	1,884	**–**	–
Pension scheme contributions	**39**	33	**–**	–
	2,140	1,917	**300**	300

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	Group	
	2010	2009
	HK$'000	*HK$'000*
Kung Fan Cheong	**100**	100
Chan Ka Ling, Edmond	**100**	100
Lo Kin Cheung	**100**	100
	300	300

There were no other emoluments payable to the independent non-executive directors during the year (2009: Nil).

8. DIRECTORS' REMUNERATION (continued)

(b) Executive directors

	Group			
	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Total remuneration
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
2010				
Chan Shu Kit	**–**	**1,008**	**12**	**1,020**
Kung Wing Yiu	**–**	**180**	**9**	**189**
Chan Ho Man	**–**	**696**	**12**	**708**
Jian Qing (appointed on 19 October 2009)	**–**	**217**	**6**	**223**
	–	**2,101**	**39**	**2,140**
2009				
Chan Shu Kit	–	1,008	12	1,020
Kung Wing Yiu	–	180	9	189
Chan Ho Man	–	696	12	708
	–	1,884	33	1,917

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2009: Nil).

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three (2009: two) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining two (2009: three) non-director, highest paid employees for the year are as follows:

	Group	
	2010	2009
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**696**	1,017
Pension scheme contributions	**24**	34
	720	1,051

The remuneration of the two (2009: three) non-director, highest paid employees fell within the band of nil to HK$1,000,000.

10. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

	Group	
	2010	2009
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the year	**2,989**	450
Deferred *(note 28)*	**470**	497
Total tax charge for the year	**3,459**	947

A reconciliation of the tax charge/(credit) applicable to profit/(loss) before tax at the statutory rate, and a reconciliation of the applicable rate (i.e., the statutory tax rates) to the effective tax rate, are as follows:

	Group			
	2010		2009	
	HK$'000	***%***	*HK$'000*	*%*
Profit/(loss) before tax	**(569,931)**		6,771	
Tax at the statutory tax rate	**(94,039)**	**16.5**	1,117	16.5
Income not subject to tax	**(158)**		(140)	
Expenses not deductible for tax	**98,367**		603	
Tax losses utilised from previous periods	**(1,713)**		(1,656)	
Tax losses not recognised	**803**		722	
Temporary differences not recognised	**199**		301	
Tax charge at the Group's effective rate	**3,459**		947	

11. PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT

The consolidated profit/(loss) attributable to owners of the parent for the year ended 31 March 2010 includes a loss of HK$573,435,000 (2009: profit of HK$6,227,000) which has been dealt with in the financial statements of the Company (note 30(b)).

12. DIVIDEND

	2010 HK$'000	2009 HK$'000
Interim – HK1 cent (2009: HK1 cent) per ordinary share	**3,618**	3,603
Proposed final – Nil (2009: HK1.5 cents) per ordinary share	**–**	5,405
	3,618	9,008

13. EARNINGS/(LOSSES) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings/losses per share amount is based on the loss for the year attributable to ordinary equity holders of the parent of approximately HK$574,902,000 (2009: profit of HK$4,606,000) and the weighted average number of ordinary shares of 361,075,045 (2009: 360,321,620) in issue during the year.

No adjustment has been made to the basic loss per share amount presented for the year ended 31 March 2010 in respect of a dilution as the impact of the warrants and convertible bonds outstanding during the year had an anti-diluted effect on the basic loss per share amount presented.

Diluted earnings per share amount for the year ended 31 March 2009 has not been disclosed as no diluting events existed during that year.

14. PROPERTY, PLANT AND EQUIPMENT

Group

	Buildings HK$'000	Furniture and fixtures HK$'000	Air-conditioning plant HK$'000	Electrical appliances HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Kitchen utensils, linen and uniforms HK$'000	Total HK$'000
31 March 2010								
At 31 March 2009 and 1 April 2009:								
Cost or valuation	3,558	30,799	5,323	8,080	372	130	2,505	50,767
Accumulated depreciation	–	(17,108)	(2,270)	(4,777)	(276)	(130)	–	(24,561)
Net carrying amount	3,558	13,691	3,053	3,303	96	–	2,505	26,206
At 1 April 2009, net of accumulated depreciation	3,558	13,691	3,053	3,303	96	–	2,505	26,206
Additions	–	5,860	521	1,020	91	–	17	7,509
Surplus on revaluation	40	–	–	–	–	–	–	40
Depreciation provided during the year	(70)	(4,591)	(1,009)	(1,419)	(58)	–	–	(7,147)
At 31 March 2010, net of accumulated depreciation	3,528	14,960	2,565	2,904	129	–	2,522	26,608
At 31 March 2010:								
Cost or valuation	3,528	36,659	5,844	9,100	463	130	2,522	58,246
Accumulated depreciation	–	(21,699)	(3,279)	(6,196)	(334)	(130)	–	(31,638)
Net carrying amount	3,528	14,960	2,565	2,904	129	–	2,522	26,608
Analysis of cost or valuation:								
At cost	–	36,659	5,844	9,100	463	130	2,522	54,718
At 31 March 2010 valuation	3,528	–	–	–	–	–	–	3,528
	3,528	36,659	5,844	9,100	463	130	2,522	58,246

14. PROPERTY, PLANT AND EQUIPMENT (continued)

Group

	Buildings	Furniture and fixtures	Air-conditioning plant	Electrical appliances	Office equipment	Motor vehicles	Kitchen utensils, linen and uniforms	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
31 March 2009								
At 31 March 2008 and 1 April 2008:								
Cost or valuation	2,200	29,316	4,830	7,000	1,651	130	2,245	47,372
Accumulated depreciation	–	(16,232)	(2,196)	(4,136)	(1,532)	(130)	–	(24,226)
Net carrying amount	2,200	13,084	2,634	2,864	119	–	2,245	23,146
At 1 April 2008, net of accumulated depreciation	2,200	13,084	2,634	2,864	119	–	2,245	23,146
Additions	1,328	4,645	1,169	1,722	20	–	260	9,144
Surplus on revaluation	101	–	–	–	–	–	–	101
Depreciation provided during the year	(71)	(4,038)	(750)	(1,283)	(43)	–	–	(6,185)
At 31 March 2009, net of accumulated depreciation	3,558	13,691	3,053	3,303	96	–	2,505	26,206
At 31 March 2009:								
Cost or valuation	3,558	30,799	5,323	8,080	372	130	2,505	50,767
Accumulated depreciation	–	(17,108)	(2,270)	(4,777)	(276)	(130)	–	(24,561)
Net carrying amount	3,558	13,691	3,053	3,303	96	–	2,505	26,206
Analysis of cost or valuation:								
At cost	–	30,799	5,323	8,080	372	130	2,505	47,209
At 31 March 2009 valuation	3,558	–	–	–	–	–	–	3,558
	3,558	30,799	5,323	8,080	372	130	2,505	50,767

The Group's buildings were revalued at 31 March 2010, by CS Surveyors Limited, independent professionally qualified valuers, on an open market, existing use basis.

Had these buildings been carried at historical cost less accumulated depreciation and impairment losses, their carrying amounts would have been approximately HK$2,845,000 at 31 March 2010 (2009: HK$2,979,000).

During the year, surplus arising from revaluation of buildings of approximately HK$32,000 (2009: HK$32,000) and HK$8,000 (2009: HK$69,000) were recognised in the income statement and fixed asset revaluation reserve, respectively.

15. INVESTMENT PROPERTIES

	Group	
	2010	2009
	HK$'000	*HK$'000*
Carrying amount at 1 April	**23,000**	25,000
Net profit/(loss) from a fair value adjustment *(note 7)*	**6,000**	(2,000)
Carrying amount at 31 March	**29,000**	23,000

At 31 March 2009, the investment properties with a carrying value of HK$23,000,000 were pledged to a bank to secure credit facilities granted to the Group (note 24). The pledge was released during the year.

The Group's investment properties were revalued at 31 March 2010, by CS Surveyors Limited, independent professionally qualified valuers, on an open market, existing use basis.

The investment properties are situated in Hong Kong and are held under medium term leases. They are leased to third parties under operating leases, further summary details of which are included in note 32(a) to the financial statements. Details of the investment property are as follows:

Location	**Use**
Lot No. 237 in Demarcation District No. 331, Cheung Sha, Lantau Island, New Territories	Investment property for rental income

16. PREPAID LAND LEASE PAYMENTS

	Group	
	2010	2009
	HK$'000	*HK$'000*
Carrying amount at 1 April	**7,376**	4,925
Additions	**–**	2,552
Recognised during the year *(note 7)*	**(101)**	(101)
Carrying amount at 31 March	**7,275**	7,376
Current portion included in prepayments, deposits and other receivables	**(101)**	(101)
Non-current portion	**7,174**	7,275

The prepaid land lease payments are situated in Hong Kong and are held under the following lease terms:

	HK$'000
Long term leases	5,127
Medium term leases	2,148
	7,275

17. PROPERTY HELD FOR DEVELOPMENT

	Group	
	2010	2009
	HK$'000	*HK$'000*
Carrying amount at 1 April (at cost)	**4,665**	4,665
Disposal	**(4,665)**	–
Carrying amount at 31 March (at cost)	**–**	4,665

Property held for development represents a development project which is situated in Hong Kong and is held under a medium term lease. Details of the property held for development are as follows:

Location	**Use**
Lot Nos. 2902-2906 & 2908 in Demarcation District No. 1, Tung Chung, Lantau Island, New Territories	Residential

18. INTERESTS IN SUBSIDIARIES

	Company	
	2010	2009
	HK$'000	*HK$'000*
Unlisted shares, at cost	**238,075**	238,075
Impairment	**(177,146)**	(200,125)
	60,929	37,950
Loan to a subsidiary	**157,548**	80,000
	218,477	117,950
Due to subsidiaries	**32,891**	28,750

The balances with the subsidiaries are unsecured, interest-free and not repayable within one year.

Impairment loss was recognised for certain unlisted investments because the relevant subsidiaries had suffered losses for years or ceased operations.

18. INTERESTS IN SUBSIDIARIES (continued)

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation and operations@	Nominal value of issued capital	Percentage of equity interest attributable to the Company 2010	2009	Principal activities
Charmwide Development Limited	Hong Kong	HK$10,000*	**100**	100	Investment holding
First Charm Development Limited	Hong Kong	HK$100*	**100**	100	Property investment
Golden Target (Hong Kong) Limited	Hong Kong	HK$1*	**100**	100	Hotel operations
Grandward Limited	Hong Kong	HK$100* HK$2#	**100**	100	Property holding
Jade Terrace Restaurant (Causeway Bay) Limited	Hong Kong	HK$100* HK$680,000#	**100**	100	Restaurant operations
Newfame Development Limited	Hong Kong	HK$1*	**100**	100	Property development
Real Bright Asia Limited	Hong Kong	HK$100*	**100**	100	Dormant
Royal Power Investment Limited	Hong Kong	HK$4,600,000*	**100**	100	Dormant
Tack Hsin (BVI) Holdings Limited	British Virgin Islands/ Hong Kong	HK$17,763,202*	**100**	100	Investment holding
Tack Hsin Restaurant (London) Limited	Hong Kong	HK$100* HK$2#	**100**	100	Restaurant operations
Tack Hsin Restaurant (Peninsula) Limited	Hong Kong	HK$100* HK$2,380,000#	**100**	100	Restaurant operations
Top Excel Investment Limited	Hong Kong	HK$10,000*	**51**	51	Restaurant operations
Vastpro Developments Limited	Hong Kong	HK$2*	**100**	100	Property holding
Wealth Glory Investment Limited	Hong Kong	HK$100* HK$30,000#	**100**	100	Dormant

@ Unless otherwise stated, the place of operations is the place of incorporation.
* Ordinary shares
\# Non-voting deferred shares

All subsidiaries are indirectly held by the Company except Tack Hsin (BVI) Holdings Limited.

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

19. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly by cash and credit card settlement, except for certain well-established customers where the terms vary with these customers. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	Group	
	2010	2009
	HK$'000	*HK$'000*
Within 3 months	**1,359**	638
4 to 6 months	**–**	66
7 to 12 months	**–**	22
	1,359	726

The aged analysis of the trade receivables that are not considered to be impaired is as follows:

	Group	
	2010	2009
	HK$'000	*HK$'000*
Neither past due nor impaired	**1,359**	638
Less than 6 months past due	**–**	66
Over 6 months past due	**–**	22
	1,359	726

Trade receivables that were neither past due nor impaired relate to a large number of diversified 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, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group	
	2010	2009
	HK$'000	*HK$'000*
Prepayments	**454**	861
Deposits	**15,705**	14,782
Other receivables	**1**	856
Tax recoverable	**–**	316
	16,160	16,815

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

21. CASH AND BANK BALANCES

	Group		Company	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Cash and bank balances	**40,567**	30,119	**60**	59
Time deposits	**85,012**	11,001	**–**	–
	125,579	41,120	**60**	59

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one month to three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and deposits are deposited with creditworthy banks with no recent history of default.

22. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	Group	
	2010	2009
	HK$'000	*HK$'000*
Within 3 months	**5,964**	4,852

The trade payables are non-interest-bearing and are normally settled on 30-day terms.

23. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Deferred credit on operating lease	**7,924**	6,515	**–**	–
Receipt in advance	**926**	1,465	**–**	–
Other payables	**147**	143	**11**	9
Accruals	**5,637**	9,635	**–**	–
	14,634	17,758	**11**	9

Other payables are non-interest-bearing and have an average term of 30 days.

24. INTEREST-BEARING BANK BORROWING

Group

	2010			2009		
	Contractual interest rate (%)	**Maturity**	***HK$'000***	Contractual interest rate (%)	Maturity	*HK$'000*
Current						
Secured bank loan	**–**	**–**	**–**	4.25 – 4.50 (Floating)	2010	542
Non-current						
Secured bank loan	**–**	**–**	**–**	4.25 – 4.50 (Floating)	2023	9,689
			–			10,231

Group

	2010	2009
	HK$'000	*HK$'000*
Analysed into:		
Bank loan repayable:		
Within one year	**–**	542
In the second year	**–**	567
In the third to fifth years, inclusive	**–**	1,849
Beyond five years	**–**	7,273
	–	10,231

At 31 March 2009, the bank loan was secured by the Group's investment properties with a carrying value of HK$23,000,000 (note 15), and corporate guarantees given by the Company and a subsidiary.

The Group's borrowing was denominated in Hong Kong dollars and the carrying amounts approximated to its fair value.

25. PROVISION FOR LONG SERVICE PAYMENTS

	Group	
	2010	2009
	HK$'000	*HK$'000*
At 1 April	**2,372**	1,256
Increase/(decrease) for the year *(note 7)*	**(858)**	1,540
Amounts utilised during the year	**(181)**	(424)
At 31 March	**1,333**	2,372

The Group provides for probable future long service payments expected to be made to employees under the Employment Ordinance. The provision is based on the best estimate of the probable future payments which have been earned by the employees from their services to the Group at the end of the reporting period.

26. CONVERTIBLE BONDS

On 16 November 2009, the Company issued zero coupon convertible bonds (the "Convertible Bonds") in the principal amount of HK$80,000,000 for cash to an independent third party. The Convertible Bonds are convertible at the option of the bond holder into the Company's ordinary shares of HK$0.10 each at a conversion price of HK$0.40 per share from 17 February 2010 to 9 November 2012. Any convertible bonds not converted will be redeemed by the Company on 16 November 2012.

The conversion option of the Convertible Bonds exhibits characteristics of an embedded derivative and is separated from the liability components. On initial recognition, the fair value of the liability component of the Convertible Bonds was estimated at the issuance date using an equivalent market interest rate for a similar bond without a conversion option or other embedded derivative. The embedded derivative component is measured at fair value and presented as a derivative financial instrument. At each reporting date, the embedded derivative component is remeasured and the change in fair value of that component is recognised in the consolidated income statement.

The Convertible Bonds issued during the year have been split as to the embedded derivative and the liability components as follows:

	Group and Company	
	Liability component 2010	**Embedded derivative component 2010**
	HK$'000	***HK$'000***
Nominal value of the Convertible Bonds issued during the year	**66,347**	**13,653**
Imputed interest expense *(note 6)*	**2,854**	**–**
Fair value loss on derivative financial instruments	**–**	**212,599**
	69,201	**226,252**

27. DERIVATIVE FINANCIAL INSTRUMENTS

	Group and Company	
	2010	2009
	HK$'000	*HK$'000*
Warrants (a)	**89,618**	–
Embedded derivatives of Convertible Bonds *(note 26)*	**226,252**	–
Forward contract (b)	**287,436**	–
	603,306	–

(a) On 19 October 2009, the Company issued 72,000,000 warrants at HK$0.02 each to certain independent third parties. Each warrant carries the right to subscribe for one share at HK$0.9 per share from 19 October 2009 to 18 October 2012. Any warrant rights not converted will be expired on 18 October 2012.

Movement of warrants during the year is as follows:

	Group and Company
	2010
	HK$'000
At 1 April 2009	–
Issue of warrants	1,440
Fair value losses on warrants	91,814
Conversion of warrants	(3,636)
At 31 March 2010	**89,618**

(b) On 20 January 2010, the Company entered into a convertible bond subscription agreement (the "Subscription Agreement") with an independent subscriber (the "Subscriber") pursuant to which the Company has conditionally agreed to issue, and the Subscriber has conditionally agreed to subscribe for zero coupon convertible bonds (the "Bonds") in the principal amount of HK$200,000,000, which can be convertible at the option of the bond holder into the Company's ordinary shares of HK$0.10 at a conversion price of HK$0.50 each from the end of the three-month period from the issue date up to (but excluding) the period of five business days ending on the maturity date. Any portion of the Bonds not converted will be redeemed by the Company on the date falling on the third anniversary of the issue date of the Bonds.

At the end of the reporting period, the Company has fulfilled the precedent requirements pursuant to the Subscription Agreement and is contractually obligated to issue the Bonds. In this regard, before the issuance of the Bonds, the Subscription Agreement is a forward contract within the scope of HKAS 39 and is recognised at its fair value as an asset or a liability on the commitment date and is subsequently remeasured at fair value.

As at 31 March 2010, the Group and the Company have recognised a derivative financial liability of HK$287,436,000 in respect of the forward contract.

28. DEFERRED TAX

Group

Deferred tax assets

	Losses available for offsetting against future taxable profits HK$'000
At 1 April 2008	3,462
Deferred tax charged to the income statement during the year *(note 10)*	(1,076)
Gross deferred tax assets at 31 March 2009	2,386
Deferred tax charged to the income statement during the year *(note 10)*	(96)
Gross deferred tax assets at 31 March 2010	**2,290**

Deferred tax liabilities

	Depreciation allowance in excess of related depreciation HK$'000
At 1 April 2008	1,379
Deferred tax credited to the income statement during the year *(note 10)*	(579)
Gross deferred tax liabilities at 31 March 2009	800
Deferred tax charged to the income statement during the year *(note 10)*	374
Gross deferred tax liabilities at 31 March 2010	**1,174**

For presentation purposes, certain deferred tax assets and liabilities have been offset in the financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2010 ***HK$'000***	2009 *HK$'000*
Net deferred tax assets recognised in the consolidated statement of financial position	**1,291**	1,924
Net deferred tax liabilities recognised in the consolidated statement of financial position	**175**	338

At the end of the reporting period, the Group had tax losses arising in Hong Kong of approximately HK$63,592,000 (2009: HK$69,109,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as the utilisation of which is uncertain.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

29. SHARE CAPITAL

	Group and Company	
	2010	2009
	HK$'000	*HK$'000*
Authorised:		
500,000,000 ordinary shares of HK$0.10 each	**50,000**	50,000
Issued and fully paid:		
363,321,620 (2009: 360,321,620) ordinary shares of HK$0.10 each	**36,332**	36,032

During the year, the movements in share capital were as follows:

On 10 December 2009, 15 December 2009 and 18 January 2010, 1,000,000, 500,000 and 1,500,000 warrants were respectively converted into ordinary shares of the Company at the conversion price of HK$0.9 per share, resulting in the issue of 3,000,000 ordinary shares of the Company and new share capital of HK$300,000 and share premium of HK$6,036,000 (before issue expenses). At the end of the reporting period, the Company had 69,000,000 warrants outstanding. The exercise in full of such warrants would, under the present capital structure of the Company, result in issue of 69,000,000 additional ordinary shares of HK$0.10 each.

A summary of the transactions during the year in the Company's issued share capital is as follows:

	Number of shares in issue	Issued capital	Share premium account	Total
		HK$'000	*HK$'000*	*HK$'000*
At 31 March 2008 and 31 March 2009	360,321,620	36,032	31,934	67,966
At 1 April 2009	360,321,620	36,032	31,934	67,966
Conversion of warrants	3,000,000	300	6,036	6,336
At 31 March 2010	**363,321,620**	**36,332**	**37,970**	**74,302**

30. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 7 of the financial statements.

The Group's contributed surplus represented the difference between the nominal value of the shares and share premium account of the subsidiaries acquired, over the nominal value of the Company's shares issued in exchange therefor.

(b) Company

	Note	Share premium account HK$'000	Contributed surplus HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2008		37,934	216,256	(203,596)	50,594
Total comprehensive income for the year		–	–	6,227	6,227
Interim dividend	*12*	–	(3,603)	–	(3,603)
Proposed final dividend	*12*	–	(5,405)	–	(5,405)
At 31 March 2009 and 1 April 2009		37,934	207,248	(197,369)	47,813
Total comprehensive loss for the year		–	–	(573,435)	(573,435)
Interim dividend	*12*	–	(3,618)	–	(3,618)
Conversion of warrants		6,036	–	–	6,036
At 31 March 2010		**43,970**	**203,630**	**(770,804)**	**(523,204)**

The Company's contributed surplus represented the excess of the fair value of the shares of the subsidiaries acquired, over the nominal value of the Company's shares issued in exchange therefor. Under the Companies Act 1981 of Bermuda (as amended), a company may make distributions to its members out of the contributed surplus if to do so would not render the Company's ability to pay its liabilities as they become due or the realisable value of its assets would not thereby become less than the aggregate of its liabilities and its issued share capital and share premium account.

31. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in these financial statements were as follows:

(a) The Company provided guarantees to banks in connection with banking facilities granted to its subsidiaries amounting to HK$22,600,000 of which HK$10,231,000 had been utilised as at 31 March 2009.

(b) The Company provided a guarantee to a third party in connection with rental payments of a subsidiary amounting to HK$7,008,000 (2009: HK$18,768,000).

At the end of the reporting period, the Group had no significant contingent liabilities.

32. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties (note 15 to the financial statements) under operating lease arrangements, with remaining lease terms of one year. The terms of the leases generally require the tenants to pay security deposits.

At 31 March 2010, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	Group	
	2010	2009
	HK$'000	*HK$'000*
Within one year	**842**	106

(b) As lessee

The Group leases certain of its office premises, restaurant premises and office equipment under operating lease arrangements, with remaining lease terms ranging from one month to nine years.

At 31 March 2010, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group	
	2010	2009
	HK$'000	*HK$'000*
Within one year	**35,221**	31,421
In the second to fifth years, inclusive	**67,889**	76,159
After five years	**25,730**	37,345
	128,840	144,925

33. COMMITMENT

In addition to the operating lease commitments detailed in note 32 above, the Group and the Company had the following commitment as at the end of the reporting period:

	Group and Company	
	2010	2009
	HK$'000	*HK$'000*
Contracted, but not provided for:		
Acquisition of an investment	**7,314**	–

34. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transaction with a related party during the year:

	Group	
	2010	2009
	HK$'000	*HK$'000*
Transaction with a director:		
Rental expenses paid	**72**	72

The Group paid rental expenses to a director of the Company. The rentals were determined with reference to open market rentals.

(b) Compensation of key management personnel of the Group:

	2010	2009
	HK$'000	*HK$'000*
Short term employee benefits	**2,450**	2,234
Post-employment benefits	**51**	45
Total compensation paid to key management personnel	**2,501**	2,279

The related party transactions in respect of item (a) above also constitute a connected transaction under the Listing Rules.

35. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

	Group		Company	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Financial assets				
– Loans and receivables				
Loan to a subsidiary	**–**	–	**157,548**	80,000
Trade receivables	**1,359**	726	**–**	–
Financial assets included in prepayments, deposits and other receivables	**15,706**	15,638	**–**	–
Cash and bank balances	**125,579**	41,120	**60**	59
	142,644	57,484	**157,608**	80,059
Financial liabilities – Financial liabilities at amortised cost				
Due to subsidiaries	**–**	–	**32,891**	28,750
Trade payables	**5,964**	4,852	**–**	–
Financial liabilities included in other payables and accruals	**13,708**	16,293	**11**	9
Interest-bearing bank borrowing	**–**	10,231	**–**	–
Convertible bonds	**69,201**	–	**69,201**	–
	88,873	31,376	**102,103**	28,759
Financial liabilities				
– Financial liabilities at fair value through profit or loss				
Derivative financial instruments	**603,306**	–	**603,306**	–

36. FAIR VALUE HIERARCHY

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

As at 31 March 2010, the derivative financial instruments amounting to HK$603,306,000 (2009: Nil) are measured at fair value in Level 3.

The movements in fair value measurements in Level 3 during the year are as follows:

	Derivative financial instruments *HK$'000*
At 1 April 2009	–
Issuance of warrants	1,440
Embedded derivatives of Convertible Bonds	13,653
Total losses recognised in the income statement	591,849
Exercise of warrants	(3,636)
At 31 March 2010	**603,306**

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivatives, mainly comprise cash, short term deposits and convertible bonds. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and equity price risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

Credit risk

Most of the trade of the Group is on cash terms. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 19 to the financial statements.

The Group places its cash deposits with major international banks in Hong Kong. This investment policy limits the Group's exposure to concentrations of credit risk.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank borrowings. In addition, banking facilities have been put in place for contingency purpose.

The maturity profile of the financial liabilities of the Group and the Company as at the end of the reporting periods, based on the contractual undiscounted payments, were as follows:

	Less than 3 months	3 to less than 12 months	2 to less than 3 years	3 to 5 years	Beyond 5 years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Group – 2010						
Trade payables	**5,964**	**–**	**–**	**–**	**–**	**5,964**
Financial liabilities included in other payables and accruals	**13,708**	**–**	**–**	**–**	**–**	**13,708**
Convertible bonds	**–**	**–**	**69,201**	**–**	**–**	**69,201**
	19,672	**–**	**69,201**	**–**	**–**	**88,873**
Group – 2009						
Trade payables	4,852	–	–	–	–	4,852
Financial liabilities included in other payables and accruals	8,613	7,680	–	–	–	16,293
Interest-bearing bank borrowing	242	725	967	2,900	7,814	12,648
	13,707	8,405	967	2,900	7,814	33,793

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

	On demand *HK$'000*	Within 1 year *HK$'000*	Over 1 year *HK$'000*	2 to 3 years *HK$'000*	Total *HK$'000*
Company – 2010					
Due to subsidiaries	**–**	**–**	**32,891**	**–**	**32,891**
Financial liabilities included in other payables and accruals	**–**	**11**	**–**	**–**	**11**
Convertible bonds	**–**	**–**	**–**	**69,201**	**69,201**
Guarantee given to a third party in connection with rental payments of a subsidiary	**7,018**	**–**	**–**	**–**	**7,018**
	7,018	**11**	**32,891**	**69,201**	**109,121**
Company – 2009					
Due to subsidiaries	–	–	28,750	–	28,750
Financial liabilities included in other payables and accruals	–	9	–	–	9
Guarantee given to a third party in connection with rental payments of a subsidiary	18,768	–	–	–	18,768
	18,768	9	28,750	–	47,527

Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from changes in the price of the Company's own shares to the extent that the Company's own equity investments underlie the fair values of derivatives. As at the end of the reporting period, the Group was exposed to this risk through the conversion rights attached to the Convertible Bonds and subscription rights attached to warrants issued by the Company and the forward contract regarding the issuance of convertible bonds.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Equity price risk (continued)

The following table demonstrates the sensitivity to every 10% change in the fair value of the warrant, the embedded derivatives of Convertible Bonds and the forward contract as detailed in note 27, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period.

	Carrying amount *HK$'000*	Increase/ decrease in loss before tax *HK$'000*	Increase/ decrease in equity *HK$'000*
2010			
Warrants liabilities	**89,618**	**8,962**	**8,962**
Embedded derivatives of Convertible Bonds	**226,252**	**22,625**	**22,625**
Forward contract	**287,436**	**28,744**	**28,744**

Capital management

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2010 and 2009.

The Group monitors capital using gearing ratio, which is total debts divided by total equity. The Group's policy is to maintain a stable gearing ratio. The gearing ratios as at the end of the reporting periods were as follows:

	2010 *HK$'000*	2009 *HK$'000*
Convertible bonds	**69,201**	–
Interest-bearing bank borrowings	**–**	10,231
Total debts	**69,201**	10,231
Total equity	**(486,824)**	89,245
Gearing ratio	**(0.14)**	0.11

The deterioration in the gearing ratio in 2010 was primarily due to the financial liabilities of the derivative financial instruments, which will not result in significant cash outflows upon their realisation, as detailed in notes 26 and 27. The Group monitors its current and expected cashflow requirements to ensure it maintains sufficient cash and cash equivalents and has available funding to meet its working capital requirement.

38. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 13 July 2010.

Five Year Financial Summary

A summary of the results and of the assets, liabilities and minority interests of the Group for the last five financial years, as extracted from the published audited financial statements and restated/reclassified as appropriate, is set out below.

RESULTS

	Year ended 31 March				
	2010	2009	2008	2007	2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	**287,826**	277,497	261,654	192,707	143,990
PROFIT/(LOSS) FOR THE YEAR	**(573,390)**	5,824	13,653	1,075	(11,013)
Attributable to:					
Equity holders of the parent	**(574,902)**	4,606	13,281	792	(11,027)
Minority interests	**1,512**	1,218	372	283	14
	(573,390)	5,824	13,653	1,075	(11,013)

ASSETS, LIABILITIES AND MINORITY INTERESTS

	As at 31 March				
	2010	2009	2008	2007	2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total assets	**209,711**	124,969	131,674	124,630	121,216
Total liabilities	**(696,535)**	(35,724)	(35,711)	(37,041)	(30,904)
Minority interests	**(3,036)**	(1,524)	(306)	(140)	(68)
	(489,860)	87,721	95,657	87,449	90,244