THE HONG KONG PARKVIEW GROUP LTD.

僑福建設企業機構*

ANNUAL REPORT 2009-2010　　二零零九年至二零一零年度年報

Stock Code 股份代號: 207

* For identification purposes only　僅供識別

公司資料 Corporate Information

執行董事
黃健華－主席
黃又華
黃幼華
黃德華

Executive Directors
Wong Kin Wah, George – Chairman
Hwang Yiou Hwa, Victor
Hwang Yiu Hwa, Richard
Hwang Teh Hwa, Tony

獨立非執行董事
劉漢銓金紫荊星章，太平紳士
林建明
胡國祥榮譽勳章

Independent Non-executive Directors
Lau Hon Chuen, Ambrose, G.B.S., J.P.
Lam Kin Ming, Lawrence
Wu Kwok Cheung, MH

公司秘書
蘇兆佳

Company Secretary
So Siu Kai

法定代表
黃健華
黃又華

Authorised Representatives
Wong Kin Wah, George
Hwang Yiou Hwa, Victor

註冊辦事處
Clarendon House, Church Street
Hamilton HM11, Bermuda

Registered Office
Clarendon House, Church Street
Hamilton HM11, Bermuda

香港總辦事處
香港大潭水塘道88號

Principal Office in Hong Kong
88 Tai Tam Reservoir Road
Hong Kong

核數師
德勤 • 關黃陳方會計師行

Auditors
Deloitte Touche Tohmatsu

主要往來銀行
中國銀行(香港)有限公司
中國工商銀行(亞洲)有限公司

Principal Bankers
Bank of China (Hong Kong) Limited
Industrial and Commercial Bank of China (Asia) Limited, Hong Kong

股份登記及過戶處
卓佳廣進有限公司
香港灣仔
皇后大道東二十八號
金鐘匯中心二十六樓

Registrars and Share Transfer Office
Tricor Progressive Limited
26th Floor
Tesbury Centre
28 Queen's Road East
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www.hkparkviewgroup.com

Website
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股份代號
207

Stock Code
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Chairman's Statement

On behalf of the Board of Directors, I present the 2009/10 Annual Report to the Shareholders.

RESULTS

The Group's audited results for the financial year ended 31 March 2010, was a total comprehensive expense of HK$15,030,154 attributable to the owners of the Company compared to the loss of HK$37,494,210 for the previous year.

REVIEW & OUTLOOK

During the year ended 31 March 2010, the Group's has consolidated its investments in the areas of property development and hotel operations in PRC.

After the completion and sales of the second phase of the property development project in Shanghai in the last financial year, the investing vehicle, a company jointly controlled by the Group and a local partner had been dissolved with the remaining properties distributed to its shareholders. In the meantime, the Group still hopes to secure further suitable projects and continue its search for investment opportunities in the PRC property market.

The Group's interest in the Nanjing hotel project, Nanjing Dingshan Garden Hotel, reported a loss for the financial year. The financial tsunami in the second half of 2008 followed by the outbreak of Swine Flu in 2009 brought unparalleled challenges in the hotel industry, particularly in Nanjing where there was still an oversupply of hotels. The resultant reduced leisure and business travels in Nanjing has adversely affected Dingshan Garden Hotel's operating results. As a result of uncertain economic outlook, the hotel's annual valuation has dropped significantly and accordingly the management had to further set aside provision for the impairment in value of this investment.

Meanwhile, the proposal to revamp the shareholding of the joint venture company and to further develop the site of the hotel has entered into an advanced discussion between the shareholders. Once approved, the company will be appropriately capitalised to embark on the second phase of the development.

During the year, the Group has received cash from a fully impaired investment an amount of HK$8.86 million which was recorded as income for the current financial year.

APPRECIATION

Lastly, I would like to express my sincere thanks to all our staff for their hard work and loyalty and to our shareholders for their continued support.

Wong Kin Wah, George
Chairman

Hong Kong, 16 July 2010

OPERATING RESULTS

Turnover of the Group for the financial year ended 31 March 2010 amounted to HK$1,834,992. Loss of the Group for the year totalled HK$12,721,327.

PROPERTY & HOSPITALITY DIVISION

Nanjing Dingshan Garden Hotel, Nanjing, the PRC

Only partially completed and not operating at full capacity, the 5-star hotel, continued to operate a loss and could not generate a positive contribution for the financial year under the current economic condition. The management has made a further impairment provision of HK$9.5 million in value of this investment taking into account the uncertain market environment.

The Group is continually engaging its China partner in active discussions to re-start the stalled work on the second phase as well as resolve the shareholding issue. These discussions have made continues progress during the year towards a satisfactory resolution.

Shanghai Garden City, Shanghai, the PRC

As all the residential units and a large number of shops were successfully sold in previous years, this operation did not bring much contribution to the Group for the current financial year. Nevertheless, the jointly controlled company continued to contribute a positive operating result. The Group is currently in the process of winding up the jointly controlled company in order to further reduce operating costs.

Because of the winding up process, during the year, some properties in the jointly controlled company have been distributed to the Group. Our Group will directly market these properties actively to improve our operating results.

TRADING SALES AND CONTRACT WORKS

The project-based sales remained weak and no project was undertaken during the financial year. This sector recorded no revenue and operated at a loss. In view of the poor business outlook, during the financial year, the management decided to discontinue these operations in order to mitigate the impact of negative contribution.

FINANCIAL POSITION

Apart from the HK$3.6 million in bank overdrafts (2009: HK$4.0 million), the Group had a minimal amount of trade liabilities and commitments. The gearing ratio, representing the ratio of total bank borrowings to total assets, was 1.98% (2009: 2.37%).

The majority of income and expenses of the Group are dominated either in Yuan or Hong Kong Dollar. Hence the Group's exposure to fluctuations in the exchange rate is considered to be minimal and there is no need to make use of financial instruments for hedging purposes.

At 31 March 2010, the Group had HK$26.8 million net current liabilities (2009: HK$51.5 million).

CHARGES ON ASSETS

The Group did not have any charge on its assets as at 31 March 2010 (2009: nil).

CONTINGENT LIABILITIES

At the end of the reporting period, the Group did not have any contingent liabilities.

EMPLOYEES AND REMUNERATION POLICIES

Total number of employees in the Group (excluding those under the payroll of the associates and a jointly controlled entity) at 31 March 2010 was 11, same as at 31 March 2009. Their remuneration, promotion and salary increments were assessed according to individual performance, as well as professional and working experience, and in accordance with prevailing industry practices.

The Group reviews remuneration packages from time to time and special adjustments are also made when required. Aside from salary payments other staff benefits include contributions to a retirement benefit scheme and medical insurance scheme.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance within a sensible framework with an emphasis on the principles of transparency, accountability and independence. The Board of Directors of the Company (the "Board") believes that good corporate governance is essential to the success of the Company and the enhancement of shareholders' value.

The Board considers that the Company has complied with the code provisions 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 (the "Listing" Rules") on The Stock Exchange of Hong Kong Limited throughout the year ended 31 March 2010.

Key corporate governance principles and practices of the Company are summarized below.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for securities transactions by Directors of listed issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding Directors' securities transaction. Having made specific enquiry with all Directors, the Directors have confirmed compliance with the required standard set out in the Model Code throughout the year ended 31 March 2010.

THE BOARD COMPOSITION AND BOARD PRACTICES

The Board is responsible for overseeing the management of the Company's business and affairs with the objective of enhancing shareholders' value including setting and approving the Company's strategic direction and planning and all other important matters such as interim and annual results, dividends, annual financial budget, business and operation plan etc., while delegating day-to-day operations of the Group to the management. Besides, each member of the Board is expected to make a full and active contribution to the Board's affairs and ensure that the Board acts in the best interests of the Company and its shareholders as a whole.

The Board currently comprises a total of 7 Directors, including 4 Executive Directors and 3 Independent Non-executive Directors. The biographies of the current Directors are set out on pages 12 to 13 of this annual report.

All Directors are kept abreast of their collective responsibility. The Group provides briefings and other training to develop and refresh the Directors' knowledge and skills. The Group continuously updates all Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements so as to enhance their awareness of regulatory compliance and good corporate governance practices.

Every Director is aware that he should give sufficient time and attention to the affairs of the Group. The Directors have satisfactory attendance rates at both board meeting and committee meetings, including Audit Committee meeting.

Full board meeting are held formally at least 4 times a year and involve the active participation, either in person or through other electronic means of communication, of a majority of Directors.

THE BOARD COMPOSITION AND BOARD PRACTICES (Continued)

During the year, the Board had held 4 full board meetings. Attendance of individual Directors is as follows:

	Attendance
Executive Directors	
– Mr. Wong Kin Wah, George *(Chairman)*	4/4
– Mr. Hwang Yiou Hwa, Victor	3/4
– Mr. Hwang Yiu Hwa, Richard	3/4
– Mr. Hwang Teh Hwa, Tony	4/4
Independent Non-executive Directors	
– Mr. Lau Hon Chuen, Ambrose, G.B.S., J.P.	4/4
– Mr. Lam Kin Ming, Lawrence	3/4
– Mr. Wu Kwok Cheung, MH	4/4

Save that the 4 Executive Directors are brothers of one another, none of the Directors has any relationship with the others.

The Company has received annual confirmation of independence from the 3 Independent Non-executive Directors in accordance with Rule 3.13 of the Listing Rules. The Board has assessed their independence and concluded that all the Independent Non-executive Directors are independent within the definition of the Listing Rules.

At the meeting, the Directors discussed and formulated overall strategies for the Group, monitor financial performance, discuss the annual and interim results, as well as consider other significant matters.

At least 14 days notice of the board meetings is given to all Directors, and all Directors are given an opportunity to include matters for discussion in the agenda.

An agenda and accompanying board papers are sent in full to all Directors in a timely manner and at least 3 days before the intended date of a full Board meeting. They also have unrestricted access to the advice and service of the Company Secretary, who is responsible for providing Directors with boards papers and related materials, assisting the Chairman in preparing the agenda for meetings and ensuring that Board procedures and all applicable rules and regulations are followed.

The Audit Committee and Remuneration Committee also follow the applicable practices and procedures used in board meetings for committee meetings.

The Company Secretary keeps detailed minutes of each meeting, which are available to all Directors. A draft of the minutes is circulated to all Directors for comment and approval as soon as practicable after the meeting.

CHAIRMAN AND CHIEF EXECUTIVE OFFICERS

The Board has appointed a Chairman, Mr. Wong Kin Wah, George, who ensures that the Board works effectively and that all important issues are discussed in a timely manner. The positions of the Chairman and Chief Executive Officer are held by separate individuals as to maintain an effective segregation of duties. None of the Directors is related to the Chief Executive Officer.

The Chief Executive Officer, Mr. Sin Kit Leung, Peter, is responsible for the day-to-day management of the Group's operations and conducts regular meetings with the Executive Directors and Senior Management, at which operational issues and financial performance are evaluated.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Since the full Board is involved in the appointment of new Directors, the Company has not established a Nomination Committee. The Board will take into consideration criteria such as expertise, experience, integrity and commitment when considering new Director appointments.

According to the Bye-laws of the Company, one third of the directors for the time being (or, if their numbers is not a multiple of three, the number nearest to but not less than one third) should retire from office by rotation at each annual general meeting of the Company provided that every director shall be subject to retirement by rotation at least once every three years. Furthermore, any director appointed to fill a casual vacancy or as an addition to the existing Board should hold office only until next general meeting (in the case of filling a casual vacancy) or until the next following annual general meeting (in the case of an addition to the Board), and would then be eligible for re-election at that meeting. All the Independent Non-executive Directors are appointed for a specific term which complied with the Code.

REMUNERATION OF DIRECTORS

The Company has on 9 June 2006 established a Remuneration Committee, chaired by Mr. Wong Kin Wah, George, Executive Director, with committee members comprising Mr. Lau Hon Chuen, Ambrose, G.B.S., J.P. and Mr. Lam Kin Ming, Lawrence, both of whom are Independent Non-executive Directors.

The principal responsibilities of Remuneration Committee are to formulate the remuneration policy, review and recommend to the Board the annual remuneration policy, and determine the remuneration of the Executive Directors and members of the Senior Management. The objective of the remuneration policy is to ensure that the Group is able to attract, retain, and motivate a high calibre team which is essential to the success of the Group. Details of the Group's emolument policy are set out on page 16 of this annual report.

REMUNERATION OF DIRECTORS (Continued)

The Remuneration Committee will meet at least once a year. During the year, one committee meeting was held to review and discuss the remuneration of Directors and Senior Management and the attendance of each member is set out as follows:

	Attendance
Committee members	
Mr. Wong Kin Wah, George *(Chairman)*	1/1
Mr. Lau Hon Chuen, Ambrose, G.B.S., J.P.	1/1
Mr. Lam Kin Ming, Lawrence	1/1

The functions specified in paragraphs B1.3 (a) to (f) of the CG Code had been included in the terms of reference of the Remuneration Committee, which also explain the role and the authority delegated by the Board.

AUDIT COMMITTEE

The Audit Committee currently consists of three members, all of whom are Independent Non-executive Directors and not involved in the day-to-day management of the Company. The Company has adopted a written terms of reference substantially the same as those contained in paragraph C.3.3. of the CG Code. The terms of reference are available on the website of the Company.

The Audit Committee is responsible for the following:

1. making recommendations on the appointment, reappointment and removal of external auditors and considering the terms of such appointment;

2. developing and implementing policies on the engagement of external auditors for non-audit services;

3. monitoring the integrity of the financial statements, annual and interim reports and the auditors' report to ensure that the information presents a true and balance assessment of the Group's financial position;

4. ensuring that management has fulfilled its duty to maintain an effective internal control system.

During the year, the Audit Committee held 1 meeting with external auditors to discuss any areas of concerns during the audits and approve the audited financial statements and 1 meeting to approve the interim financial statements. The Audit Committee focuses not only on the impact of the changes in accounting policies and practices but also on the compliance with accounting standards. Attendance of individual member is as follows:

	Attendance
Committee members	
Mr. Lau Hon Chuen, Ambrose, G.B.S., J.P.	2/2
Mr. Lam Kin Ming, Lawrence	1/2
Mr. Wu Kwok Cheung, MH	2/2

FINANCIAL REPORTING

The Board, supported by the accounts department, is responsible for keeping proper accounting records and the preparation of the financial statements of the Company and the Group. In preparing the financial statements, the Hong Kong Financial Reporting Standards have been adopted and the financial statements comply with accounting standards issued by the Hong Kong Institute of Certified Public Accountants. Appropriate accounting policies have also been used and applied consistently.

The Directors acknowledge their responsibility to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and in presenting the interim and annual financial statements, and announcements to shareholders. The Board is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern, the Board therefore continues to adopt the going concern approach in preparing the accounts.

The reporting responsibilities of Directors and external auditors are further set out in the Independent Auditor's Report on page 18 to 19.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board is responsible for the effectiveness of the Group's internal control system. The internal control systems are designed to meet the Group's particular needs and the risks to which it is exposed, and by their nature can only provide reasonable, but not absolute assurance against misstatement or loss.

Procedures have been set up for safeguarding assets against unauthorized use or disposition, controlling over capital expenditure, maintaining proper accounting records and ensuring the reliability of financial information used for business and publication. Qualified management throughout the Group maintains and monitors the internal control system on an ongoing basis.

The Board monitors and has conducted a review of the effectiveness of its internal control systems through a programme of internal audit and consider the internal control system effective and adequate. The internal audit function is set up by the Company to review the major operational and financial control of the Group in compliance with the established processes and standards on a continuing basis and aims to cover all major operations of the Group on a rotational basis. The internal audit team reports directly to the Chairman of the Board and the Audit Committee. As part of the process of the annual review, the Board has performed evaluation of the Group's accounting and financial reporting function to ensure that there is adequacy of resources, qualification and experience of staff of the function and their training programmes and budget.

AUDITORS' REMUNERATION

During fiscal year 2009/10, fees payable for audit and audit related services to Deloitte Touche Tohmatsu and other auditors were HK$1,178,000 and HK$Nil respectively.

COMMUNICATION WITH SHAREHOLDERS

The Company encourages two-way communications with its shareholders. Extensive information about the Company's activities is provided in its annual reports and interim reports, which are sent to shareholders of the Company. The annual general meeting (the "AGM") provides a forum for direct communication between the Board and the Company's shareholders. The Chairman actively participates in the AGM and personally chairs the meeting to answer any questions from the shareholders. The Chairmen of the Audit and Remuneration Committees or in their absence, other members of the respective committees, are also available to answer questions at the AGM. The Company maintains regular communication with media to disseminate financial and other information relating to the Group and its business to the public in order to foster effective communication.

On behalf of the Board

Wong Kin Wah, George
Chairman

Hong Kong, 16 July 2010

The directors present their annual report and the audited consolidated financial statements for the year ended 31 March 2010.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of corporate management services. The activities of its principal subsidiaries, associates and a jointly controlled entity are set out in notes 33, 18 and 19 to the consolidated financial statements respectively.

RESULTS

The results of the Group for the year ended 31 March 2010 are set out in the consolidated statement of comprehensive income on page 20.

The directors do not recommend the payment of any dividend during the year.

RESERVES

As at 31 March 2010, the Company does not have reserves available for distribution in accordance with the Bermuda Companies Act. The reserves (excluding accumulated deficit) and accumulated deficit were HK$399,199,697 and HK$467,463,673 respectively.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements during the year in the property, plant and equipment of the Group are set out in note 17 to the consolidated financial statements.

DIRECTORS

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

Executive directors

Mr. Wong Kin Wah, George
Mr. Hwang Yiou Hwa, Victor
Mr. Hwang Yiu Hwa, Richard
Mr. Hwang Teh Hwa, Tony

Independent Non-executive Directors

Lau Hon Chuen, Ambrose, G.B.S., J.P.
Lam Kin Ming, Lawrence
Wu Kwok Cheung, MH

In accordance with the Company's Bye-laws, Messrs. Hwang Yiou Hwa, Victor, Hwang Yiu Hwa, Richard and Lam Kin Ming, Lawrence shall retire from the board at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

DIRECTORS (Continued)

All the three Independent Non-executive Directors of the Company have a specific term of office, nevertheless, they are subject to retirement and rotation in accordance with the Bye-laws of the Company.

DIRECTORS' INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS

During the year, the Group had the following transactions with Parkview (Suites) Limited of which two children of Mr. Wong Kin Wah, George are directors and have beneficial interests:

(i) Building management fee of HK$132,780 was paid for office management services provided to the Group.

(ii) General expenses of HK$462,910 were paid for daily operating activities provided to the Group.

The Independent Non-executive Directors confirm that the transactions set out above have been entered into by the Group in the ordinary course of its business, on normal commercial terms and are fair and reasonable and in the interests of the shareholder of the Group as a whole.

Other than as disclosed above, no contracts of significance to which the Company, its subsidiaries, its ultimate holding company or any subsidiaries of its ultimate holding company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

No director being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

MANAGEMENT PROFILES

A. Executive Directors

Mr. Wong Kin Wah, George, aged 58 is Chairman of the Group. He has been engaged in construction and real estate business in Taiwan and Hong Kong since graduating in building construction design in 1973. He was appointed as Director in 1992. He is a director of several member companies of the Group.

Mr. Hwang Yiou Hwa, Victor, aged 56 held a Bachelor Degree in Administration and Finance. He has been involved in the Group's overseas business developments. He was appointed as Director in 1992. He is a director of a member company of the Group.

Mr. Hwang Yiu Hwa, Richard, aged 55 held a Bachelor Degree of Science in Civil Engineering. He has been involved in construction field since 1982. He was appointed as Director in 1993.

Mr. Hwang Teh Hwa, Tony, aged 54 held a Master Degree in Management and Organisational Development. He is responsible for the development of business in mainland China. He was appointed as Director in 1992.

Mr. Wong Kin Wah, George, Mr. Hwang Yiou Hwa, Victor, Mr. Hwang Yiu Hwa, Richard and Mr. Hwang Teh Hwa, Tony are brothers.

MANAGEMENT PROFILES (Continued)

B. Independent Non-executive Directors

Mr. Lau Hon Chuen, Ambrose, G.B.S., J.P., aged 63 is the Senior Partner of Messrs. Chu & Lau, Solicitors and Notaries. He obtained a Bachelor of Laws Degree from the University of London and is a Solicitor of the High Court of the HKSAR, a China-Appointed Attesting Officer and a Notary Public. In 2001, Mr. Lau was awarded the "Gold Bauhinia Star" by the HKSAR Government. He is also a Standing Committee Member of the National Committee of the Chinese People's Political Consultative Conference and a Non-executive Director of several listed companies. He was appointed as an Independent Non-executive Director in 1995.

Mr. Lam Kin Ming, Lawrence, aged 55, is the Senior Vice President of PCCW, a company whose principal business is to provide telecom equipment and related services. He has been serving PCCW since 2006. Prior to that, Mr. Lam was a senior executive of a company that involved in property management and investment. Mr. Lam graduated from the University of Toronto in 1978. He was appointed as Independent Non-executive Director of the Company in 2004.

Mr. Wu Kwok Cheung, MH, aged 78, has served as a Director and Chief Executive Officer of several companies in Hong Kong and the PRC, and has also been appointed to several public offices. He was appointed as Independent Non-executive Director in 2006.

C. Senior Management Staff

Mr. Sin Kit Leung, Peter, aged 70, is the Chief Executive Officer of the Group. He held a diploma in Business Management. Mr. Sin has extensive experience in investment and real estate development. Mr. Sin joined the Group in 1990 and is responsible for business development of the Group and overall management of the Group. He is a Director of several member companies of the Group.

Mr. Chan Chi Fai, Brian, aged 55 is a fellow member of The Association of Chartered Certified Accountants of the United Kingdom and the Hong Kong Institute of Certified Public Accountants. He has over 20 years of experience in banking and commercial sectors. Mr. Chan joined the Group in 1990 and is now responsible for the overall management of the Group. He is a Director of several member companies of the Group.

Mr. Ng Chan Shing, Lawrence, aged 66 has 30 years of experience in government and commercial sectors. Before joining the Group in 1997, Mr. Ng was a director of a diversified public company. Mr. Ng is responsible for the Group's household equipment trading activities. He is a Director of a member company of the Group.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or existed during the year.

DIRECTORS AND CHIEF EXECUTIVES' INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

At 31 March 2010, the interests of the directors and the chief executives and their associates in the shares, underlying shares and convertible bonds of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Long Positions – ordinary shares of HK$0.10 each of the Company

Name of director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Mr. Wong Kin Wah, George	Beneficial owner	2,000,000	0.4%
	Held by controlled corporation *(Notes 1 & 2)*	391,674,138	73.2%
		393,674,138	73.6%
Mr. Hwang Yiou Hwa, Victor	Held by controlled corporation *(Note 2)*	293,674,138	54.9%
Mr. Hwang Yiu Hwa, Richard	Held by controlled corporation *(Note 2)*	293,674,138	54.9%
Mr. Hwang Teh Hwa, Tony	Held by controlled corporation *(Note 2)*	293,674,138	54.9%
Mr. Lam Kin Ming, Lawrence	Beneficial owner	6,000	0.001%

Notes:

1. 98,000,000 shares were held by High Return Trading Limited in which Mr. Wong Kin Wah, George was deemed to have interests since he was entitled to exercise more than one-third of the voting power at the general meetings of High Return Trading Limited. This interest has also been disclosed under the section headed "SUBSTANTIAL SHAREHOLDERS".

2. Messrs. Wong Kin Wah, George, Hwang Yiou Hwa, Victor, Hwang Yiu Hwa, Richard and Hwang Teh Hwa, Tony are directors and shareholders of Kompass International Limited which owned 293,674,138 shares in the Company. This interest has also been disclosed under the section headed "SUBSTANTIAL SHAREHOLDERS".

Other than as disclosed above, none of the directors, chief executives, nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 31 March 2010.

At no time during the year was the Company, its subsidiaries, its ultimate holding company or any subsidiaries of its ultimate holding company a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2010, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the Securities and Future Ordinance shows that other than the interests disclosed above in respect of certain directors and chief executives, the following shareholders had an interest in 5% or more of the issued share capital of the Company.

Long Positions – ordinary shares of HK$0.10 each of the Company

Name of shareholder	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Kompass International Limited	Beneficial owner	293,674,138 *(Note)*	54.9%
High Return Trading Limited	Beneficial owner	98,000,000 *(Note)*	18.3%
Multi-Power International Limited	Beneficial owner	40,000,000	7.47%
Mr. Huang Jianquan	Beneficial owner	40,000,000	7.47%

Note: These shares represented the same parcel of shares as disclosed above under "DIRECTORS AND CHIEF EXECUTIVES' INTERESTS IN THE SHARE CAPITAL OF THE COMPANY".

Other than as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 31 March 2010.

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of purchases attributable to the Group's largest supplier and the five largest suppliers during the year was 55.5% and 100%, respectively.

All the sales is contributed by the Group's largest customer.

None of the directors, their associates or any shareholder (which to the knowledge of the directors owned more than 5% of the Company's share capital) were interested at any time during the year in the above suppliers or customers.

CONVERTIBLE SECURITIES, WARRANTS OF OPTIONS

There are no convertible securities, warrants or options issued by the Company or its subsidiaries during the year.

PURCHASE, SALES AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 March 2010, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance within a sensible framework with an emphasis on the principles of transparency, accountability and independence. The Board of Directors of the Company (the "Board") considers that the Company has complied with the code provisions as set out in the Code of Corporate Governance Practices (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 March 2010.

Detailed information on the Company's corporate governance practices is set out in the corporate governance report included in the Company's annual report for the year ended 31 March 2010 to be dispatched to the shareholders in due course.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its code of conduct regarding directors' securities transactions. Having made specific enquiry of all Directors, the Directors have confirmed compliance with the required standard set out in the Model as provided in Appendix 10 to the Listing Rules for the year ended 31 March 2010.

AUDIT COMMITTEE

The Audit Committee, comprising of three Independent Non-executive Directors, has reviewed with management the accounting principles and standard practices adopted by the Group and discussed auditing, internal control and financial reporting matters including review of the audited consolidated financial statements for the year ended 31 March 2010 of the Group.

PRE-EMPTIVE RIGHTS

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

EMOLUMENT POLICY

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

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

SUFFICIENCY OF PUBLIC FLOAT

The Company maintained a sufficient public float throughout the year ended 31 March 2010.

FINANCIAL ASSISTANCE GIVEN TO AFFILIATED COMPANIES AMOUNTING TO MORE THAN 8% OF THE ASSETS RATIO

As at 31 March 2010, the Group granted an advance to Nanjing Dingshan Garden Hotel Company Ltd., an associate of the Group, with a carrying amount before share of loss of this associate and impairment loss recognised on amount due from this associate of HK$121,369,130. The summarised financial position of Nanjing Dingshan Garden Hotel Company Ltd. as at 31 March 2010 is set out below:

	HK$
Non-current assets	372,864,453
Current assets	16,629,522
Current liabilities	(187,687,701)
Non-current liabilities	(243,389,593)
Net liabilities	(41,583,319)

Details of Nanjing Dingshan Garden Hotel Company Ltd. are set out in note 18 to the consolidated financial statements.

AUDITOR

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

Wong Kin Wah, George
Chairman

Hong Kong, 16 July 2010

Deloitte.
德勤

TO THE MEMBERS OF
THE HONG KONG PARKVIEW GROUP LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of The Hong Kong Parkview Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 20 to 61, which comprise the consolidated statement of financial position as at 31 March 2010 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated 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 the consolidated 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.

AUDITOR'S RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated 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 consolidated financial statements.

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

OPINION

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
16 July 2010

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 31 MARCH 2010

	Notes	2010 HK$	2009 HK$
Continuing operations			
Revenue	8	**1,834,992**	2,241,840
Cost of services		**(1,518,396)**	(1,910,149)
Gross profit		**316,596**	331,691
Other income		**1,086,676**	515,516
Other gains and losses		**2,946,855**	1,077,472
Net change in fair value of investments held for trading		**90,000**	(186,000)
Recovery from a fully impaired investment	11	**8,864,380**	–
Administrative expenses		**(7,049,054)**	(6,853,110)
Finance costs	10	**(1,313,032)**	(2,735,480)
Impairment loss recognised in respect of amount due from an associate		**(9,500,000)**	(16,500,000)
Share of losses of associates		**(12,178,210)**	(15,427,950)
Share of profit of a jointly controlled entity		**3,368,962**	1,175,184
Loss before taxation	11	**(13,366,827)**	(38,602,677)
Taxation	14	**–**	–
Loss for the year from continuing operations		**(13,366,827)**	(38,602,677)
Discontinued operations			
Profit (loss) for the year from discontinued operations	15	**645,500**	(512,362)
Loss for the year		**(12,721,327)**	(39,115,039)
Other comprehensive (expense) income			
Exchange difference arising on translation of foreign operations		**(1,203,497)**	1,620,829
Reclassification adjustment of exchange reserve on deregistration of foreign operation		**(1,105,330)**	–
		(2,308,827)	1,620,829
Total comprehensive expense for the year attributable to the owners of the Company		**(15,030,154)**	(37,494,210)
Basic loss per share			
From continuing and discontinued operations	16	**HK(2.38 cents)**	HK(7.31 cents)
From continuing operations	16	**HK(2.50 cents)**	HK(7.21 cents)

	Notes	2010 HK$	2009 HK$
NON-CURRENT ASSETS			
Property, plant and equipment	17	**8,176,667**	8,505,979
Interests in associates	18	**–**	–
Amount due from an associate	18	**75,395,875**	94,791,097
Interest in a jointly controlled entity	19	**32,475,818**	57,013,714
Available-for-sale investments	20	**2,236,300**	2,236,300
Other receivable	21	**–**	1,170,956
		118,284,660	163,718,046
CURRENT ASSETS			
Properties held for sale		**54,913,932**	–
Accounts and other receivables and prepayments	22	**827,050**	240,345
Investments held for trading	23	**525,000**	435,000
Bank balances and cash	24	**6,361,727**	3,066,146
		62,627,709	3,741,491
CURRENT LIABILITIES			
Accounts and other payables and accrued charges	25	**2,102,721**	6,754,571
Amount due to a jointly controlled entity	29	**51,186,307**	23,052,410
Amounts due to related companies	27	**32,500,077**	20,562,062
Tax payable		**57,226**	59,215
Dividend payable	26	**–**	885,225
Bank overdrafts	26	**3,580,063**	3,962,425
		89,426,394	55,275,908
Net current liabilities		**(26,798,685)**	(51,534,417)
Total assets less current liabilities		**91,485,975**	112,183,629

Consolidated Statement of Financial Position

AT 31 MARCH 2010

	Notes	2010 HK$	2009 HK$
CAPITAL AND RESERVES			
Share capital	28	**53,535,926**	53,535,926
Reserves		**15,663,899**	30,694,053
Equity attributable to owners of the Company		**69,199,825**	84,229,979
NON-CURRENT LIABILITIES			
Amounts due to related companies	27	**22,286,150**	27,953,650
		91,485,975	112,183,629

The consolidated financial statements on pages 20 to 61 were approved and authorised for issue by the Board of Directors on 16 July 2010 and are signed on its behalf by:

Wong Kin Wah, George
DIRECTOR

Hwang Yiou Hwa, Victor
DIRECTOR

	Share capital *HK$*	Capital redemption reserve *HK$*	Capital reduction reserve *HK$*	Property revaluation surplus *HK$*	Contributed surplus *HK$*	Exchange reserve *HK$*	Accumulated deficit *HK$*	Total *HK$*
At 1 April 2008	53,535,926	2,382,000	85,844,959	5,650,394	329,928,202	10,896,588	(366,513,880)	121,724,189
Loss for the year	–	–	–	–	–	–	(39,115,039)	(39,115,039)
Other comprehensive income for the year – exchange difference arising in translation of foreign operation	–	–	–	–	–	1,620,829	–	1,620,829
Total comprehensive income for the year	–	–	–	–	–	1,620,829	(39,115,039)	(37,494,210)
At 31 March 2009	53,535,926	2,382,000	85,844,959	5,650,394	329,928,202	12,517,417	(405,628,919)	84,229,979
Loss for the year	–	–	–	–	–	–	(12,721,327)	(12,721,327)
Exchange difference arising in translation of foreign operations	–	–	–	–	–	(1,203,497)	–	(1,203,497)
Reclassification of exchange reserve on deregistration of foreign operation	–	–	–	–	–	(1,105,330)	–	(1,105,330)
Other comprehensive income for the year	–	–	–	–	–	(2,308,827)	–	(2,308,827)
Total comprehensive income for the year	–	–	–	–	–	(2,308,827)	(12,721,327)	(15,030,154)
Release of property revaluation surplus to accumulated deficit on disposal of properties held by a jointly controlled entity *(Note)*	–	–	–	(5,650,394)	–	–	5,650,394	–
At 31 March 2010	53,535,926	2,382,000	85,844,959	–	329,928,202	10,208,590	(412,699,852)	69,199,825

Note: During the year ended 31 March 2010, a jointly controlled entity disposed of investment properties which were transferred from property, plant and equipment at fair value at the date of transfer. Accordingly, property revaluation surplus on the properties shared by the Group amounting to HK$5,650,394 was transferred directly to accumulated deficit.

The contributed surplus represented HK$1,200,422,356 from the elimination of the entire share premium account and reduction of par value of the issued capital from HK$1 to HK$0.10 of the Company at the time of the capital restructuring of the Group as at 7 November 2001, less HK$870,494,154 distributed out of the contributed surplus during the year ended 31 March 2002.

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 MARCH 2010

	2010	2009
	HK$	*HK$*
OPERATING ACTIVITIES		
Loss before taxation	**(12,721,327)**	(39,115,039)
Adjustments for:		
Bad debts written off for other receivables	**32,103**	337,445
Interest earned on bank deposits	**(6,012)**	(12,566)
Interest income from interest-bearing amount due from an associate	**(580,334)**	(391,885)
Fair value adjustment of non-current interest-free other receivable	**(329,044)**	(66,279)
Fair value adjustment of non-current interest-free amounts due to related companies	**(1,114,307)**	(1,114,307)
Interest expense	**198,725**	215,955
Imputed interest expense on amount due to a jointly controlled entity	**–**	1,353,129
Imputed interest expense on amounts due to related companies	**1,114,307**	1,166,396
Exchange gain realised on deregistration of a foreign operation	**(1,105,330)**	–
Depreciation of property, plant and equipment	**315,037**	243,634
Write back of allowance for bad and doubtful debts, net	**(645,500)**	(8,131)
Write back of dividend payable	**(885,225)**	–
Impairment loss recognised in respect of property, plant and equipment	**590,011**	–
Impairment loss recognised in respect of amount due from an associate	**9,500,000**	16,500,000
Share of losses of associates	**12,178,210**	15,427,950
Share of profit of a jointly controlled entity	**(3,368,962)**	(1,175,184)
Loss (gain) on disposal of property, plant and equipment	**11,591**	(8,612)
Allowance for inventories	**–**	266,827
Operating cash flows before movements in working capital	**3,183,943**	(6,380,667)
Increase in inventories	**–**	(266,827)
Decrease in accounts and other receivables and prepayments	**412,601**	1,409,253
(Increase) decrease in investments held for trading	**(90,000)**	186,000
Decrease in amounts due from customers for contract work	**–**	1,943
Decrease in accounts and other payable and accrued charges	**(117,850)**	(364,665)
Cash generated from (used in) operations	**3,388,694**	(5,414,963)
Income taxes paid	**(1,989)**	–
NET CASH GENERATED FROM (USED IN) OPERATING ACTIVITIES	**3,386,705**	(5,414,963)

	2010	2009
	HK$	*HK$*
INVESTING ACTIVITIES		
Interest received on bank deposits	**6,012**	12,566
Interest received from an associate	**580,334**	391,885
Advances to an associate	**(5,445,221)**	(22,445,855)
Repayments from an associate	**3,085,000**	10,201,500
Purchase of property, plant and equipment	**(350)**	(24,019)
Proceeds on disposal of property, plant and equipment	**321**	12,000
Advances to staff	**(385,909)**	–
NET CASH USED IN INVESTING ACTIVITIES	**(2,159,813)**	(11,851,923)
FINANCING ACTIVITIES		
Advance from a third party	**–**	4,534,000
Repayment to a third party	**(2,256,000)**	–
Repayment to a jointly controlled entity	**(593,397)**	(4,074,602)
Advances from related companies	**5,492,515**	16,267,502
Interest paid	**(198,725)**	(215,955)
Repayment of bank overdrafts	**(382,362)**	(90,268)
NET CASH FROM FINANCING ACTIVITIES	**2,062,031**	16,420,677
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**3,288,923**	(846,209)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**3,066,146**	3,747,823
EFFECT ON FOREIGN EXCHANGE RATE CHANGES	**6,658**	164,532
CASH AND CASH EQUIVALENTS, END OF YEAR, represented by bank balances and cash	**6,361,727**	3,066,146

1. GENERAL

The Company was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its immediate and ultimate holding company is Kompass International Limited, a company incorporated in the British Virgin Islands. The address of the registered office and principal place of business of the Company are disclosed in "Corporate Information" section of the annual report.

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

The Company is an investment holding company and the principal activities of its principal subsidiaries are provision of corporate management services and investment holding. The Company and its subsidiaries (the "Group") also engaged in the interior decoration work and trading of furniture which was discontinued in current year (see note 15).

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the Group's net current liabilities position of HK$26,798,685 as at 31 March 2010. The consolidated financial statements have been prepared on a going concern basis because a related company, which is controlled by close members of the family of a director of the Company, has agreed to provide adequate funds to enable the Group to meet in full its financial obligations as they fall due for the foreseeable future.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS")

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

HKAS 1 (Revised 2007)	Presentation of financial statements
HKAS 23 (Revised 2007)	Borrowing costs
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate
HKFRS 2 (Amendment)	Vesting conditions and cancellations
HKFRS 7 (Amendment)	Improving disclosures about financial instruments
HKFRS 8	Operating segments
HK(IFRIC)–INT 9 & HKAS 39 (Amendments)	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
HK(IFRIC)–INT 18	Transfers of assets from customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS") (Continued)

In addition, in the current year, the Group has elected to early adopt the amendment to HKFRS 5 as part of Improvements to HKFRSs 2009 (adopted in advance of effective date of 1 January 2010).

Early adoption of amendment to HKFRS 5 as part of Improvements to HKFRSs 2009
The amendment has clarified that HKFRS 5 has specified the disclosure required in respect of disposal groups classified as discontinued operations. Disclosures requirements in other HKFRSs do not generally apply to such disposal groups.

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

New and revised HKFRSs affecting presentation and disclosure only
HKAS 1 (Revised) Presentation of financial statements.

HKAS 1 (Revised) has introduced terminology changes (including revised titles for the consolidated financial statements) and changes in the format and contract of the consolidated financial statements.

HKFRS 8 Operating segments
HKFRS 8 is a disclosure standard that as compared with the primary reportable segments determined in accordance with HKAS 14 (see note 9), has resulted in a change in the presentation of the Group's segment information.

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

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009 except for amendment to HKFRS 5[2]
HKFRSs (Amendments)	Improvements to HKFRSs 2010[3]
HKAS 24 (Revised)	Related party disclosures[7]
HKAS 27 (Revised)	Consolidated and separate financial statements[1]
HKAS 32 (Amendment)	Classification of rights issues[5]
HKAS 39 (Amendment)	Eligible hedged items[1]
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters[4]
HKFRS 1 (Amendment)	Limited exemption from comparative HKFRS 7 disclosures for first-time adopters[6]
HKFRS 2 (Amendment)	Group cash-settled share-based payment transactions[4]
HKFRS 3 (Revised)	Business combinations[1]
HKFRS 9	Financial instruments[8]
HK (IFRIC)–INT 14 (Amendment)	Prepayments of a minimum funding requirement[7]
HK (IFRIC)–INT 17	Distributions of non-cash assets to owners[1]
HK (IFRIC)–INT 19	Extinguishing financial liabilities with equity instruments[6]

1 Effective for accounting periods beginning on or after 1 July 2009.
2 Amendments that are effective for accounting periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.
3 Effective for accounting periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.
4 Effective for accounting periods beginning on or after 1 January 2010.
5 Effective for accounting periods beginning on or after 1 February 2010.
6 Effective for accounting periods beginning on or after 1 July 2010.
7 Effective for accounting periods beginning on or after 1 January 2011.
8 Effective for accounting periods beginning on or after 1 January 2013.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS") (Continued)

The adoption of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 April 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary.

HKFRS 9 Financial Instruments introduces new requirements for the classification and measurement of financial assets and will be effective to the Group from 1 April 2013, with earlier application permitted. The Standard requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

The directors of the Company anticipate that the application of the other new and revised Standards, Amendments or Interpretations will have no material impact on the consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

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

Basis of consolidation

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

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

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

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

4. **SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Revenue recognition

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

Sales of goods are recognised when the goods are delivered and title has passed.

Revenue from fixed price supply and installation contracts is recognised on the percentage of completion method, measured by reference to the value of work certified during the year. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customers.

Management fee income is recognised when the relevant services are provided.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Property, plant and equipment

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

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual value, using the straight line method.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

Discontinued operations

When the Group decides to cease all the work and operation of a component of an entity (comprise operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Group) and the operation has been abandoned during the year, such operation is regarded as a discontinued operation.

4. **SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Investments in associates

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

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

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Investments in jointly controlled entities

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

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

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

When a group entity transacts with a jointly controlled entity of the Group, profits or losses are eliminated to the extent of the Group's interest in the jointly controlled entity.

Non-cash assets received from jointly controlled entities are recognised at fair value at the date of transfer. Such amount, after being adjusted by eliminating unrealised profits to the extent the Group's interest, becomes the deemed cost for subsequent accounting. Any excess of the deemed cost over the consideration paid and payable is recognised as deemed distribution by jointly controlled entities.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Properties held for sale

Properties held for sale are completed properties which are stated at the lower of cost/deemed cost and net realisable value. Net realisable value is determined by reference to sale proceeds received after the date of the reporting period less selling expenses by management estimates based on prevailing market condition.

Construction contracts

When the outcome of a construction contract can be estimated reliably, contract costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period on the same basis as contract revenue.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract works. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract works. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customers are included in the consolidated statement of financial position under accounts and other receivable and prepayments.

Impairment of tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation

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

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

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuates significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (the exchange reserve). On the deregistration/disposal of the Group's foreign operations, the relevant exchange reserve will be realised to profit or loss.

Retirement benefits costs

Payments to the retirement contribution schemes are charged as expenses when employees have rendered service entitling them to the contributions.

Financial instruments

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets

The Group's financial assets are classified into one of the three categories, including financial assets held for trading, loans and receivables and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

Interest income is recognised on an effective interest basis for debt instruments.

Financial assets held for trading

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including accounts and other receivables, amount due from an associate and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

4. **SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Available-for-sale financial assets

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

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

Impairment of financial assets

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

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

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

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Impairment of financial assets (Continued)

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of accounts receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When an accounts receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

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

Financial liabilities and equity

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

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Effective interest method

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

Interest expense is recognised on an effective interest basis for debt instruments.

Financial liabilities

Financial liabilities including accounts and other payables and accrued charges, bank overdrafts, amount due to a jointly controlled entity, amounts due to related companies and dividend payable are subsequently measured at amortised cost, using the effective interest method.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets (Continued)

Financial liabilities and equity (Continued)

Equity instruments

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

Derecognition

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

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

5. KEY SOURCE OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Key source of estimation uncertainty

Below is the key assumption concerning the future, and other key source of estimation uncertainty at the end of the reporting period, that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5. KEY SOURCE OF ESTIMATION UNCERTAINTY (Continued)

Estimated impairment of interest in and amount due from an associate

The directors of the Company assessed the impairment of the Group's interest in an associate, namely Nanjing Dingshan Garden Hotel Co., Ltd. ("NJ Dingshan") and the amount due from NJ Dingshan by reference to its recoverable amount. The recoverable amount of the associate was determined based on a valuation carried out by Vigers Appraisal and Consulting Limited, independent qualified professional valuers not connected with the Group. Such valuation was determined based on a value in use calculation which uses cash flow projection based on management's best estimation of the results most likely to be achieved by NJ Dingshan which covers for a five-year period and cash flows beyond the five-year period are extrapolated at zero growth rate. The discount rate used is 14.4% (2009: 14.1%). In calculating the recoverable amount, Vigers Appraisal and Consulting Limited estimated the growth rate, inflation rate and discount rate to calculate the recoverable amount. Where the actual future cash flows are less than expected, a material impairment loss may arise.

As the estimated recoverable amount is below its carrying amount 31 March 2010, impairment loss of HK$9,500,000 (2009: HK$16,500,000) is recognised.

6. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debts, comprising bank overdrafts, amount due to a jointly controlled entity and amounts due to related companies, and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Group review the capital structure on a continuous basis. As part of this review, the directors consider the cost of capital and the risks associates with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through issue of new shares as well as the issue of new debts or the repayment of existing debt.

7. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2010	2009
	HK$	*HK$*
Financial assets		
Held for trading investments	**525,000**	435,000
Available-for-sale investments	**2,236,300**	2,236,300
Loans and receivables (including cash and cash equivalents)	**82,467,137**	99,149,059
Financial liabilities		
Amortised cost	**111,655,318**	83,170,343

Financial risk management objectives and policies

The Group's financial instruments include investments held for trading, available-for-sale investments, amount due from an associate, accounts and other receivables, bank balances and cash, accounts and other payables and accrued charges, amounts due to a jointly controlled entity and related companies, bank overdrafts and dividend payable. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the polices on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

Foreign exchange risk is the risk of loss due to adverse movement in foreign exchange rate relating to foreign currency denominated amount due from/to group companies. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

Three subsidiaries of the Company with functional currency of HK$ have foreign currency balances within the Group that are denominated in RMB, which expose the subsidiaries to foreign currency risk.

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in HK$ against RMB. 5% is the sensitivity rate used by the management in the assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding RMB denominated amounts due between subsidiaries of the Group and adjusts its translation at the end of the reporting period for a 5% change in RMB rate. A positive number below indicates increase in loss for the year where RMB strengthens 5% against HK$.

7. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Currency risk (Continued)

Sensitivity analysis (Continued)

For a 5% weakening of RMB against HK$ there would be an equal and opposite impact on the loss for the year below:

	2010	2009
	HK$	*HK$*
Increase in loss (2009: decrease in loss) for the year	**1,654,408**	290,766

Interest rate risk

The Group has exposure to cash flow interest rate risk through the impact of the rate changes on bank overdrafts and bank balances which are carried at variable interest rate. The Group currently does not have any interest rate hedging policy. However, the management monitors the interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

The directors consider the Group's exposure to interest rate risk of bank balances is not significant so no sensitivity analysis is presented.

Sensitivity analysis

The analysis is prepared assuming the amount of bank overdrafts outstanding at the end of the reporting period were outstanding for the whole year. After considering the financial market conditions and the interest rates prevailing as at 31 March 2010, a 100 basis point (2009: 100 basis point) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points (2009: 100 basis points) higher/lower and all other variables were held constant, the Group's loss for the year ended 31 March 2010 would increase/decrease by approximately HK$36,000 (2009: HK$40,000). This is mainly attributable to the Group's exposure to interest rates on its bank overdrafts.

7. **FINANCIAL INSTRUMENTS** (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Other price risk

The Group is exposed to equity securities price risk through its held for trading investment and available-for-sale investments. The management would manage this exposure by closely monitoring the performance of the investments and market conditions. The management will consider diversifying the portfolio of investments as they consider appropriate.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity securities price risks on held-for-trading investments at the end of the reporting period. If the prices of the held-for-trading investments had been 10% (2009: 10%) higher, loss for the year would decrease by approximately HK$53,000 (2009: HK$43,000) for the Group, and vice versa. The available-for-sale investments are measured at cost less impairment at 31 March 2009 and 2010 due to the change as described in note 20, so no sensitivity analysis on the available-for-sale is presented.

Credit risk

As at the end of the reporting period, the Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 31 March 2010 in relation to each class of recognised financial assets is the carrying amount of those asset as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. The Group closely monitors the collectibility of trade debtors at the end of the reporting period to ensure the amounts are recoverable. Further, the management closely monitors the subsequent settlement of the customers and does not grant long credit period to customers. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. Other than the concentration of credit risk on bank balances and amount due from an associate, the Group has no significant concentration of credit risk.

7. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk

The Group had net current liabilities of HK$26,798,685 (2009: HK$51,534,417) as at 31 March 2010, which is exposed to liquidity risk. In order to mitigate the liquidity risk, the Group obtained a financial support from its related company which has agreed to provide adequate funds to enable the Group to meet in full its financial obligations as they fall due for the foreseeable future. In the opinion of the directors of the Company, after taking into consideration of the financial support obtained from the Group's related company, the Group has adequate funds to finance the Group's operations.

The following table details the Company's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

Liquidity and interest risk tables

	Weighted average effective interest rate	Repayable on demand or less than 3 months	3 – 6 months	6 months to 1 year	Over 1 year	Total undiscounted cash flows	Carrying amount at 31.03.2010
		HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
2010							
Non-derivative financial liabilities							
Accounts and other payables and accrued charges	–	2,102,721	–	–	–	2,102,721	2,102,721
Amounts due to related companies	7.75%	32,500,077	–	–	23,400,457	55,900,534	54,786,227
Bank overdrafts	5%	3,580,063	–	–	–	3,580,063	3,580,063
Amount due to a jointly controlled entity	–	51,186,307	–	–	–	51,186,307	51,186,307
		89,369,168	–	–	23,400,457	112,769,625	111,655,318

	Weighted average effective interest rate	Repayable on demand or less than 3 months	3-6 months	6 months to 1 year	Over 1 year	Total undiscounted cash flows	Carrying amount at 31.03.2009
		HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
2009							
Non-derivative financial liabilities							
Accounts and other payables and accrued charges	–	6,754,571	–	–	–	6,754,571	6,754,571
Amounts due to related companies	7.75%	20,607,062	–	428,463	29,266,341	50,301,866	48,515,712
Dividend payable	–	885,225	–	–	–	885,225	885,225
Bank overdrafts	5.75%	3,962,425	–	–	–	3,962,425	3,962,425
Amount due to a jointly controlled entity	–	23,052,410	–	–	–	23,052,410	23,052,410
		55,261,693	–	428,463	29,266,341	84,956,497	83,170,343

7. FINANCIAL INSTRUMENTS (Continued)

Fair value

The fair value of financial assets, except for amount due from an associate, and financial liabilities are determined as follows:

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

- the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

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

8. REVENUE

Revenue, which is also turnover of the Group, represents the amounts received and receivable for income from management fee income by the Group during the year as follows:

	2010	2009
	HK$	*HK$*
Continuing operations		
Management fee income	**1,834,992**	2,241,840

9. SEGMENT INFORMATION

The Group has adopted HKFRS 8 "Operating Segments" with effect from 1 April 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker ("CODM") for the purpose of allocating resources to segments and assessing their performance. In contrast, the predecessor standard (HKAS 14, "Segment Reporting") required an entity to identify two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format under HKAS 14 was business segments, comprising interior decoration and trading of furniture business, which was discontinued with effect from 17 December 2009.

After the discontinuance of interior decoration and furniture trading business, the Group's revenue and contribution to loss were mainly derived from providing management services. The CODM, being the Chairman of the Group, review the consolidated statement of comprehensive income of the Group as a whole and focus the review on the Group's loss for the year, share of results of associates and the jointly controlled entity for purposes of resource allocation and performance assessment. Further, the CODM does not review segment assets and liabilities. Accordingly, no segment analysis is presented other than entity-wide disclosures.

The revenue of the Group is set out in note 8.

9. SEGMENT INFORMATION (Continued)

Geographical information

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

The Group's revenue from continuing operations from external customer, representing revenue arising from rendering management services to the customer in the PRC, and information about its non-current assets by geographical location of the assets are detailed below:

	Revenue from external customers	
	2010	2009
	HK$	*HK$*
The PRC	**1,834,992**	2,241,840

	Non-current assets	
	2010	2009
	HK$	*HK$*
Hong Kong	**8,176,667**	8,491,783
The PRC		
Interest in a jointly controlled entity	**32,475,818**	57,013,714
Other non-current assets	**–**	14,196
	40,652,485	65,519,693

Information about major customer

Revenues from customer of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2010	2009
	HK$	*HK$*
NJ Dingshan	**1,834,992**	2,241,840

10. FINANCE COSTS

	2010 HK$	2009 HK$
Continuing operations		
Interest on bank overdrafts	**198,725**	215,955
Imputed interest expense on amount due to a jointly controlled entity	**–**	1,353,129
Imputed interest expense on amounts due to related companies	**1,114,307**	1,166,396
	1,313,032	2,735,480

11. LOSS BEFORE TAXATION

	2010 HK$	2009 HK$
Continuing operations		
Loss before taxation has been arrived at after charging (crediting):		
Auditor's remuneration	**1,178,000**	678,000
Bad debts written off for other receivables	**32,103**	–
Depreciation on property, plant and equipment	**315,037**	230,957
Imputed interest income on non-current interest-free other receivable	**(329,044)**	(66,279)
Fair value adjustment of non-current interest-free amounts due to related companies	**(1,114,307)**	(1,114,307)
Interest earned on bank deposits	**(6,012)**	(12,566)
Interest income from interest-bearing amount due from an associate	**(580,334)**	(391,885)
Loss (gain) on disposal of property, plant and equipment	**11,591**	(8,612)
Net exchange (gain) loss	**(146,654)**	111,726
Exchange gain on deregistration of foreign operation	**(1,105,330)**	–
Staff costs (included in cost of sales and administrative expenses):		
– Salaries and other benefits	**5,120,899**	5,541,060
– Retirement benefits scheme contributions	**77,874**	85,149
	5,198,773	5,626,209
Share of tax (credit) charge of a jointly controlled entity	**(2,680,357)**	401,612
Impairment loss recognised in respect property, plant and equipment *(note 17)*	**590,011**	–
Recovery from a fully impaired investment *(Note)*	**(8,864,380)**	–
Write back of dividend payable	**(885,225)**	–

Note: Amount represented receipt of cash from an available-for-sale investment written off in previous years. This available-for-sale investment represented an investment in unlisted company which was liquidated in previous years.

12. EMOLUMENTS OF DIRECTORS

During the years ended 31 March 2010 and 31 March 2009, no emoluments were paid to the directors.

13. EMOLUMENTS OF HIGHEST EMPLOYEES

Five highest paid employees

	2010	2009
	HK$	*HK$*
Salaries and other emoluments	**2,953,736**	2,829,382
Retirement benefits costs	**24,000**	17,000
	2,977,736	2,846,382

	2010	2009
	Number of employees	
HK$1,000,000 or below	**5**	5

14. TAXATION

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. Therefore, Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years. No provision for Hong Kong Profits Tax had been made as the Group did not have any assessable profit for both years.

The taxation for the year can be reconciled to the loss before taxation from continuing operations per the consolidated statement of comprehensive income as follows:

	2010	2009
	HK$	*HK$*
Loss before taxation from continuing operations	**(13,366,827)**	(38,602,677)
Taxation at Hong Kong Profits Tax rate of 16.5%	**(2,205,526)**	(6,369,442)
Tax effect of expenses not deductible for tax purpose	**2,046,195**	3,470,727
Tax effect of income not taxable for tax purpose	**(911,826)**	(446,882)
Tax effect of share of losses of associates	**2,009,405**	2,545,611
Tax effect of share of profit of a jointly controlled entity	**(555,879)**	(193,905)
Tax effect of utilisation of tax losses and temporary differences not recognised	**(433,463)**	–
Tax effect of tax loss not recognised	**51,094**	1,029,836
Others	**–**	(35,945)
Taxation charge from continuing operations for the year	**–**	–

14. TAXATION (Continued)

At 31 March 2010, the Group had estimated unused tax losses of approximately HK$206,896,000 (2009: HK$206,696,000) available for offset against future profits. No deferred tax asset in respect of the estimated tax losses has been recognised due to the unpredictability of future profit streams. The estimated tax losses may be carried forward indefinitely.

At the end of the reporting period, the Group had no deductible temporary differences (2009: HK$2,517,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Under the Law of PRC on Enterprise Income tax promulgated on 16 March 2007, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries, associate and jointly controlled entity from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to share of accumulated profits of the PRC jointly controlled entity as the deferred taxation is insignificant. As the PRC subsidiaries and associate incurred losses since 1 January 2008, no deferred taxation has been provided accordingly.

15. DISCONTINUED OPERATIONS

	2010	2009
	HK$	*HK$*
Profit (loss) for the year from discontinued operations		
– Interior decoration *(Note i)*	**645,500**	(353,718)
– Trading of furniture *(Note ii)*	**–**	(158,644)
	645,500	(512,362)

Due to the continuous losses of the operations of interior decoration and trading of furniture for the past few years, management decided to abandon these two business operations on 17 December 2009.

15. DISCONTINUED OPERATIONS (Continued)

(i) The profit (loss) for the year from the interior decoration operation, which have been included in the consolidated statement of comprehensive income, were as follows:

	2010	2009
	HK$	*HK$*
Revenue	**–**	48,070
Cost of sales	**–**	(7,203)
Write back of allowance for bad and doubtful debts	**645,500**	–
Administrative expenses	**–**	(394,585)
Profit (loss) before taxation	**645,500**	(353,718)
Taxation	**–**	–
Profit (loss) for the year	**645,500**	(353,718)
Profit (loss) for the year from decoration contractor segment include the following:		
Allowance for bad and doubtful debts	**–**	385
Auditor's remuneration	**–**	32,340
Cost of inventories recognised as an expense	**–**	212,391
Bad debt written off for other receivable	**–**	259,833
Directors' remuneration	**–**	–

During the year ended 31 March 2010, interior decoration operation contributed HK$645,500 (2009: used HK$127,151) in the Group's net operating cash flows.

15. DISCONTINUED OPERATIONS (Continued)

(ii) The results of trading of furniture operation for the year ended 31 March 2009, which had been included in the consolidated statement of comprehensive income, were as follows:

	2009
	HK$
Revenue	26,875
Cost of sales	(19,344)
Administrative expenses	(166,175)
Loss before taxation	(158,644)
Taxation	–
Loss for the year	(158,644)

Profit for the year from trading of furniture segment include the following:	
Write back of allowance for bad and doubtful debts	(8,516)
Auditor's remuneration	9,660
Bad debts written off for other receivables	77,612
Cost of inventories recognised as an expense	63,441
Depreciation of property, plant and equipment	12,677
Allowance for inventories	266,827
Staff costs:	
Directors' remuneration	–
Other staff salaries and allowances and benefits	40,284
	40,284

During the year ended 31 March 2009, trading of furniture operation contributed HK$470,138 in the Group's net operating cash flows.

There was no transaction during the year ended 31 March 2010.

16. LOSS PER SHARE

For continuing and discontinued operations

The calculation of the basic loss per share from continuing and discontinued operations attributable to the owners of the Company is based on the following data:

	2010	2009
	HK$	*HK$*
Loss for the purpose of basic loss per share	**(12,721,327)**	(39,115,039)

	Number of shares	
	2010	2009
Number of shares		
Number of shares for the purpose of basic loss per share	**535,359,258**	535,359,258

From continuing operations

The calculation of the basic loss per share from continuing operations attributable to the owners of the Company is based on the following data:

	2010	2009
	HK$	*HK$*
Loss for the year attributable to owners of the Company	**(12,721,327)**	(39,115,039)
Less: (Profit) loss for the year from discontinued operations	**(645,500)**	512,362
Loss for the purpose of basic loss per share from continuing operations	**(13,366,827)**	(38,602,677)

The denominators used are the same as those detailed above for basic loss per share from continuing and discontinued operations.

From discontinued operations

The calculation of the basic earnings (loss) per share from discontinued operations attributable to the owners of the Company is based on the following data:

	2010	2009
	HK$	*HK$*
Profit (loss) for the year from discontinued operations	**645,500**	(512,362)
Basic earnings (loss) per share from discontinued operations	**HK0.12 cent**	HK(0.10 cent)

The denominators used are the same as those detailed above for basic loss per share from continuing and discontinued operations.

No diluted loss per share has been presented as there was no potential ordinary share in issue in both years.

17. PROPERTY, PLANT AND EQUIPMENT

	Machinery, equipment and motor vehicles	Furniture and fixtures	Art work	Leasehold improvements	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
COST					
At 1 April 2008	5,104,637	1,602,103	11,000,000	8,374,061	26,080,801
Exchange adjustments	1,664	481	–	–	2,145
Additions	24,019	–	–	–	24,019
Disposals	(175,387)	–	–	–	(175,387)
At 31 March 2009	4,954,933	1,602,584	11,000,000	8,374,061	25,931,578
Exchange adjustments	2,010	190	–	–	2,200
Additions	430,205	155,394	–	–	585,599
Disposals	(75,534)	–	–	–	(75,534)
At 31 March 2010	5,311,614	1,758,168	11,000,000	8,374,061	26,443,843
DEPRECIATION AND IMPAIRMENT					
At 1 April 2008	5,024,929	1,570,124	2,383,333	8,374,061	17,352,447
Exchange adjustments	1,036	481	–	–	1,517
Provided for the year	25,169	(1,535)	220,000	–	243,634
Eliminated on disposals	(171,999)	–	–	–	(171,999)
At 31 March 2009	4,879,135	1,569,070	2,603,333	8,374,061	17,425,599
Exchange adjustments	–	151	–	–	151
Provided for the year	71,728	23,309	220,000	–	315,037
Impairment loss recognised in profit or loss	424,373	165,638	–	–	590,011
Eliminated on disposals	(63,622)	–	–	–	(63,622)
At 31 March 2010	5,311,614	1,758,168	2,823,333	8,374,061	18,267,176
CARRYING VALUES					
At 31 March 2010	–	–	8,176,667	–	8,176,667
At 31 March 2009	75,798	33,514	8,396,667	–	8,505,979

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

Machinery, equipment and motor vehicles	20%
Furniture and fixtures	20%
Art work	2%
Leasehold improvements	20% or over the terms of the lease, if shorter

During the year, the directors conducted a review of the Group's property, plant and equipment and determined that a number of those assets were fully impaired, due to continuous losses noted for years. Accordingly, impairment losses of HK$424,373 and HK$165,638 respectively have been recognised in respect of machinery, equipment and motor vehicles and furniture and fixtures.

18. INTERESTS IN ASSOCIATES

	2010	2009
	HK$	*HK$*
Cost of unlisted investments in associates	**89,549,045**	89,549,045
Share of post-acquisition losses	**(96,668,122)**	(96,668,122)
Exchange realignment	**7,119,077**	7,119,077
	–	–
Amount due from an associate	**121,369,130**	119,008,909
Loss allocated in excess of cost of investment in an associate	**(19,896,022)**	(7,717,812)
Exchange realignment	**(77,233)**	–
Impairment loss recognised in respect of amount due from an associate	**(26,000,000)**	(16,500,000)
	75,395,875	94,791,097

During the year ended 31 March 2008, the Group and other owner of NJ Dingshan agreed to capitalise the interest-free loan to NJ Dingshan as additional registered capital to NJ Dingshan. During the year ended 31 March 2009, the other owner, which is a state-owned enterprise, advised the Group's management that the application submitted is under review by the relevant authority of the PRC government. The registration of these additional capital to NJ Dingshan is in progress as at 31 March 2010 and the directors believe that the registration would be completed in the financial year 2011. As the carrying amount of interest-free amount due from the associate of HK$75,395,875 (2009: HK$94,791,097) is going to be capitalised as additional registered capital to NJ Dingshan, it has formed as part of the net investment in NJ Dingshan and the Group continues recognising the share of further losses.

The directors of the Company assessed the recoverable amount of interest in an associate and the amount due from that associate as at 31 March 2010. Based on the valuation by Vigers Appraisal and Consulting Limited, independent qualified professional valuers not connected with the Group, the directors determine an impairment loss of HK$9,500,000 (2009: HK$16,500,000) to be recognised for the year. Vigers Appraisal and Consulting Limited are members of The Hong Kong Institute of Surveyors and The Royal Institution of Chartered Surveyors. The basis of calculating the recoverable amount of the interest in the associate and amount due from that associate at 31 March 2010 is described in note 5.

18. INTERESTS IN ASSOCIATES (Continued)

The following table lists only the particulars of the Group's associate at 31 March 2010 and 2009 which principally affects the results or assets of the Group as the directors are of the opinion that a complete list of all the associates will be of excessive length.

Name of associate	Form of business structure	Country of registration and operation	Nominal value of capital contribution	Proportion of nominal value of registered capital held by the Group	Principal activity
NJ Dingshan	Sino-foreign equity joint venture	The PRC	US$25,600,000	45%	Hotel business

The summarised financial information in respect of the Group's associates is set out below:

	2010	2009
	HK$	*HK$*
Total assets	**389,499,342**	410,350,752
Total liabilities	**(434,593,334)**	(428,184,936)
Net liabilities	**(45,093,992)**	(17,834,184)
Group's share of net assets of associates	**–**	–
Revenue	**86,984,929**	88,444,771
Loss and total comprehensive expense for the year	**(27,083,451)**	(34,315,261)
Group's shares of losses and total comprehensive expense of associates for the year	**(12,178,210)**	(15,427,950)

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

	2010	2009
	HK$	*HK$*
Unrecognised share of losses of associates for the year	**(10,382)**	(15,458)
Accumulated unrecognised share of losses of associates	**(90,591)**	(80,209)

19. INTEREST IN A JOINTLY CONTROLLED ENTITY

	2010	2009
	HK$	*HK$*
Cost of unlisted investment in a jointly controlled entity	**1,465,479**	1,465,479
Deemed distribution to a jointly controlled entity *(Note i)*	**(31,008,600)**	(4,236,713)
Share of post-acquisition profits	**50,731,289**	41,711,933
Exchange realignment	**11,287,650**	12,422,621
Share of property revaluation reserve *(Note ii)*	**–**	5,650,394
	32,475,818	57,013,714

Notes:

(i) Deemed distribution from the jointly controlled entity of HK$26,771,887 represents difference between fair values less unrealised profit eliminated by the Group relating to properties held for sales and properties acquired from the jointly controlled entity by the Group during the year and the nominal consideration of those properties. The fair values of properties held for sales are HK$76,561,348 with the nominal considerations of HK$28,142,045. Unrealised profit eliminated by the Group is HK$21,647,416. Such distribution is settled through current account with the jointly controlled entity as disclosed in note 32. The remaining amount of HK$4,236,713 represents the fair value adjustment of a non-current amount due to a jointly controlled entity in previous years.

(ii) Property revaluation reserve of HK$5,650,394 was released to accumulated deficit upon disposal of properties held by a jointly controlled entity.

As at 31 March 2010 and 2009, the Group had interest in the following jointly controlled entity:

Name of entity	**Form of business structure**	**Country of registration and operation**	**Proportion of nominal value of registered capital held by the Group**	**Principal activity**
Shanghai Qiao-Yi Real Estate Co., Ltd. ("Qiao-Yi") *(Note)*	Sino-foreign equity joint venture	The PRC	80%	Property development

Note:

Qiao-Yi is held by the Group and a PRC minority owner ("Party A") at 80% and 20% respectively. In previous years, Qiao-Yi was undergoing voluntary dissolution. On further negotiation, an agreement was reached on 24 June 2003 between the two parties to continue the joint venture. Both parties agreed:

(i) To rescind the voluntary dissolution;

(ii) To relinquish their respective claims in the dispute;

(iii) To jointly hold the remaining parcel of land equally and share the profit/loss arising from the development of the aforesaid land on a 50:50 basis in which the development was completed during the year ended 31 March 2007;

(iv) To jointly hold the club house, retail shops and carports equally and share the profit/loss arising from these assets on a 50:50 basis;

(v) Other than items (iii) and (iv) mentioned above, the remaining net assets and the profit/loss will be distributed among the owners according to the revised ratios of 63.4% for the Group and 36.6% for Party A.

19. INTEREST IN A JOINTLY CONTROLLED ENTITY (Continued)

All the board resolutions require 100% approval by the board members. Accordingly, Qiao Yi is classified as a jointly controlled entity of the Group.

Pursuant to owners' agreements and the revised joint venture contract, revised articles of the joint venture as well as the supplementary documents, which are effective from 1 April 2004, Qiao-Yi became jointly controlled by the Group and the other owner. Therefore, Qiao-Yi was reclassified as a jointly controlled entity of the Group since 1 April 2004.

Pursuant to directors' and owners' meetings on 24 December 2008, the directors and owners of Qiao-Yi agreed to undergo winding up of Qiao-Yi and ceased operation from 1 January 2009. Qiao-Yi formed a liquidation committee on 16 September 2009 to follow up all procedures for liquidation and members of the liquidation committee are all appointed by respective owners and hence the Group still retains joint control over the operation of Qiao-Yi. During the year ended 31 March 2010, Qiao-Yi obtained the tax clearance from the tax authority of the PRC. The liquidation is still in progress and the directors believe that the liquidation will be completed during the year ended 31 March 2011.

The summarised financial information in respect of the Group's jointly controlled entity attributable to the Group's interest therein which is accounted for using the equity method is set out below:

	2010	2009
	HK$	*HK$*
Current assets	**63,484,418**	67,852,352
Non-current assets	**–**	–
Current liabilities	**–**	6,601,925
Non-current liabilities	**–**	–
Income recognised in profit or loss	**35,955,105**	4,474,256
Expenses recognised in profit or loss	**32,586,143**	3,299,072

20. AVAILABLE-FOR-SALE INVESTMENTS

	2010	2009
	HK$	*HK$*
Unlisted equity securities	**4,349,000**	4,349,000
Less: Impairment loss	**(2,112,700)**	(2,112,700)
	2,236,300	2,236,300

During the year ended 31 March 2009, the unlisted entity disposed of a substantial portion of its listed equity securities. Remaining assets of the unlisted entity mainly comprise of bank balances and cash and unlisted available-for-sale investments which are equity securities. A reliable measure becomes unavailable for the available-for-sale investments as the range of reasonable fair value estimates based on the assets and liabilities of the unlisted entity is so significant. The directors of the Company are of the opinion that their fair values cannot be measured reliably. Accordingly, the available-for-sale investments were measured at cost less impairment at 31 March 2009 and 2010.

21. OTHER RECEIVABLE

At 31 March 2009, other receivable represented an interest-free loan granted to a third party with a face value of HK$1,500,000. At 31 March 2009, the amortised cost of the other receivable was HK$1,170,956 using effective interest method at an effective interest rate of 6%. The imputed interest income credited to the profit or loss during the year is HK$329,044 (2009: HK$66,279). Such amount was settled during the year ended 31 March 2010.

22. ACCOUNTS AND OTHER RECEIVABLES AND PREPAYMENTS

	2010	2009
	HK$	*HK$*
Accounts receivables	**131,306**	857,844
Less: Allowance for doubtful debts	**(131,306)**	(857,844)
	–	–
Other receivables and prepayments	**827,050**	240,345
Total accounts and other receivables and prepayments	**827,050**	240,345

The Group allows an average credit period of 90 days to trade debtors.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed on a continuous basis.

The Group has policy of providing allowance for bad and doubtful debts which is based on the evaluation of collectability and on management's judgement including credit worthiness and past collection history of each client.

22. ACCOUNTS AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)

Movement in the allowance for doubtful debts

	2010	2009
	HK$	*HK$*
Balance at beginning of the year	**857,844**	865,975
Impairment loss recognised	**–**	500
Amounts written off as uncollectible	**(81,038)**	–
Write back of impairment loss upon recovery of debts	**(645,500)**	(8,631)
Balance at end of the year	**131,306**	857,844

Included in the allowance for doubtful debts are individually impaired accounts receivables with an aggregate balance of HK$131,306 (2009: HK$857,844) which have been in severe financial difficulties. The Group does not hold any collateral over these balances.

In determining the recoverability of accounts receivables, the Group considers any changes in the credit quality of the trade receivables from the date credit was initially granted up to the reporting date. Since full provision has been recognised, there is no concentration of credit risk.

23. INVESTMENTS HELD FOR TRADING

	2010	2009
	HK$	*HK$*
Equity securities listed in Hong Kong and stated at fair value	**525,000**	435,000

24. BANK BALANCES AND CASH

Bank balances have an original maturity of less than three months and carry an average market interest rate of 0.01% (2009: 0.05%) per annum.

25. ACCOUNTS AND OTHER PAYABLES AND ACCRUED CHARGES

Accounts and other payables and accrued charges principally comprise amounts outstanding for trade purpose and ongoing costs.

An aged analysis of accounts payable and is as follows:

	2010	2009
	HK$	*HK$*
Total accounts payable aged more than 365 days	**2,730**	2,730
Other payables and accrued charges	**2,099,991**	6,751,841
	2,102,721	6,754,571

26. OTHER CURRENT FINANCIAL LIABILITIES

Dividend payable is unsecured, interest-free and repayable on demand.

Bank overdrafts are repayable on demand and carry variable interest rate at Hong Kong dollars best lending rate (2009: 0.5% per annum over Hong Kong dollars best lending rate). The effective interest rate is 5% (2009: 5.75%) per annum.

27. AMOUNTS DUE TO RELATED COMPANIES

Amounts due to related companies analysed for reporting purposes as:

	2010	2009
	HK$	*HK$*
Current *(note ii)*	**32,500,077**	20,562,062
Non-current *(note iii)*	**22,286,150**	27,953,650
	54,786,227	48,515,712

Notes:

(i) The related companies are companies which are controlled by close members of the family of a director of the Company.

(ii) The amounts are unsecured, interest-free and repayable on demand.

(iii) At 31 March 2010, the balance of HK$22,286,150 (2009: HK$22,286,150) represents an interest-free balance with a principal amount of HK$23,400,457 (2009: HK$23,400,457) from the related companies. At 31 March 2010, the related companies extended the repayment date of the advances to 1 May 2011. Accordingly, the balances are classified as non-current. The interest-free non-current amounts due to related companies are adjusted to its fair value. The fair value adjustments of HK$1,114,307 (2009: HK$1,114,307) is recognised in profit or loss. The effective interest rate is 7.75% per annum.

At 31 March 2009, an amount of HK$5,667,500 represented balance with interest charged at 7.56% per annum was settled during the year ended 31 March 2010.

Amounts due to third parties are unsecured, interest-free with no fixed repayment terms.

28. SHARE CAPITAL

	Number of shares	*HK$*
Ordinary shares of HK$0.10 each		
Authorised:		
At 1 April 2008, 31 March 2009 and 31 March 2010	8,500,000,000	850,000,000
Issued and fully paid:		
At 1 April 2008, 31 March 2009 and 31 March 2010	535,359,258	53,535,926

There was no movement in the Company's share capital for both years.

29. AMOUNT DUE TO A JOINTLY CONTROLLED ENTITY

Amount represents an amount due to a jointly controlled entity which is unsecured, interest-free and repayable on demand of HK$28,133,897 (2009: nil) and an unsecured, interest-free loan granted with a principal amount of HK$23,052,410 (2009: HK$23,052,410). As at 31 March 2009, the shareholders and directors of the jointly controlled entity decided to wind up the company such that the amount of HK$23,052,410 is required to be repayable on demand. Accordingly, the balance is classified as a current liability at 31 March 2009 and 2010.

30. RETIREMENT BENEFITS SCHEMES

Effective from 1 December 2000, the Group has joined a Mandatory Provident Fund Scheme ("MPF Scheme") for all employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rule of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rate specified in the rules. The only obligation of the Group with respect to MPF Scheme is to make the required contributions under the scheme. The Group contributes the lower of HK$1,000 or 5% of relevant payroll costs to the MPF scheme. The total amount contributed by the Group to the MPF Scheme and charged to profit or loss was HK$77,874 (2009: HK$85,149).

31. RELATED PARTY TRANSACTIONS

Apart from the amounts due from and to related companies as disclosed in the consolidated statement of financial position and notes 18, 27 and 29, during the year, the Group entered into the following transactions with an associate and related companies:

	A jointly controlled entity		**An associate**		**Related companies**	
	2010	2009	**2010**	2009	**2010**	2009
	HK$	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*
Management fee income received from	**–**	–	**1,834,992**	2,241,840	**–**	–
Building management fee paid to	**–**	–	**–**	–	**132,780**	132,780
General expenses paid to	**–**	–	**–**	–	**462,910**	648,583
Interest income received from	**–**	–	**580,334**	391,885	**–**	–
Purchase of properties from	**26,356,621**	–	**–**	–	**–**	–
Purchase of property, plant and equipment from	**585,249**	–	**–**	–	**–**	–

31. RELATED PARTY TRANSACTIONS (Continued)

During the year ended 31 March 2010, The Group assigned non-current other receivable of HK$1,500,000 and other payable of HK$2,278,000 to related companies.

A related company whereby the directors of the Company are the family members of directors of that related company, provided certain area for the Group to use as the Group's office premises at no cost.

Certain directors of the related companies are also the Company's directors and two directors of a related company are children of one of the Company's directors.

Compensation of key management personnel

The remuneration of members of key management of the Group during the year as follows:

	2010	2009
	HK$	*HK$*
Salaries and other short-term employee benefits	**996,000**	996,000

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

32. MAJOR NON-CASH TRANSACTION

During the year ended 31 March 2010, properties held for sale of HK$28,142,045 and properties, plant and equipment of HK$585,249 were acquired by the Group from a jointly controlled entity and such amounts were settled through current account with that jointly controlled entity. In addition, the Group assigned non-current other receivable of HK$1,500,000 and other payable of HK$2,278,000 to related companies through current account with these related companies.

33. PARTICULARS OF PRINCIPAL SUBSIDIARIES

The following list contains only the particulars of the Company's subsidiaries at 31 March 2010 and 2009 which principally affect the results or assets of the Group as the directors are of the opinion that a complete list of all the subsidiaries will be of excessive length. All the following subsidiaries are operating principally in Hong Kong except otherwise indicated.

Name of subsidiary	Country/place of incorporation	Class of shares held	Paid up issued share capital/capital contribution	Proportion of nominal value of issued capital/registered capital held by the Company Directly %	Indirectly %	Principal activities
Dragon Spirit Limited	British Virgin Islands	Ordinary	US$1	–	100	Investment holding
Gallaria Furnishings International Limited	Hong Kong	Ordinary	HK$2,000,020	–	100	Inactive *(Note 1)*
Hebo Urge Company Limited	Hong Kong	Ordinary	HK$2	100	–	Holding of a painting
Hong Kong Parkview (China) Limited	Hong Kong	Ordinary	HK$10,000,000	–	100	Investment holding
Hong Kong Parkview International Management Limited	Hong Kong	Ordinary	HK$2	–	100	Personnel management
Newmeadow Limited	British Virgin Islands	Ordinary	US$1	–	100	Investment holding
Parkview Management Services Limited	British Virgin Islands	Ordinary	US$4	100	–	Investment holding
Parkview Property Development Limited	Hong Kong	Ordinary	HK$1,000	100	–	Investment holding
張家港保稅區港麗國際貿易有限公司 *(Note 2)*	The PRC	Registered Capital	US$200,000	–	100	Inactive *(Note 1)*

Notes:

1. Both companies were engaged in the interior decoration work and trading of furniture which was discontinued during the year ended 31 March 2010.

2. Wholly foreign owned enterprise and operating in the PRC. The subsidiary was deregistered on 14 January 2010.

None of the subsidiaries had issued any debt securities during the year or at 31 March 2010.

Five Years Financial Summary

FOR THE YEAR ENDED 31 MARCH 2010

	2006 *HK$*	2007 *HK$*	2008 *HK$*	2009 *HK$*	**2010** ***HK$***
CONSOLIDATED RESULTS					
Revenue	18,220,724	22,371,767	6,247,246	2,316,785	**1,834,992**
(Loss) profit for the year attributable to the owners of the Company	(22,647,558)	7,932,541	(16,837,193)	(39,115,039)	**(12,721,327)**
Basic (loss) earnings per share	(4.23 cents)	1.48 cents	(3.15 cents)	(7.31 cents)	**(2.38 cents)**
CONSOLIDATED ASSETS AND LIABILITIES					
Total assets	150,456,377	198,889,667	187,276,562	167,459,537	**180,912,369**
Total liabilities	(40,782,939)	(67,337,691)	(65,552,373)	(83,229,558)	**(111,712,544)**
	109,673,438	131,551,976	121,724,189	84,229,979	**69,199,825**
Equity attributable to owners of the Company	109,673,438	131,551,976	121,724,189	84,229,979	**69,199,825**

僑福建設企業機構

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