COSMOPOLITAN
INTERNATIONAL HOLDINGS LTD
四 海 國 際 集 團 有 限 公 司
(incorporated in the Cayman Islands with limited liability)
(stock code : 120)

2010
Annual Report

Contents

Corporate Information

DIRECTORS

Executive Directors

Mr. Bong Shu Yin, Daniel *(Chairman)*
Mr. Cheng Sui Sang

Non-executive Directors

Mr. Wang Baoning *(Vice Chairman)*
Mr. Bong Shu Ying, Francis
Mr. Ng Kwai Kai, Kenneth
Mr. Leung So Po, Kelvin
Mr. Wong Po Man, Kenneth

Independent Non-executive Directors

Mr. Li Ka Fai, David
Mr. Lee Choy Sang
Ms. Ka Kit

AUDIT COMMITTEE

Mr. Li Ka Fai, David *(Chairman)*
Mr. Lee Choy Sang
Ms. Ka Kit

REMUNERATION COMMITTEE

Mr. Bong Shu Yin, Daniel *(Chairman)*
Mr. Lee Choy Sang
Mr. Li Ka Fai, David

SECRETARY

Mr. Cheng Sui Sang

AUDITORS

SHINEWING (HK) CPA Limited

REGISTERED OFFICE

P.O. Box 309
George Town
Grand Cayman
Cayman Islands
British West Indies

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Units 801-802, 8th Floor
68 Yee Wo Street
Causeway Bay
Hong Kong

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKERS

Bank of Communications Co., Ltd.
Industrial and Commercial Bank of China (Asia) Limited
ABN AMRO Bank N.V.
Deutsche Bank A.G.
Standard Chartered Bank (Hong Kong) Limited

(I) FINANCIAL REVIEW

Cosmopolitan International Holdings Limited (the "Company") together with its subsidiaries (the "Group") incurred a consolidated loss of HK$330,387,000 for the year ended 31 March 2010, as compared with a loss of HK$265,790,000 recorded last year. The consolidated loss incurred for the year under review was attributed mainly to the increased provision in derivative financial liability of HK$393,510,000 due to the change in fair value of the subscription options ("Subscription Options") granted by the Group in 2008 to the holders to subscribe for additional convertible bonds due 2013 ("CB2013"), which outweighed the net increase in the fair value of the financial assets at fair value through profit or loss, marked to market closing prices as at 31 March 2010, amounting to HK$54,598,000.

As mentioned in the profit warning announcement made by the Company on 2 July 2010, in compliance with the currently applicable accounting standards, the Subscription Options are being recognized as derivative financial liability, and the change in their fair value has led to the increased loss recorded for the year under review. However, such derivative financial liability and related loss are non-cash in nature and will not have any impact on the cashflow of the Group. The Group will in no event be obliged to settle any such liability by incurring any cash payout or otherwise by using any of its assets. In case that the Subscription Options are exercised, the Group will only be obliged to issue to the holders of the Subscription Options additional CB2013 for cash subscription proceeds of up to HK$200 million. The Group's results for the year under review would have been profitable should the loss arising from such derivative financial liability as mentioned above be excluded.

In order to more fairly reflect the financial results and the underlying net assets value of the Group, management of the Group considers it appropriate to also present, for the purpose of reference, supplementary information on the Group's financial results for the year ended 31 March 2010 and net assets position as at 31 March 2010, compiled on an adjusted basis that the loss arising from the change in fair value of the Subscription Options would be excluded and that such derivative financial liability would be de-recognized. On such adjusted basis, the Group would record net profit of HK$63,123,000 for the year ended 31 March 2010 and net assets value of HK$238,259,000 as at 31 March 2010, as illustrated below:

Adjusted net profit

	For the year ended 31 March 2010 *HK$'000*
Book loss attributable to owners of the Company	(330,387)
Adjustment to exclude the loss on change in fair value of the Subscription Options	393,510
Unaudited adjusted net profit attributable to owners of the Company	63,123

Adjusted net assets after minority interests

	As at 31 March 2010 HK$'000
Deficiency in net book assets after minority interests	(196,665)
Adjustment to de-recognize the derivative financial liability attributable to the Subscription Options	434,924
Unaudited adjusted net assets after minority interests	238,259

(II) BUSINESS REVIEW

General

The principal activities of the Group during the year under review continue to be investments in properties and securities. The turnover of the Group for the year under review was HK$128,169,000, as compared to HK$8,903,000 in the previous year. The increase was mainly attributed to the expanded activities in securities trading during the year. Following the recovery from the financial tsunami which struck the global economies since 2008, there has been substantial improvement in the general investment climate and the Group has accordingly adopted a more proactive approach in pursuing investment proposals. As at 31 March 2010, the cash and bank deposits within the Group were approximately HK$175,000,000, which may enable the Group to take up good investment opportunities.

Cosmopolitan Resources Holdings Limited, a subsidiary of the Company, entered into a Memorandum of Understanding on 1 April 2010 for the proposed acquisition of certain interest in a target group of companies that own directly or indirectly majority interests in certain oilfields located in certain license blocks which, according to the vendors, cover a total area of 8,500 square kilometers with proved-plus-probable oil and gas reserves of about 1,400 million barrels of oil equivalent in the West Siberian basin in Russia, together with the legal rights and requisite and valid licenses to conduct exploration and exploitation of oil and gas thereon. Relevant announcement was made on 1 April 2010 by the Company. Negotiations are still progressing but no definitive agreement has been reached with the vendors up to the date of this report.

(II) BUSINESS REVIEW *(Continued)*

Property Investments

Chengdu Project

This development project in Xindu District, Chengdu City, Sichuan Province, the People's Republic of China (the "PRC") is operated through a joint venture that is 50% owned by each of the Group and Regal Hotels International Holdings Limited. The first stage of the project will entail the construction on the two separate land parcels, respectively, a 300-room five-star hotel with extensive facilities and a residential development comprising 9 tower blocks with total gross floor area of about 1.5 million square feet and providing over 1,200 apartment units. Development works for the first stage have been commenced and presale of the residential development is expected to be launched within the coming 12 months. Stage two of the development project also comprises residential development which will have total gross floor area of about 1.9 million square feet, while stage three is planned for commercial and office accommodations with total gross floor area of about 1.5 million square feet.

Xinjiang Project

Through subsequent acquisition of issued shares and subscription of new shares, the Group increased its shareholding investment in the Xinjiang Project to 94.19% during the year under review. The Group is negotiating with the relevant government authority for the possible renewal of the relevant agreement for completion of the required re-forestation work, with a view to restoring the viability of the project, and in the meantime, the Group is keeping proper maintenance to the re-forestation landscape of the project.

Rainbow Lodge

The Group owns ten duplex apartment units plus fourteen carparks in Rainbow Lodge located at No. 9 Ping Shan Lane, Yuen Long, New Territories, Hong Kong. The Group is planning to re-modify certain units for enhancement of their value and to take advantage of the more positive market sentiment.

Securities Investments

The Group continues to maintain an active investment portfolio of listed securities. Apart from the net gain of HK$47,718,000 attained on disposal of financial assets at fair value through profit or loss in the year under review, there was also a net increase in the fair value of these financial assets, marked to market closing prices as at 31 March 2010, of HK$54,598,000.

(III) PROSPECTS

Through extensive fiscal and monetary policies undertaken by the governments of the major world economies, there are signs that the economies are beginning to stabilise and gradually recovering from the financial tsunami that commenced in 2008. During 2009, the property and stock markets, notably in the PRC and Hong Kong, have staged substantial recovery. Recently, the government authorities in the PRC had taken more stringent administrative and fiscal measures to curb excessive speculations on properties, especially in first-line cities, and as a result, there have been some adjustments in property prices and in the volume of related transactions. However, the growth in PRC economy in a number of sectors remains healthy and appears to have provided impetus for the global recovery. The Group is optimistic of the medium to long term prospects of the property sector in the PRC and remains committed to those projects that are being undertaken by the Group. The Group is also cautiously hopeful that the current difficulties encountered in the Xinjiang Project would eventually be resolved satisfactorily, thereby reviving the potential and prospects of the project as originally envisaged. In the meantime, the Group is also actively reviewing various potential investments in property and natural resources projects in the PRC as well as in other regions, with a view to achieving for the Group future growth and profitability.

We are confident that the Group will be able to gradually implement its business expansion plans and to create long term value to the shareholders.

(IV) DIRECTORS AND STAFF

Taking this opportunity, I would like to thank my fellow Directors on the Board for their contribution and advice and all the management and staff members for their efforts and dedications over the past year.

Bong Shu Yin, Daniel
Chairman

Hong Kong
13 July 2010

EXECUTIVE DIRECTORS

1. Mr. Bong Shu Yin, Daniel

Mr. Bong Shu Yin, Daniel, aged 71, is a qualified architect and has extensive experience in the property and hotel fields, both in Hong Kong and overseas. Mr. Bong had been involved in the management of several public listed companies in Hong Kong for over 10 years, including Century City International Holdings Limited ("Century City") and Paliburg Holdings Limited ("Paliburg"). Mr. Bong was the deputy chairman and an executive director of Regal Hotels International Holdings Limited ("Regal Hotels") until 1999 when he resigned to pursue his personal interests and investments.

2. Mr. Cheng Sui Sang

Mr. Cheng Sui Sang, aged 66, has extensive experience in banking and finance fields and has held senior management positions in overseas companies, as well as several Hong Kong listed companies. He holds a Bachelor's degree in Economics and a Master's degree in Business Administration, and is also an associate member of the Hong Kong Institute of Certified Public Accountants. Immediately before joining the Company, Mr. Cheng was involved in private consulting work to a number of clients in the PRC and Hong Kong. Mr. Cheng is also the secretary of the Company.

NON-EXECUTIVE DIRECTORS

1. Mr. Wang Baoning

Mr. Wang Baoning, aged 56, has extensive experience in the property development and electronics and software industries in the PRC. Mr. Wang is a director of a number of companies in the PRC, including 湖南淺水灣湘雅溫泉花園有限公司 (Hunan Qianshuiwan Xiangya Wenquan Huayuan Co., Ltd), 珠海鋒盛拍賣有限公司 (Zhuhai Fengsheng Paimai Co., Ltd) and 珠海怡華通投資有限公司 (Zhuhai Yihuatong Touzi Co. Ltd), which are engaged respectively in the businesses of property development, auction and investments.

2. Mr. Bong Shu Ying, Francis

Mr. Bong Shu Ying, Francis, OBE, JP, aged 68, is the brother of Mr. Bong Shu Yin, Daniel. Mr. Bong is currently a Director and Chairman/Asia of AECOM Technology Corporation (a company incorporated in the United States of America listed on the main board of the New York Stock Exchange). Mr. Bong is also an independent non-executive director of China Merchants Holdings (International) Company Limited, a company listed on the main board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Mr. Bong holds a Bachelor's degree of Science in Engineering from the University of Hong Kong and is the former president of the Hong Kong Institution of Engineers and a fellow member of the Institution of Civil Engineers and The Institution of Structural Engineers in the United Kingdom.

NON-EXECUTIVE DIRECTORS *(Continued)*

3. Mr. Ng Kwai Kai, Kenneth

Mr. Ng Kwai Kai, Kenneth, aged 55, is a Chartered Secretary. Mr. Ng is an executive director and the chief operating officer of Century City (together with its subsidiary and associate, the "Century City Group") and an executive director of Paliburg and Regal Hotels. Paliburg is a listed subsidiary of Century City and Regal Hotels is a listed associate of Century City and Paliburg. Century City, Paliburg, and Regal Hotels are companies listed on the main board of the Stock Exchange. Mr. Ng is in charge of the corporate finance, company secretarial and administrative functions of the Century City Group.

4. Mr. Leung So Po, Kelvin

Mr. Leung So Po, Kelvin, aged 38, is a member of the Illinois CPA Society. Mr. Leung is an executive director of Century City. Mr. Leung holds a Bachelor's degree in Business Administration from The Chinese University of Hong Kong. Mr. Leung has over 14 years of experience in accounting and corporate finance field. Mr. Leung has been with the Century City Group for over 12 years and has been involved in the corporate finance function of the Century City Group.

5. Mr. Wong Po Man, Kenneth

Mr. Wong Po Man, Kenneth, aged 44, is a qualified architect, Mr. Wong graduated from the University of Hong Kong with a Bachelor of Arts degree in Architectural Studies and a Bachelor degree of Architecture. He also holds a Master of Science Degree in Real Estates from the University of Hong Kong. Mr. Wong has over 18 years of experience in architectural design and project management in respect of property development projects. Mr. Wong is also an executive director of Paliburg and he is also a Technical Director of an engineering company which is registered under the Buildings Ordinance.

INDEPENDENT NON-EXECUTIVE DIRECTORS

1. Mr. Li Ka Fai, David

Mr. Li Ka Fai, David, aged 55, is currently the deputy managing partner of Li, Tang, Chen & Co. CPA (Practising). He is also a fellow of the Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants, UK as well as The Institute of Chartered Secretaries & Administrators, UK and an associate member of The Institute of Chartered Accountants in England and Wales. He is currently an independent director and chairman of audit committee of China Vanke Company Limited (a company listed on the Shenzhen Stock Exchange in the PRC), an independent non-executive director and chairman of audit committee of China-Hongkong Photo Products Holdings Limited (a company listed on the main board of the Stock Exchange) and an independent non-executive director and member of audit committee of China Merchants Holdings (International) Company Limited (a company listed on the main board of the Stock Exchange) and AVIC International Holding (HK) Limited (formerly known as CATIC International Holdings Limited, a company listed on the main board of the Stock Exchange). Mr. Li is also an independent non-executive director of Neo-China Land Group (Holdings) Limited (a company listed on the main board of the Stock Exchange).

2. Mr. Lee Choy Sang

Mr. Lee Choy Sang, aged 73, has been involved in the construction industry for over 40 years. Mr. Lee obtained his Bachelor of Architecture Degree in the University of Hong Kong. Mr. Lee was a member of the Royal Institute of British Architects, the Royal Australian Institute of Architects and the Hong Kong Institute of Architects. He was also a registered architect in Hong Kong. He has been appointed as a member of the Hong Kong Housing Society. Mr. Lee is currently a director of Silver Force (Consultants) Limited and Brilliant Force International China Heating Supply Holdings Company Limited, and is in charge of various projects in respect of the provision of services relating to energy supply and management in different regions, including Hong Kong and the PRC.

3. Ms. Ka Kit

Ms. Ka Kit, aged 58, has extensive experience in the telecommunication industry. Ms. Ka is a director of Sharp Wind Development Limited, Southcom Internet Technology Limited and Southcom Limited, which are principally engaged in telecommunication services.

The Directors have pleasure in presenting their report together with the consolidated financial statements of the Group for the year ended 31 March 2010.

(I) PRINCIPAL ACTIVITIES

The principal activity of the Company is that of a holding company. The principal activities of the subsidiaries are property investment, property development, investment in listed and unlisted securities and other investments. The principal activities of the principal subsidiaries are set out in note 41 to the consolidated financial statements.

(II) FINANCIAL RESULTS

The results and the statement of affairs of the Group for the year ended 31 March 2010 are set out in the consolidated financial statements on pages 27 to 106.

(III) MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCING

Current assets and current liabilities of the Group as at 31 March 2010 were HK$398,238,000 and HK$662,315,000 respectively (31 March 2009: HK$296,875,000 and HK$69,226,000 respectively). Cash and bank deposits stood at HK$175,266,000 as at 31 March 2010 in comparison with HK$192,673,000 as at 31 March 2009. Though there was an accounting deficiency in net assets due to the accounting treatment of the increased derivative financial liability under current liabilities, the Group has adequate cash resources to continue as a going concern and explore other investment opportunities as such derivative financial liability and the related loss on change in fair value are non-cash in nature and the Group will in no event be obliged to settle such liability by incurring any cash payout or otherwise by using any of its assets.

The Group's gearing ratio as at 31 March 2010 based on the net borrowings (represented by convertible bond borrowings net of cash and bank deposits) as a percentage of the total assets was 31% (31 March 2009: 27%).

CONTINGENT LIABILITY

There is no contingent liability outstanding for the Group as at 31 March 2010.

CAPITAL STRUCTURE

The ordinary shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The total number of outstanding issued and fully paid ordinary shares of the Company as at 31 March 2010 was 2,253,442,857 ordinary shares.

(III) MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

REMUNERATION POLICY

The Group had 31 full time employees (including executive directors) working in Hong Kong and the PRC. Management considers the overall level of staffing employed and the remuneration cost incurred in connection with the Group's operations to be compatible with market norm.

Remuneration packages are generally structured by reference to market terms and individual merits. Salaries are normally reviewed annually based on performance appraisals and other relevant factors. Staff benefits plans maintained by the Group include a mandatory provident fund scheme as well as medical insurance.

SUMMARY FINANCIAL INFORMATION

A summary of the results, assets, liabilities and minority interests of the Group for the last five financial years is set out on page 107.

(IV) PROPERTY AND EQUIPMENT

The details of movements in the Group's property and equipment during the year are set out in note 18 to the consolidated financial statements.

(V) SHARE CAPITAL

The details of movements in the share capital of the Company during the year are set out in note 33 to the consolidated financial statements.

(VI) RESERVES

The details of movements in the reserves of the Group during the year are set out in the consolidated financial statements on pages 31-32.

(VII) PRE-EMPTIVE RIGHTS

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

(VIII) PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

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

(IX) ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company or any of its subsidiaries, a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the Directors nor the chief executive, nor any of their spouses or children under the age of 18, had any rights to subscribe for the securities of the Company, or had exercised any such right.

(X) DISTRIBUTABLE RESERVES

At 31 March 2010, the Company's reserves available for distribution calculated in accordance with the laws of the Cayman Islands amounted to HK$207,558,000 (2009: HK$190,864,000).

(XI) SHARE OPTIONS

The details of the share option scheme ("Share Option Scheme") adopted by the Company on 20 August 2003 are set out in note 34 to the consolidated financial statements.

There were no outstanding options granted over its shares by the Company as at 31 March 2010.

(XII) JOINTLY CONTROLLED ENTITIES

Particulars of the Group's interests in its jointly controlled entities are set out in note 21 to the consolidated financial statements.

(XIII) MAJOR CUSTOMERS AND SUPPLIERS

The Group's turnover during the financial year under review was mainly derived from securities trading, and most of the trading transactions were conducted on the Stock Exchange through securities brokers, and thus the disclosure of the customers and suppliers information would not be meaningful.

(XIV) DIRECTORS

The Directors of the Company are:

Executive Directors

Mr. Bong Shu Yin, Daniel *(Chairman)*
Mr. Cheng Sui Sang

Non-executive Directors

Mr. Wang Baoning *(Vice-Chairman)*
Mr. Bong Shu Ying, Francis
Mr. Ng Kwai Kai, Kenneth
Mr. Leung So Po, Kelvin
Mr. Wong Po Man, Kenneth (appointed on 1 March 2010)

Independent Non-executive Directors:

Mr. Li Ka Fai, David
Mr. Lee Choy Sang
Ms. Ka Kit

Mr. Wong Po Man, Kenneth will retire as a Director of the Company at the close of the next annual general meeting ("**AGM**"), and being eligible, he offers himself for re-election.

Pursuant to Article 116 of the Articles, Mr. Wang Baoning, Mr. Ng Kwai Kai, Kenneth and Mr. Leung So Po, Kelvin will retire from office by rotation at the AGM, and being eligible, they offer themselves for re-election.

All of the above retiring Directors of the Company, being eligible, have offered themselves for re-election at the AGM. Details of these retiring Directors, which are required to be disclosed pursuant to Rules 13.51(2) and 13.74 of The Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), are set out in the circular of the Company sent to the shareholders together with the 2010 Annual Report, relating to, inter alia, re-election of the retiring Directors.

(XV) DIRECTORS' INTERESTS IN CONTRACTS

None of the Directors had any beneficial interests, whether direct or indirect, in any significant contract to which the Company, or any of its subsidiaries was a party at the balance sheet date or at any time during the year.

None of the Directors had any service contract, which is not determinable by the employer within one year without payment of compensation (other than statutory compensation), with the Company or any of its subsidiaries during the year.

Save for the Share Option Scheme under which no options have been granted, at no time during the year was the Company or any of its subsidiaries a party to any arrangement, whose objects are to enable a Director of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate within the Group.

(XVI) DIRECTORS' INTERESTS IN SHARE CAPITAL

According to the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), as at 31 March 2010, none of the Directors nor their associates had any personal, family, corporate or other interests in the equity or debt securities of the Company or any of its associated corporations as defined in the SFO.

(XVII) SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARE CAPITAL

As at 31 March 2010, the following substantial shareholders (not being a Director or chief executive of the Company) had an interest or short position in shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

Name	Number of shares held	Percentage of the Company's share capital
Giant Sino Group Limited *(Note 1)*	880,715,218	39.08%
Lendas Investments Limited *(Note 2)*	200,000,000	8.88%
Winart Investments Limited *(Note 2)*	180,000,000	7.99%
Fountain Sky Limited *(Note 2)*	66,800,000	2.96%
Great Prospect Development Limited *(Note 3)*	131,642,857	5.84%
Profit Giant Holdings Limited *(Note 3)*	67,606,092	3.00%

Save as disclosed herein, there was no other person who, as at 31 March 2010, had an interest or share position in the shares and underlying shares of the Company which were recorded in the register required to be kept under section 336 of the SFO.

(XVII) SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARE CAPITAL *(Continued)*

Notes:

1. Giant Sino Group Limited is a wholly owned subsidiary of Space Capital Investments Limited, which in turn is owned as to 28% by Mr. Bong Shu Yin, Daniel (being the Chairman of the Company and an Executive Director) and as to 28% by Mr. Wang Baoning (being the Vice-Chairman of the Company and a Non-executive Director). Space Capital Investments Limited was deemed to be interested in the 880,715,218 shares held by Giant Sino Group Limited.

2. Each of Lendas Investments Limited and Winart Investments Limited is a wholly owned subsidiary of Paliburg Development BVI Holdings Limited, which in turn is a wholly owned subsidiary of Paliburg.

   Fountain Sky Limited is a wholly owned subsidiary of Regal Hotels (Holdings) Limited, which is in turn a wholly owned subsidiary of Regal International (BVI) Holdings Limited, which in turn is a wholly owned subsidiary of Regal Hotels. Regal Hotels is the listed associate of, and was owned as to 48.66% as at 31 March 2010 by, Paliburg Development BVI Holdings Limited. Paliburg Development BVI Holdings Limited is a wholly owned subsidiary of Paliburg.

   Paliburg is the listed subsidiary of, and was owned as to 58.70% as at 31 March 2010 by, Century City BVI Holdings Limited. Century City BVI Holdings Limited is a wholly owned subsidiary of Century City, which is a listed company controlled by, and was owned as to 50.25% as at 31 March 2010 by, Mr. Lo Yuk Sui.

   Each of Paliburg Development BVI Holdings Limited, Paliburg, Century City BVI Holdings Limited, Century City and Mr. Lo Yuk Sui was deemed to be interested in the shares held by Lendas Investments Limited, Winart Investments Limited and Fountain Sky Limited under Part XV of the SFO.

3. Great Prospect Development Limited is a wholly owned subsidiary of International Securities Investments Limited which in turn is wholly owned subsidiary of Capital Builder Investments Limited which in turn is a wholly owned subsidiary of Wan's Family Company Limited which in turn is wholly owned by Ms. Wan Ho Yan, Letty.

   Profit Giant Holdings Limited is wholly owned by Ms. Wan Ho Yan, Letty.

   Ms. Wan Ho Yan, Letty was deemed to be interested in the 131,642,857 shares held by Great Prospect Development Limited and 67,606,092 shares held by Profit Giant Holdings Limited respectively under Part XV of the SFO.

Interests in underlying shares of the Company pursuant to the zero coupon convertible bonds due 2010 issued by Fancy Gold Limited, a wholly-owned subsidiary of the Company ("Convertible Bonds due 2010")

Name	Underlying shares of the Company pursuant to Convertible Bonds due 2010 issued	Adjusted conversion price per share (subject to adjustment)	Extended conversion period	Approximate % of issued share capital of the Company
Valuegood International Limited *(Note 1)*	707,250,000	HK$0.20	16 July 2007 to 2 May 2011	31.39%

(XVII) SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARE CAPITAL *(Continued)*

Notes :

1. Valuegood International Limited is a wholly owned subsidiary of Regal International (BVI) Holdings Limited, which in turn is a wholly owned subsidiary of Regal Hotels. Regal Hotels is the listed associate of, and was owned as to 48.66% as at 31 March 2010 by, Paliburg Development BVI Holdings Limited. Paliburg Development BVI Holdings Limited is a wholly owned subsidiary of Paliburg. Paliburg is the listed subsidiary of, and was owned as to 58.70% as at 31 March 2010 by, Century City BVI Holdings Limited. Century City BVI Holdings Limited is a wholly owned subsidiary of Century City which is a listed company controlled by, and was owned as to 50.25% as at 31 March 2010 by, Mr. Lo Yuk Sui. Each of Regal International (BVI) Holdings Limited, Regal Hotels, Paliburg Development BVI Holdings Limited, Paliburg, Century City BVI Holdings Limited, Century City and Mr. Lo Yuk Sui was deemed to be interested in the underlying shares of the Company pursuant to the interests in the Convertible Bonds due 2010 held by Valuegood International Limited under Part XV of the SFO.

2. The Company, Fancy Gold Limited and Valuegood International Limited had entered into the extension agreement to extend the maturity date of the Convertible Bonds due 2010 to 16 May 2011, such extension was approved by independent shareholders of the Company in the extraordinary general meeting of the Company held on 7 June 2010.

Interests in underlying shares of the Company pursuant to the zero coupon convertible bonds due 2013 that have been issued or may be issued by Apex Team Limited, a wholly-owned subsidiary of the Company ("Convertible Bonds due 2013")

Name	Underlying shares of the Company pursuant to Convertible Bonds due 2013 issued	Adjusted conversion price per share (subject to adjustment)	Conversion period	Approximate % of issued share capital of the Company
Time Crest Investments Limited *(Note 1)*	333,333,333	HK$0.30	29 February 2008 to 31 January 2013	14.79%
Well Mount Investments Limited *(Note 1)*	333,333,333 *(Note 3)*	HK$0.30	14 days after the date of issue *(Note 3)* to 31 January 2013	14.79%
Jumbo Pearl Investments Limited *(Note 2)*	333,333,333	HK$0.30	29 February 2008 to 31 January 2013	14.79%
Sun Joyous Investments Limited *(Note 2)*	333,333,333 *(Note 3)*	HK$0.30	14 days after the date of issue *(Note 3)* to 31 January 2013	14.79%

(XVII) SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARE CAPITAL *(Continued)*

Notes :

1. Each of Time Crest Investments Limited and Well Mount Investments Limited is a wholly owned subsidiary of Regal International (BVI) Holdings Limited, which in turn is a wholly owned subsidiary of Regal Hotels. Regal Hotels is the listed associate of, and was owned as to 48.66% as at 31 March 2010 by, Paliburg Development BVI Holdings Limited. Paliburg Development BVI Holdings Limited is a wholly owned subsidiary of Paliburg. Paliburg is the listed subsidiary of, and was owned as to 58.70% as at 31 March 2010 by, Century City BVI Holdings Limited. Century City BVI Holdings Limited is a wholly owned subsidiary of Century City, which is a listed company controlled by, and was owned as to 50.25% as at 31 March 2010 by, Mr. Lo Yuk Sui. Each of Regal International (BVI) Holdings Limited, Regal Hotels, Paliburg Development BVI Holdings Limited, Paliburg, Century City BVI Holdings Limited, Century City and Mr. Lo Yuk Sui was deemed to be interested in the underlying shares of the Company pursuant to the interests in the Convertible Bonds due 2013 held by Time Crest Investments Limited and Well Mount Investments Limited under Part XV of the SFO.

2. Each of Jumbo Pearl Investments Limited and Sun Joyous Investments Limited is a wholly owned subsidiary of Paliburg Development BVI Holdings Limited, which in turn is a wholly owned subsidiary of Paliburg. Paliburg is the listed subsidiary of, and was owned as to 58.70% as at 31 March 2010 by, Century City BVI Holdings Limited. Century City BVI Holdings Limited is a wholly owned subsidiary of Century City which is a listed company controlled by, and was owned as to 50.25% as at 31 March 2010 by, Mr. Lo Yuk Sui. Each of Paliburg Development BVI Holdings Limited, Paliburg, Century City BVI Holdings Limited, Century City and Mr. Lo Yuk Sui was deemed to be interested in the underlying shares of the Company pursuant to the interests in the Convertible Bonds due 2013 held by Jumbo Pearl Investments Limited and Sun Joyous Investments Limited under Part XV of the SFO.

3. As at 31 March 2010, Well Mount Investments Limited and Sun Joyous Investments Limited had not exercised their options to subscribe for the relevant Convertible Bonds due 2013.

Interests in underlying shares of the Company pursuant to the zero coupon convertible bonds due 2011 issued by Ample Legend Limited, a wholly-owned subsidiary of the Company ("Convertible Bonds due 2011")

Name	Underlying shares of the Company pursuant to Convertible Bonds due 2011 issued	Conversion price per share (subject to adjustment)	Conversion period	Approximate % of issued share capital of the Company
Great Select Holdings Limited *(Note 1)*	93,333,333	HK$0.30	4 March 2009 to 18 February 2011	4.14%

Note :

1. Great Select Holdings Limited is a wholly owned subsidiary of Paliburg Development BVI Holdings Limited, which in turn is a wholly owned subsidiary of Paliburg. Paliburg is the listed subsidiary of, and was owned as to 58.70% as at 31 March 2010 by, Century City BVI Holdings Limited. Century City BVI Holdings Limited is a wholly owned subsidiary of Century City which is a listed company controlled by, and was owned as to 50.25% as at 31 March 2010 by, Mr. Lo Yuk Sui. Each of Paliburg Development BVI Holdings Limited, Paliburg, Century City BVI Holdings Limited, Century City and Mr. Lo Yuk Sui was deemed to be interested in the underlying shares of the Company pursuant to the interests in the Convertible Bonds due 2011 held by Great Select Holdings Limited under Part XV of the SFO.

(XVIII) CHANGE IN INFORMATION OF DIRECTORS

The change in the information of the Directors of the Company since the publication of the interim report of the Company for the six months ended 30 September 2009 required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules is set out below:-

Name of Director	Details of changes
Executive Directors	
Mr. Bong Shu Yin, Daniel	• Entitled to monthly salary, based on services rendered to the Group, in an amount of HK$168,300 commencing from January 2010.
Mr. Cheng Sui Sang	• Entitled to monthly salary, based on services rendered to the Group, in an amount of HK$62,681 commencing from January 2010.
Non-executive Directors	
Mr. Wang Baoning	• Entitled to normal Director's fee as Director of the Company, in an amount of HK$108,000 per annum commencing from January 2010.
Mr. Bong Shu Ying, Francis	• Entitled to normal Director's fee as Director of the Company, in an amount of HK$108,000 per annum commencing from January 2010. • Appointment as an independent non-executive director of China Merchants Holdings (International) Company Limited, a company listed on the Stock Exchange with effect from 14 July 2010.
Mr. Ng Kwai Kai, Kenneth	• Entitled to normal Director's fee as Director of the Company, in an amount of HK$108,000 per annum commencing from January 2010.
Mr. Leung So Po, Kelvin	• Entitled to normal Director's fee as Director of the Company, in an amount of HK$108,000 per annum commencing from January 2010. • Appointment as an executive director of Century City, a company listed on the Stock Exchange with effect from 1 March 2010.
Independent Non-executive Directors	
Mr. Li Ka Fai, David	• Entitled to normal Director's fee as Director of the Company and Chairman of the Audit Committee in an amount of HK$126,000 per annum commencing from January 2010. • Appointment as an independent non-executive director of Neo-China Land Group (Holdings) Limited, a company listed on the Stock Exchange, with effect from 5 July 2010.
Mr. Lee Choy Sang	• Entitled to normal Director's fee as Director of the Company, in an amount of HK$108,000 per annum commencing from January 2010.
Ms. Ka Kit	• Entitled to normal Director's fee as Director of the Company, in an amount of HK$108,000 per annum commencing from January 2010.

Notes:

(i) Each Executive Director is also entitled to performance based discretionary bonus, and other related employee benefits and allowances for the executive role in the Group, and normal Director's fee in amount of HK$108,000 per annum in acting as a Director of the Company.

(ii) Details of the remunerations of the Executive Directors for the year ended 31 March, 2010 are disclosed in note 13 to the consolidated financial statements.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules. The updated biographical details of the Directors of the Company are set out in the preceding section headed "Directors' Profile".

(XIX) SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, the Company has maintained sufficient public float as required under the Listing Rules.

(XX) AUDITORS

SHINEWING (HK) CPA Limited retire, and being eligible, offer themselves for re-appointment.

(XXI) DIVIDENDS

The Board of Directors has resolved not to recommend the payment of a final dividend for the year ended 31 March 2010 (2009: Nil).

On behalf of the Board

Bong Shu Yin, Daniel
Chairman

Hong Kong, 13 July 2010

(I) CORPORATE GOVERNANCE PRACTICES

Following the issue of the Code on Corporate Governance Practices (the “Code”), as set out in Appendix 14 to the Listing Rules, the Company has carefully reviewed and considered the Code, and carried out a detailed analysis on the corporate governance practices of the Company against the requirement of the Code.

Throughout the financial year ended 31 March 2010, except for the requirement that (i) the role of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual and (ii) the Non-executive Directors and the Independent Non-executive Directors should be appointed for specific terms, the Company has complied with all code provisions. The deviation in item (i) above is due to the practical necessity and effective management on account of the Group’s corporate operating structure.

Although the Non-executive Directors and the Independent Non-executive Directors of the Company were not appointed for specific terms, arrangements have been put in place such that all Directors would retire, and are subject to re-election, either in accordance with the articles of association of the Company or on a voluntary basis, at least once every three years.

Each of the Independent Non-executive Directors has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all Independent Non-executive Directors have met the independence guidelines of Rule 3.13 of the Listing Rules.

(II) DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 to the Listing Rules as a code of conduct regarding securities transactions by Directors. Upon specific enquiry by the Company, all Directors have confirmed that they have complied with the required standards set out in the Model Code throughout the year under review.

(III) BOARD OF DIRECTORS

Composition and role

The Board of Directors of the Company currently comprises the following members:

Executive Directors:

Mr. Bong Shu Yin, Daniel *(Chairman)*
Mr. Cheng Sui Sang

Non-executive Directors:

Mr. Wang Baoning *(Vice Chairman)*
Mr. Bong Shu Ying, Francis
Mr. Ng Kwai Kai, Kenneth
Mr. Leung So Po, Kelvin
Mr. Wong Po Man, Kenneth (appointed on 1 March 2010)

Independent Non-executive Directors:

Mr. Li Ka Fai, David
Mr. Lee Choy Sang
Ms. Ka Kit

The personal and biographical details of the Directors, including the relationships among them, are disclosed in the preceding section headed "Directors' Profiles" contained in this Annual Report.

During the year ended 31 March 2010, the Company has fully complied with Rules 3.10(1) and (2) of the Listing Rules regarding the number of Independent Non-executive Directors and the requirement that at least one of these Independent Non-executive Directors must have appropriate professional qualifications.

Each of the Independent Non-executive Directors has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all Independent Non-executive Directors have met the independence guidelines of Rule 3.13 of the Listing Rules.

The Board conducts regular meetings to discuss and decide on major corporate strategic, business and operational issues. Appropriate and sufficient information is provided to Board members in a timely manner in order to enable them to discharging their duties.

During the year under review, the attendance rates of individual Board members of the Company were as follows:

Name of Directors	Attendance
Executive Directors:	
Mr. Bong Shu Yin, Daniel *(Chairman)*	5/5
Mr. Cheng Sui Sang	5/5
Non-executive Directors:	
Mr. Wang Baoning *(Vice Chairman)*	1/5
Mr. Bong Shu Ying, Francis	2/5
Mr. Ng Kwai Kai, Kenneth	3/5
Mr. Leung So Po, Kelvin	3/5
Mr. Wong Po Man, Kenneth (appointed on 1 March 2010)	0/5
Independent Non-executive Directors:	
Mr. Li Ka Fai, David	2/5
Mr. Lee Choy Sang	2/5
Ms. Ka Kit	0/5

(IV) AUDIT COMMITTEE

The Audit Committee was established with reference to “A Guide for the Formation of an Audit Committee” issued by the Hong Kong Institute of Certified Public Accountants.

The Audit Committee currently comprises the following members:

Independent Non-executive Directors:

Mr. Li Ka Fai, David *(Chairman)*
Mr. Lee Choy Sang *(Member)*
Ms. Ka Kit *(Member)*

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the interim and final consolidated financial statements.

As both the Board and the Audit Committee recommended to re-appoint the current external Auditors, SHINEWING (HK) CPA Limited, no circumstances exist as would require an explanation from the Audit Committee as to why the Board has taken a different view from that of the Audit Committee regarding the selection, appointment, resignation or dismissal of the external Auditors.

During the year under review, the Audit Committee met twice and the meetings were attended by the external Auditors of the Company. The attendance rates of individual Audit Committee members of the Company were as follows:

Name of Audit Committee members	Attendance
Mr. Li Ka Fai, David *(Chairman)*	2/2
Mr. Lee Choy Sang *(Member)*	2/2
Ms. Ka Kit *(Member)*	0/2

(V) REMUNERATION COMMITTEE

The Company has formed the Remuneration Committee with specific written terms of reference that deal with its authority and duties. The principal responsibilities of the Remuneration Committee are to make recommendations to the Board on the Company's remuneration policy and structure for Directors and senior management and on the establishment of a formal and transparent procedure for developing such remuneration policy.

The Remuneration Committee currently comprises the following members:

Executive Director:

Mr. Bong Shu Yin, Daniel *(Chairman)*

Independent Non-executive Directors:

Mr. Li Ka Fai, David *(Member)*
Mr. Lee Choy Sang *(Member)*

During the year under review, the Remuneration Committee met once. The attendance rates of individual Remuneration Committee members of the Company were as follows:

Name of Remuneration Committee members	Attendance
Mr. Bong Shu Yin, Daniel *(Chairman)*	1/1
Mr. Li Ka Fai, David *(Member)*	1/1
Mr. Lee Choy Sang *(Member)*	1/1

(VI) NOMINATION OF DIRECTORS

The Company does not have a Nomination Committee. The Board is responsible for the procedure of selecting and appointing Directors.

Those Directors appointed by the Board during the year shall hold office until the next annual general meeting and being eligible, they offer themselves for re-election.

(VII) INTERNAL CONTROL

The Board has conducted a review of the effectiveness of the system of internal controls of the Group during the year under review, including financial, operational and compliance controls and risk management functions with a view to safeguarding the shareholders' investment and the Group's assets.

The Board acknowledges that it is responsible for the Group's system of internal control and for reviewing its effectiveness. Accordingly, management of the Company had been provided with clear instructions that any material issues relating to the internal control system, particularly in any incidence of significant control failings or weaknesses that has had, or might have, a material impact on the business of the Group are to be reported to the Board and the Audit Committee of the Company on a timely basis.

(VIII) DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors of the Company acknowledge their responsibility for preparing the consolidated financial statements of the Group, which give a true and fair review of the state of affairs of the Group, and ensure that appropriate accounting policies are selected and applied consistently and the consolidated financial statements are prepared in accordance with the relevant statutory requirements and applicable accounting standards. The Directors also ensure the consolidated financial statements are published in a timely manner.

The consolidated financial statements were audited by the external Auditors, SHINEWING (HK) CPA Limited and their reporting responsibilities are set out in the Independent Auditor's Report contained in this Annual Report.

The consolidated financial statements have been prepared on a going concern basis notwithstanding the net current liabilities and net liabilities of approximately HK$264,077,000 and HK$196,665,000 as at 31 March 2010 respectively; and the loss of approximately HK$330,387,000 for the year ended 31 March 2010. In the opinion of the Directors of the Company, the liquidity of the Group can be maintained in the coming year as the Directors of the Company anticipate that the Group will generate positive cash flows from its businesses.

The Directors of the Company believe that the Group will have sufficient cash resources to satisfy its working capital and other financing requirements within the next twelve months. Accordingly, these consolidated financial statements have been prepared on a going concern basis and do not include any adjustments that would be required should the Group fail to continue as a going concern.

Save as aforesaid, the Directors confirm that, to the best of their knowledge, they are not aware of material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

(IX) INVESTOR RELATIONS

The Company is committed to ensure shareholders' interest. To this end, the general meeting of the Company serves as a communication channel between Directors and shareholders. During the general meeting, Chairman of the Board and its committee members will be present to answer the queries that any individual shareholder may have, and separate resolutions are proposed on each substantial issue, including the re-election of retiring Directors.

The notice of AGM shall be sent to all shareholders at least 20 clear business days prior to the date of meeting. Details of each proposed resolution, voting procedures and other relevant information are set out in the notice of AGM and the circular containing such detailed information will be sent to the shareholders in due course.

Shareholders, investors and the media can make enquiries to the Company through the following means:

Telephone number:	2834-2833
Fax number:	2893-1312
By post:	Units 801-802, 8th Floor, 68 Yee Wo Street, Causeway Bay, Hong Kong
Attention:	Company Secretarial Department
By email:	info@cosmoholdings.com

信永中和 ShineWing

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

TO THE SHAREHOLDERS OF
COSMOPOLITAN INTERNATIONAL HOLDINGS LIMITED
四海國際集團有限公司
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Cosmopolitan International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 28 to 106, which comprise the consolidated statement of financial position as at 31 March 2010, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the 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, 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.

Emphasis of matters

Without qualifying our opinion, we draw attention to note 1 to the consolidated financial statements, which indicates that the Group had net current liabilities of approximately HK$264,077,000 and net liabilities of approximately HK$196,665,000 as at 31 March 2010. The Group had incurred loss attributable to owners of the Company for the year ended 31 March 2010 amounted to approximately HK$330,387,000. These conditions indicated the existence of a material uncertainty which may cast doubt about the Group's ability to continue as a going concern.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Chan Wing Kit
Practising Certificate Number: P03224

Hong Kong
13 July 2010

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
Continuing operations:			
Turnover	7	**128,169**	8,903
Revenue	8	**15,593**	5,660
Net gain on disposal of financial assets at fair value through profit or loss		**47,718**	309
Gain on realisation of derivative financial assets		**2,772**	17,030
Other operating income	9	**1,762**	4,563
Administration expenses		**(15,522)**	(17,853)
Impairment loss on goodwill		**—**	(6,795)
Impairment loss on deposit paid for acquisition of a subsidiary	24	**(7,044)**	—
Impairment loss on properties under development	20	**—**	(17,143)
Loss on changes in fair value of financial instruments, net	10	**(338,912)**	(218,018)
Gain (loss) on changes in fair value of investment properties		**5,000**	(5,000)
Share of results of jointly controlled entities		**(949)**	(2,052)
Finance costs	11	**(35,001)**	(33,119)
Loss before tax	12	**(324,583)**	(272,418)
Income tax expense	14	**(5,804)**	—
Loss for the year from continuing operations		**(330,387)**	(272,418)
Discontinued operation:	15		
Profit for the year from discontinued operation		**—**	6,628
Loss for the year		**(330,387)**	(265,790)
Other comprehensive income			
Exchange differences arising on translating foreign subsidiaries:			
Exchange gain arising during the year		**2,531**	134
Reclassification adjustment for the cumulative (gain) loss included in profit or loss upon disposal of subsidiaries		**(500)**	292
Share of other comprehensive (loss) income of jointly controlled entities		**(1,245)**	2,324
Other comprehensive income for the year		**786**	2,750
Total comprehensive loss for the year		**(329,601)**	(263,040)

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2010

	Note	2010 HK$'000	2009 HK$'000
Loss for the year attributable to:			
Owners of the Company		**(330,387)**	(260,102)
Minority interests		**—**	(5,688)
		(330,387)	(265,790)
Total comprehensive loss attributable to:			
Owners of the Company		**(329,601)**	(257,352)
Minority interests		**—**	(5,688)
		(329,601)	(263,040)
Loss per share	16		
From continuing and discontinued operations			
– Basic and diluted		**(14.66)HKcents**	(13.39)HKcents
From continuing operations			
– Basic and diluted		**(14.66)HKcents**	(13.73)HKcents

Consolidated Statement of Financial Position

At 31 March 2010

	Notes	2010	2009
		HK$'000	HK$'000
Non-current assets			
Property and equipment	18	**259**	320
Investment properties	19	**75,000**	70,000
Properties under development	20	**—**	—
Interests in jointly controlled entities	21	**176,147**	175,229
Goodwill	22	**—**	—
Club membership		**—**	360
		251,406	245,909
Current assets			
Loan receivable	23	**—**	11,500
Deposit paid for acquisition of a subsidiary	24	**—**	—
Prepayments, deposits and other receivables	25	**1,071**	781
Financial assets at fair value through profit or loss	26	**221,901**	86,880
Derivative financial assets	27	**—**	5,041
Pledged bank deposits	28	**506**	—
Deposits placed with security brokers	28	**32,350**	—
Cash and bank balances	28	**142,410**	192,673
		398,238	296,875
Current liabilities			
Accrued liabilities and other payables		**4,512**	5,547
Amount due to a related company	29	**1,479**	—
Derivative financial liabilities	30	**434,924**	41,414
Provisions	31	**1,148**	—
Income tax payable		**28,010**	22,265
Convertible bonds	32	**192,242**	—
		662,315	69,226

Consolidated Statement of Financial Position

At 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
Net current (liabilities) assets		**(264,077)**	227,649
Total assets less current liabilities		**(12,671)**	473,558
Non-current liability			
Convertible bonds	32	**183,994**	341,256
		(196,665)	132,302
Capital and reserves			
Share capital	33	**2,253**	2,253
Reserves		**(198,918)**	130,049
(Capital deficiency) equity attributable to owners of the Company		**(196,665)**	132,302
Minority interests		**—**	—
		(196,665)	132,302

The consolidated financial statements on pages 28 to 106 were approved and authorised for issue by the board of directors on 13 July 2010 and are signed on its behalf by:

Bong Shu Yin, Daniel	**Cheng Sui Sang**
Director	*Director*

Consolidated Statement of Changes in Equity

For the year ended 31 March 2010

	Attributable to owners of the Company										
	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Capital reserve HK$'000	Exchange fluctuation reserve HK$'000	Contributed surplus (Note) HK$'000	Convertible bonds reserve HK$'000	Retained profits (accumulated losses) HK$'000	Total HK$'000	Minority interests HK$'000	Total HK$'000
At 1 April 2008	1,896	111,051	209	28,309	1,372	26,801	86,788	102,034	358,460	819	359,279
Total comprehensive income (loss) for the year	—	—	—	—	2,750	—	—	(260,102)	(257,352)	(5,688)	(263,040)
Recognition of equity component of the convertible bonds	—	—	—	—	—	—	4,497	—	4,497	—	4,497
Conversion of convertible bonds	357	53,978	—	—	—	—	(27,638)	—	26,697	—	26,697
Transfer to retained profits on redemption of convertible bonds	—	—	—	—	—	—	(34,274)	34,274	—	—	—
Acquisition of subsidiaries	—	—	—	—	—	—	—	—	—	5,470	5,470
Disposal of subsidiaries	—	—	—	—	—	—	—	—	—	(601)	(601)
At 31 March 2009	2,253	165,029	209	28,309	4,122	26,801	29,373	(123,794)	132,302	—	132,302

Consolidated Statement of Changes in Equity

For the year ended 31 March 2010

	Attributable to owners of the Company										
	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Capital reserve HK$'000	Exchange fluctuation reserve HK$'000	Contributed surplus (Note) HK$'000	Convertible bonds reserve HK$'000	Retained profits (accumulated losses) HK$'000	Total HK$'000	Minority interests HK$'000	Total HK$'000
At 1 April 2009	2,253	165,029	209	28,309	4,122	26,801	29,373	(123,794)	132,302	—	132,302
Total comprehensive income (loss) for the year	—	—	—	—	786	—	—	(330,387)	(329,601)	—	(329,601)
Unclaimed dividend written back	—	—	—	—	—	—	—	134	134	—	134
Disposal of a subsidiary	—	—	—	(27,291)	—	—	—	27,791	500	—	500
At 31 March 2010	**2,253**	**165,029**	**209**	**1,018**	**4,908**	**26,801**	**29,373**	**(426,256)**	**(196,665)**	**—**	**(196,665)**

Note: The contributed surplus of the Group represents the excess of the nominal value of the subsidiaries' shares acquired over the nominal value of the Company's shares issued in exchange at the time of the Group reorganisation in 1991, net of subsequent distributions therefor. Under the Companies Law of the Cayman Islands, the contributed surplus is distributable under certain specific circumstances.

Consolidated Statement of Cash Flows

For the year ended 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
Operating activities			
Loss before tax - continuing operations		**(324,583)**	(272,418)
Loss before tax - discontinued operation	15	**—**	6,628
		(324,583)	(265,790)
Adjustments for:			
Gain on realisation of derivative financial assets		**(2,772)**	(17,030)
Interest income		**(1,240)**	(3,611)
Share of results of jointly controlled entities		**949**	2,052
Depreciation on property and equipment		**337**	420
Written off of property and equipment		**46**	—
Provisions	31	**1,148**	—
Impairment loss on other receivables		**—**	736
Impairment loss on goodwill		**—**	6,795
Impairment loss on deposit paid for acquisition of a subsidiary	24	**7,044**	—
Impairment loss on properties under development		**—**	17,143
Loss on changes in fair value of financial instruments, net		**338,912**	218,018
(Gain) loss on changes in fair value of investment properties		**(5,000)**	5,000
Gain on disposal of a subsidiary	36	**—**	(7,027)
Finance costs		**35,001**	33,119
Operating cashflows before movements in working capital		**49,842**	(10,175)
Increase in properties under development		**—**	(3,684)
(Increase) decrease in prepayments, deposits and other receivables		**(290)**	3,856
Increase in financial assets at fair value through profit or loss		**(80,423)**	(125,578)
Decrease in derivative financial assets		**4,657**	52,930
Increase in deposits placed with security brokers		**(32,350)**	—
Increase in accounts payable		**—**	32
(Decrease) increase in accrued liabilities and other payables		**(901)**	5,043
Cash used in operations		**(59,465)**	(77,576)
Hong Kong Profits Tax paid		**(59)**	—
Net cash used in operating activities		**(59,524)**	(77,576)

Consolidated Statement of Cash Flows

For the year ended 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
Investing activities			
Decrease (increase) in loan receivable		**11,500**	(11,500)
Proceeds on realisation of derivative financial assets		**3,156**	44,857
Interest received		**1,240**	3,611
Net cash inflow (outflow) on disposal of subsidiaries	36	**360**	(28)
Increase in deposit paid for acquisition of a subsidiary		**(7,044)**	—
Advance to jointly controlled entities		**(622)**	(90,888)
Increase in pledged bank deposits		**(506)**	—
Purchase of property and equipment		**(322)**	(110)
Net cash outflow on acquisition of subsidiaries	35	**—**	(14,981)
Decrease in available-for-sale investments		**—**	40,051
Net cash from (used in) investing activities		**7,762**	(28,988)
Financing activities			
Advance from a related company		**1,479**	—
Interest paid		**(21)**	—
Redemption of convertible bonds		**—**	(33,229)
Convertible bonds issuance costs		**—**	(101)
Decrease in amounts due to minority shareholders		**—**	(67)
Proceeds from issue of convertible bonds		**—**	28,000
Net cash from (used in) financing activities		**1,458**	(5,397)
Net decrease in cash and cash equivalents		**(50,304)**	(111,961)
Cash and cash equivalents at beginning of year		**192,673**	304,513
Effect of foreign exchange rate changes		**41**	121
Cash and cash equivalents at end of year, represented by cash and bank balances		**142,410**	192,673

1. GENERAL AND BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

General

The Company is an exempted limited company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section of the annual report.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"). Other than those subsidiaries established in the People's Republic of China (the "PRC") whose functional currency is Renminbi ("RMB"), the functional currency of the Company and its subsidiaries is HK$.

As the Company is listed in Hong Kong, the directors consider that it is appropriate to present the consolidated financial statements in HK$.

The principal activity of the Company is that of a holding company. The principal activities of the subsidiaries are property investment, property development, investment in listed and unlisted securities and other investments. The principal activities of the principal subsidiaries are set out in note 41.

Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared on a going concern basis notwithstanding the net current liabilities and net liabilities of approximately HK$264,077,000 and HK$196,665,000 as at 31 March 2010 respectively; and the loss of approximately HK$330,387,000 for the year ended 31 March 2010. In the opinion of the directors of the Company, the liquidity of the Group can be maintained in the coming year as the directors of the Company anticipate that the Group will generate positive cash flows from its businesses.

The directors of the Company believe that the Group will have sufficient cash resources to satisfy its working capital and other financing requirements within the next twelve months. Accordingly, these consolidated financial statements have been prepared on a going concern basis and do not include any adjustments that would be required should the Group fail to continue as a going concern.

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

In the current year, the Group has applied the following new and revised standards, amendments to standards and interpretations (herein collectively referred to as "new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are or have become effective for the Group's financial year beginning 1 April 2009.

Hong Kong Accounting Standard ("HKAS") 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	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)	Share-based Payment – Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Financial Instruments – Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – Interpretation ("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	Transfer of Assets from Customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendments 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

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 content of the consolidated financial statements.

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

Amendments to HKFRS 7 Financial Instruments: Disclosure

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The amendments also expand and amend the disclosures required in relation to liquidity risk. The Group has not provided information for the expanded disclosures in accordance with the transitional provision set out in the amendments.

The adoption of the other 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 recognised.

The Group has not early applied the following new or revised standards, amendments or INTs that have been issued but are not yet effective for the accounting period beginning on 1 April 2009.

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKFRSs (Amendments)	Improvements to HKFRSs 2010[8]
HKAS 24 (Revised)	Related Party Disclosures[6]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendment)	Classification of Right Issues[4]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Revised)	First-time Adoption of HKFRSs[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[3]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[5]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[3]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments[7]
HK(IFRIC) – INT 14 (Amendment)	Prepayments of a Minimum Funding Requirement[6]
HK(IFRIC) – INT 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC) – INT 19	Extinguishing Financial Liabilities with Equity Instruments[5]

[1] Effective for annual periods beginning on or after 1 July 2009.

[2] Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.

[3] Effective for annual periods beginning on or after 1 January 2010.

[4] Effective for annual periods beginning on or after 1 February 2010.

[5] Effective for annual periods beginning on or after 1 July 2010.

[6] Effective for annual periods beginning on or after 1 January 2011.

[7] Effective for annual periods beginning on or after 1 January 2013.

[8] Amendments that are effective for annual periods beginning on or after 1 July 2010 and 1 January 2011 as appropriate.

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

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. 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 from 1 January 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 objectives 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 INTs will have no material impact on the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 in line with those used by other members of the Group.

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

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Goodwill

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

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating units to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. Impairment loss for goodwill is not reversed in subsequent periods.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Interests in jointly controlled entities

Joint venture arrangements that 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 interests 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 cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the jointly controlled entity recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is not tested for impairment separately. Instead, the entire carrying amount of the investment is tested for impairment as a single asset. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investments in the jointly controlled entities. Any reversal of impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

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 interests in the jointly controlled entity.

Property and equipment

Property 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 and equipment over their estimated useful lives and after taking into account their estimated residual value, using the straight-line method.

An item of property 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investment properties

Investment properties are properties held to earn rentals and/ or for capital appreciation. On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the year in which they arise.

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

Club membership

Club membership is stated at cost less impairment losses.

Properties under development

Properties under development are stated at cost less any impairment losses.

Revenue recognition

Interest income from a financial asset (including financial assets at fair value through profit or loss ("FVTPL")) 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.

Dividend income from investments (including financial assets at FVTPL) is recognised when the shareholders' rights to receive payment have been established.

Leasing

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

The Group as lessee

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at 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 FVTPL are recognised immediately in profit or loss.

Financial assets

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

Effective interest method

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets at FVTPL

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

A financial asset is classified as held for trading if:

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

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

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

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

Loans and receivables

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Impairment loss on financial assets

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

For 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 loan receivable, deposits and other 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, the increase in the number of delayed payments as well as observable changes in national or local economic conditions that correlate with default on receivables.

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity

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

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

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Other financial liabilities

Other financial liabilities including accrued liabilities and other payables and amount due to a related company are subsequently measured at amortised cost, using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Convertible bonds contain liability and equity components

Convertible bonds issued by the Group that contain both the liability and conversion option components are classified separately into respective items on initial recognition. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument.

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Convertible bonds contain liability and equity components, and derivative component (option to subscribe for convertible bonds)

Convertible bonds issued by the Group that contain liability, conversion option and derivative component (which is not closely related to the host liability component) are classified separately into respective items on initial recognition. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument. At the date of issue, both the liability and derivative component are measured at fair value. The difference between the gross proceeds of the issue of the convertible bonds and the fair values assigned to the liability and derivative component respectively, representing the conversion option for the holder to convert the bond into equity, is included in equity (convertible bonds reserve).

In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The derivative component is measured at fair value with changes in fair value recognised in profit or loss.

The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in convertible bonds reserve until the embedded option is exercised (in which case the balance stated in convertible bonds reserve will be transferred to share premium). Where the option remains unexercised at the expiry date, the balance stated in convertible bonds reserve will be released to the accumulated losses. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

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

Equity instruments

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

Derivative financial instruments

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

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 directly 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 or payable is recognised in profit or loss.

Retirement benefits costs

Payments to the Mandatory Provident Fund Scheme ("MPF Scheme") and state-managed retirement benefit schemes are charged as an expense when employees have rendered services entitling them to the contributions.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items 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.

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. Hong Kong dollars) at the rates 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. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (exchange fluctuation reserve).

Borrowing costs

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

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect is material).

3. 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 bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary difference. 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 deferred tax 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 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 rates (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 to 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.

Impairment loss on tangible assets (other than goodwill – see the accounting policies in respect of goodwill above)

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 impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately.

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

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgments in applying the entity's accounting policies

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

Going concern consideration

The assessment of the going concern assumption involves making a judgment by the directors of the Company, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. The directors of the Company consider that the Group has the ability to continue as a going concern and the major events or conditions, which may give rise to business risks, that individually or collectively may cast significant doubt about the going concern assumption are set out in note 1.

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

Properties under development

As detailed in note 20, the Group is negotiating with the relevant government authorities for renewal of the contractual rights in respect of the landscaping works and no approval for such renewal was obtained up to the date of the report.

Despite the fact that the Group has not obtained the renewal of such contractual rights, the directors of the Company determine to recognise these properties under development on the grounds that they expect there will be no major difficulties in obtaining the renewal in future and the Group's right and interest in such properties under development will not be therefore severely prejudiced.

Key sources of estimation uncertainty

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

Estimated fair value of investment properties

Investment properties are carried in the consolidated statement of financial position as at 31 March 2010 at their fair values of HK$75,000,000 (2009: HK$70,000,000). The fair value was based on a valuation on these properties conducted by an independent firm of professional valuers by reference to market evidence of transaction prices for similar properties in the same locations and conditions. Favourable or unfavourable changes in market would result in changes in the fair value of the Group's investment properties and corresponding adjustments to the amount of gain or loss reported in the consolidated statement of comprehensive income.

Fair value of derivatives financial liabilities

The fair values of the derivative financial liabilities involve assumptions on the issuer's credit spread, discount rate, expected credit rating and future cash flows. Should these assumptions change, there would be material changes to the valuation.

Income taxes

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

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

Provision for claims

Provision for claims represents provision made for the probable obligations in the settlement of the legal claims against the Group. In making the estimates, the directors of the Company considered the details and progress of all legal claims. In determining whether a provision for claims is required, the directors of the Company will take into consideration for the probability of the payment of the obligations. Specific provision is only made for the amount that is probable. In this regard, the directors of the Company believed that the provision for claims has been properly made.

Estimated impairment loss on deposit paid for acquisition of a subsidiary

The Group recognised impairment loss on deposit paid for acquisition of a subsidiary of approximately HK$7,044,000 during the year ended 31 March 2010 (2009: Nil), which was based on the assessment of the recoverability of such deposit. The assessment was based on the uncertainty over the vendors' current credit-worthiness and time and costs associated with the collection proceedings.

Impairment loss is recognised where events or changes in circumstances indicate that such deposit may not be collectible. The identification of doubtful debts requires the use of estimation. Where the actual is different from the original estimate, such difference will impact the carrying value of deposit paid for acquisition of a subsidiary and impairment loss in the period in which the actual outcome is known or such estimate has been changed.

As at 31 March 2010, the carrying amount of deposit paid for acquisition of a subsidiary is nil (2009: Nil) net of impairment loss of approximately HK$7,044,000 (2009: Nil).

Estimated impairment loss on interests in jointly controlled entities

Determining whether interests in jointly controlled entities is impaired requires an estimation of the recoverable amount of investment. The recoverable amount of the interests in jointly controlled entities requires the Group to estimate the future cash flows expected to arise from the jointly controlled entities and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

As at 31 March 2010, the carrying amount of interests in jointly controlled entities is approximately HK$176,147,000 net of impairment loss of nil (2009: HK$175,229,000 net of impairment loss of nil).

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that 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 debt, which includes convertible bonds in note 32, cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through new share issues, the issue of new debt or the redemption of existing debt.

6. FINANCIAL INSTRUMENTS

6a. Categories of financial instruments

	2010	2009
	HK$'000	HK$'000
Financial assets		
FVTPL:		
Held for trading investments	**221,901**	83,785
Designated as at FVTPL	**—**	3,095
Derivative financial assets	**—**	5,041
Loan and receivables (including cash and bank balances)	**176,194**	204,661
Financial liabilities		
Derivative financial liabilities	**434,924**	41,414
Amortised cost	**382,227**	346,803

6. FINANCIAL INSTRUMENTS *(Continued)*

6b. Financial risk management objectives and policies

The Group's major financial instruments include loan receivable, deposits and other receivables, financial assets at FVTPL, derivative financial assets, deposits placed with security brokers, pledged bank deposits, cash and bank balances, accrued liabilities and other payables, amount due to a related company, derivative financial liabilities and convertible bonds. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(a) Currency risk

The Group is exposed to foreign currency risk primarily through monetary assets that are denominated in a currency other than the functional currency of the Group to which they relate. The currencies giving rise to this risk is United States Dollar ("USD").

The Group does not hedge its foreign currency risks, as the rate of exchange between Hong Kong dollars and the USD is controlled within a tight range. The management determined that there is insignificant effect to the results and equity of the Group. However, the management monitors foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

(b) Price risk

The Group is exposed to price risk through its investments in listed equity securities. The management manages this exposure by maintaining a portfolio of investments with different risks. The Group's price risk is mainly concentrated on equity instruments quoted in the Stock Exchange.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to price risks at the reporting date. A 10% increase or decrease in equity prices is used when reporting price risk internally to key management personnel and represents management's assessment of the reasonably possible change in equity prices.

If the prices of the respective equity instruments had been 10% (2009: 10%) higher / lower with all other variables held constant, the post tax loss for the year decrease / increase by approximately HK$18,529,000 (2009: loss decrease / increase by approximately HK$7,254,000) as a result of the changes in fair value of equity securities.

6. FINANCIAL INSTRUMENTS *(Continued)*

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

Market risk *(Continued)*

(c) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to convertible bonds issued by the Group (see note 32). The Group currently does not enter into any hedging instruments for fair value interest rate risk.

The Group is also exposed to cash flow interest rate risk in relation to variable-rate pledged bank deposits, deposits placed with security brokers and bank balances (see note 28) due to the fluctuation of the prevailing market interest rate.

The management determined that the fair value and cash flow interest rate risks have insignificant effect to the results of the Group.

Credit risk

As at 31 March 2010, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for various 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 debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group's concentration of credit risk by geographical location is mainly in Hong Kong.

The credit risk on liquid funds is limited because the counterparties are banks and security brokers with high credit ratings assigned by international credit-rating agencies. Other than concentration of credit risk on liquid funds, the Group does not have any other significant concentration of credit risk.

Liquidity risk

The Group is exposed to liquidity risk as at the end of the reporting period as its financial assets due within one year was less than its financial liabilities due within one year and had net liabilities. The Group has planned to implement several measures to improve its working capital position and net financial position. Details of which are set out in note 1.

The management will closely monitor the cash flow generated from operations and the Group's needs for different types of external financing and will negotiate for proper facilities and consider proper means of equity financing as appropriate.

6. FINANCIAL INSTRUMENTS *(Continued)*

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

Liquidity risk *(Continued)*

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

	Within 1 year HK$'000	1-5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amounts HK$'000
As at 31 March 2010				
Non-derivative financial liabilities				
Accrued liabilities and other payables	**4,512**	**—**	**4,512**	**4,512**
Amount due to a related company	**1,479**	**—**	**1,479**	**1,479**
Convertible bonds	**197,323**	**256,020**	**453,343**	**376,236**
	203,314	**256,020**	**459,334**	**382,227**

	Within 1 year HK$'000	1-5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amounts HK$'000
As at 31 March 2009				
Non-derivative financial liabilities				
Accrued liabilities and other payables	5,547	—	5,547	5,547
Convertible bonds	—	453,343	453,343	341,256
	5,547	453,343	458,890	346,803

6. FINANCIAL INSTRUMENTS *(Continued)*

6c. Fair value

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

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

- The fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing model based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments; and

- The fair value of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

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 due to short-term or immediate maturities.

Fair value measurements recognised in the consolidated statement of financial position

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

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

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

6. FINANCIAL INSTRUMENTS *(Continued)*

6c. Fair value *(Continued)*

Fair value measurements recognised in the consolidated statement of financial position (Continued)

As at 31 March 2010

	Level 1 HK$'000	Level 2 HK$'000	Total HK$'000
Financial assets			
Financial assets at FVTPL	221,901	—	221,901
Financial liabilities			
Derivative financial liabilities	—	434,924	434,924

There were no transfers between Level 1 and 2 during the years ended 31 March 2010 and 2009.

Significant assumptions used in determining fair value of derivative financial liabilities are set out in note 30.

7. TURNOVER

The following is an analysis of the Group's turnover for the year from continuing operations:

	2010 HK$'000	2009 HK$'000
Proceeds from disposal of financial assets at FVTPL	112,576	3,243
Dividend income from financial assets at FVTPL	15,576	4,093
Interest income from deposits placed with security brokers	17	—
Interest income from derivative financial assets	—	1,213
Interest income from available-for-sale investments	—	354
	128,169	8,903

8. 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 (i.e. the board of directors of the Company) 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 was business segments.

The application of HKFRS 8 has not resulted in the redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. Nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

The Group's reportable operating segments are as follows:

(a) Securities trading – engaged in trading of listed and unlisted securities; and

(b) Property investment and development – engaged in property investment and property development.

During the year ended 31 March 2008, the Group was involved in the information technology operation, which was reported as a separate business segment under HKAS 14. That operation was discontinued with effect from 21 January 2009 (note 15).

Information regarding the Group's reportable segments is presented below. Amounts reported for the prior year have been restated to conform to the requirements of HKFRS 8.

8. SEGMENT INFORMATION *(Continued)*

Segment revenues and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment:

For the year ended 31 March 2010

	Securities trading HK$'000	Property investment and development HK$'000	Total HK$'000
Turnover	128,169	—	128,169
Revenue			
External	15,593	—	15,593
Segment profit	114,771	1,917	116,688
Other operating income			1,762
Unallocated corporate expenses			(12,333)
Impairment loss on deposit paid for acquisition of a subsidiary			(7,044)
Loss on changes in fair value of derivative financial instruments related to convertible bonds			(393,510)
Share of results of jointly controlled entities			(949)
Finance costs			(35,001)
Loss for the year			(330,387)

8. SEGMENT INFORMATION *(Continued)*

Segment revenues and results *(Continued)*

For the year ended 31 March 2009

	Securities trading HK$'000	Property investment and development HK$'000	Total HK$'000
Turnover	8,903	—	8,903
Revenue			
External	5,660	—	5,660
Segment loss	(68,815)	(27,326)	(96,141)
Other operating income			4,563
Unallocated corporate expenses			(18,569)
Impairment loss on other receivables			(736)
Loss on change in fair value of derivative financial instruments related to convertible bonds			(126,364)
Share of results of jointly controlled entities			(2,052)
Finance costs			(33,119)
Loss for the year			(272,418)

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment profit or loss represents the profit earned by or loss from each segment without allocation of central administration costs, directors' emoluments, other operating income, impairment loss on other receivables, impairment loss on deposit paid for acquisition of a subsidiary, loss on change in fair value of derivative financial instruments related to convertible bonds, share of results of jointly controlled entities and finance costs. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

8. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments.

	2010 HK$'000	2009 HK$'000
Segment assets		
Securities trading	**254,251**	91,921
Property investment and development	**75,323**	70,364
Total segment assets	**329,574**	162,285
Unallocated corporate assets	**320,070**	380,499
Consolidated assets	**649,644**	542,784
Segment liabilities		
Securities trading	**5,745**	—
Property investment and development	**6,530**	3,045
Total segment liabilities	**12,275**	3,045
Unallocated corporate liabilities	**834,034**	407,437
Consolidated liabilities	**846,309**	410,482

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

— all assets are allocated to reportable segments other than interests in jointly controlled entities, loan receivable, pledged bank deposits, cash and bank balances and assets for central administration.

— all liabilities are allocated to reporting segments other than amount due to a related company, derivative financial liabilities, convertible bonds and liabilities for central administration.

8. SEGMENT INFORMATION *(Continued)*

Other segment information

For the year ended 31 March 2010

	Continuing operations				Discontinued operation	
	Securities trading HK$'000	Property investment and development HK$'000	Unallocated HK$'000	Total HK$'000	Information technology HK$'000	Consolidated HK$'000
Amounts included in the measure of segment profit or loss or segment assets						
Addition to non-current assets (note)	—	240	82	322	—	322
Depreciation	—	261	76	337	—	337
Written off of property and equipment	—	—	46	46	—	46
Net gain on disposal of financial assets at FVTPL	(47,718)	—	—	(47,718)	—	(47,718)
Gain on realisation of derivative financial assets	(2,772)	—	—	(2,772)	—	(2,772)
Loss on change in fair value of financial instruments, net	(54,598)	—	393,510	338,912	—	338,912
Gain on change in fair values of investment properties	—	(5,000)	—	(5,000)	—	(5,000)

8. SEGMENT INFORMATION *(Continued)*

Other segment information *(Continued)*

For the year ended 31 March 2010 *(Continued)*

	Continuing operations				Discontinued operation	
	Securities trading HK$'000	Property investment and development HK$'000	Unallocated HK$'000	Total HK$'000	Information technology HK$'000	Consolidated HK$'000
Amounts regularly provided to the chief operation decision maker but not included in the measure of segment profit or loss or segment assets						
Interest income	—	—	1,240	1,240	—	1,240
Interests in jointly controlled entities	—	176,147	—	176,147	—	176,147
Share of results of jointly controlled entities	—	949	—	949	—	949
Finance costs	—	—	35,001	35,001	—	35,001

Note:

Non-current assets excluded interests in jointly controlled entities, goodwill and club membership.

8. SEGMENT INFORMATION *(Continued)*

Other segment information *(Continued)*

For the year ended 31 March 2009

	Continuing operations				Discontinued operation	
	Securities investment HK$'000	Property investment and development HK$'000	Unallocated HK$'000	Total HK$'000	Information technology HK$'000	Consolidated HK$'000
Amounts included in the measure of segment profit or loss or segment assets						
Addition to non-current assets (note)	—	17,075	66	17,141	—	17,141
Depreciation	—	63	60	123	297	420
Impairment loss on other receivables	—	—	736	736	—	736
Impairment loss on goodwill	—	6,795	—	6,795	—	6,795
Impairment loss on properties under development	—	17,143	—	17,143	—	17,143
Net gain on disposal of financial assets at FVTPL	(309)	—	—	(309)	—	(309)
Gain on realisation of derivative financial assets	(17,030)	—	—	(17,030)	—	(17,030)
Loss on change in fair values of financial instruments, net	91,654	—	126,364	218,018	—	218,018
Loss on change in fair values of investment properties	—	5,000	—	5,000	—	5,000

8. SEGMENT INFORMATION *(Continued)*

Other segment information *(Continued)*

For the year ended 31 March 2009

	Continuing operations				Discontinued operation	
	Securities investment HK$'000	Property investment and development HK$'000	Unallocated HK$'000	Total HK$'000	Information technology HK$'000	Consolidated HK$'000
Amounts regularly provided to the chief operation decision maker but not included in the measure of segment profit or loss or segment assets						
Interest income	—	—	3,611	3,611	—	3,611
Interests in jointly controlled entities	—	175,229	—	175,229	—	175,229
Share of results of jointly controlled entities	—	2,052	—	2,052	—	2,052
Finance costs	—	—	33,119	33,119	—	33,119

Note:

Non-current assets excluded interests in jointly controlled entities, goodwill and club membership.

8. SEGMENT INFORMATION *(Continued)*

Revenue

The following is an analysis of the Group's revenue for the year from continuing operations:

	2010 HK$'000	2009 HK$'000
Dividend income from financial assets at FVTPL	**15,576**	4,093
Interest income from deposits placed with security brokers	**17**	—
Interest income from derivative financial assets	**—**	1,213
Interest income from available-for-sale investments	**—**	354
	15,593	5,660

Geographical information

The Group's operations are located mainly in Hong Kong.

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

	Revenue from external customers		Non-current assets	
	2010 HK$'000	2009 HK$'000	**2010 HK$'000**	2009 HK$'000
Hong Kong ("HK")	**15,593**	5,660	**75,133**	70,173
The PRC (excluding HK)	**—**	—	**126**	147
	15,593	5,660	**75,259**	70,320

Non-current assets excluded interests in jointly controlled entities, goodwill and club membership.

Information about major customers

During the years ended 31 March 2010 and 2009, no single customer has contributed over 10% of the total turnover and revenue of the Group.

9. OTHER OPERATING INCOME

	2010 HK$'000	2009 HK$'000
Continuing operations		
Interest income from:		
Pledged bank deposits	**6**	—
Bank balances	**500**	2,844
Loan receivable	**734**	767
Total interest income	**1,240**	3,611
Sundry income	**522**	952
	1,762	4,563

10. LOSS ON CHANGES IN FAIR VALUE OF FINANCIAL INSTRUMENTS, NET

	2010 HK$'000	2009 HK$'000
Continuing operations		
(Gain) loss on change in fair value of financial assets at FVTPL	**(54,598)**	94,328
Loss on change in fair value of derivative financial assets	**—**	127,276
Loss (gain) on change in fair value of derivative financial liabilities	**393,510**	(3,586)
	338,912	218,018

11. FINANCE COSTS

	2010 HK$'000	2009 HK$'000
Continuing operations		
Interest on other borrowings repayable within five years	**21**	—
Convertible bonds issuance costs	**—**	101
Imputed interest expense on convertible bonds	**34,980**	33,018
	35,001	33,119

12. LOSS BEFORE TAX

Loss before tax from continuing operations has been arrived at after charging:

	2010 HK$'000	2009 HK$'000
Continuing operations		
Staff costs (excluding directors' emoluments in note 13(a))		
Wages and salaries	**1,207**	949
Retirement benefits scheme contributions	**106**	65
	1,313	1,014
Auditors' remuneration	**513**	444
Written off of property and equipment	**46**	—
Depreciation on property and equipment	**337**	123
Impairment loss on other receivables	**—**	736
Provision for claims	**1,148**	—

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

The emoluments paid or payable to each of the ten (2009: nine) directors were as follows:

For the year ended 31 March 2010

		Other emoluments		
	Directors' fees HK$'000	Basic salaries, allowance and benefits in kind HK$'000	Retirement benefits scheme contributions HK$'000	Total emoluments HK$'000
Executive directors				
Bong Shu Yin, Daniel	104	2,320	12	2,436
Cheng Sui Sang	104	849	12	965
Non-executive directors				
Wang Baoning	104	—	—	104
Bong Shu Ying, Francis	104	—	—	104
Ng Kwai Kai, Kenneth	104	—	—	104
Leung So Po, Kelvin	104	—	—	104
Wong Po Man, Kenneth [1]	9	—	—	9
Independent non-executive directors				
Li Ka Fai, David	117	—	—	117
Lee Choy Sang	104	—	—	104
Ka Kit	104	—	—	104
Total	958	3,169	24	4,151

[1] Appointed on 1 March 2010

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

(a) Directors' emoluments *(Continued)*

For the year ended 31 March 2009

		Other emoluments		
	Directors' fees HK$'000	Basic salaries, allowance and benefits in kind HK$'000	Retirement benefits scheme contributions HK$'000	Total emoluments HK$'000
Executive directors				
Bong Shu Yin, Daniel	102	2,268	12	2,382
Cheng Sui Sang	102	814	12	928
Non-executive directors				
Wang Baoning	102	—	—	102
Bong Shu Ying, Francis	102	—	—	102
Ng Kwai Kai, Kenneth[1]	85	—	—	85
Leung So Po, Kelvin[1]	85	—	—	85
Independent non-executive directors				
Li Ka Fai, David	114	—	—	114
Lee Choy Sang	102	—	—	102
Ka Kit	102	—	—	102
Total	896	3,082	24	4,002

1 Appointed on 12 June 2008

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

(b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, two (2009: two) were directors of the Company whose emoluments are set out in note 13(a) above. Details of the emoluments of the remaining three (2009: three) individuals were as follows:

	2010	2009
	HK$'000	HK$'000
Basic salaries, allowance and benefits in kind	**814**	803
Retirement benefits scheme contributions	**34**	34
	848	837

The emoluments of each of the employees are less than HK$1,000,000 for both years.

During the two years ended 31 March 2010 and 2009, no emoluments were paid by the Group to the five highest paid individuals and directors as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors and the employees has waived any emoluments during the two years ended 31 March 2010 and 2009.

14. INCOME TAX EXPENSE

	2010 HK$'000	2009 HK$'000
Current tax:		
Hong Kong Profits Tax		
Charge for the year	**5,745**	—
Under-provision in prior years	**59**	—
	5,804	—

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the year ended 31 March 2010. No provision for Hong Kong Profits Tax has been made as all group entities did not derive any assessable profits for the year ended 31 March 2009.

Income tax expense arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. No tax provision for other jurisdictions has been made as the Group did not derive any assessable profits for both years.

The income tax expense for the years can be reconciled to the loss before tax per the consolidated statement of comprehensive income as follows:

	2010 HK$'000	2009 HK$'000
Loss before tax (from continuing operations)	**(324,583)**	(272,418)
Tax at the Hong Kong profits tax rate of 16.5% (2009: 16.5%)	**(53,556)**	(44,949)
Tax effect of expenses not deductible for tax purpose	**74,296**	13,665
Tax effect of income not taxable for tax purpose	**(3,653)**	(1,086)
Utilisation of tax loss not recognised in prior years	**(11,611)**	—
Tax effect of tax losses not recognised	**269**	32,370
Under-provision in prior years	**59**	—
Income tax expense for the year (from continuing operations)	**5,804**	—

At the end of the reporting period, the Group has estimated unused tax losses of approximately HK$74,390,000 (2009: HK$198,649,000) available to set off against future taxable profits. No deferred tax asset has been recognised for such tax losses due to the unpredictability of future profit streams. These tax losses may be carried forward indefinitely.

15. DISCONTINUED OPERATION

On 21 January 2009, the Group entered into an agreement with an independent third party to dispose of a subsidiary, Cyberlogistic International Holdings Limited ("CIH") and its subsidiaries (the "CIH Group"), which carried out all the Group's information technology operations. The disposal was effected in order to focus the Group's resources in its remaining business. The disposal was completed on 21 January 2009, on which date control of CIH Group passed to the acquirer.

The profit for the year from the discontinued operation was analysed as follows:

	2009 HK$'000
Operating loss of information technology business	(399)
Gain on disposal of subsidiaries (note 36)	7,027
	6,628

The results of the information technology operations for the period from 1 April 2008 to 21 January 2009, which have been included in the consolidated statement of comprehensive income, were as follows:

	1/4/2008 to 21/1/2009 HK$'000
Turnover	75
Administrative expenses	(474)
Loss before tax	(399)
Income tax expense	—
Loss for the period	(399)

15. DISCONTINUED OPERATION *(Continued)*

Loss for the period from discontinued operation has been arrived at after charging:

	1/4/2008 to 21/1/2009 HK$'000
Staff costs	
Wages and salaries	107
Auditors' remuneration	37
Depreciation on property and equipment	297
Operating lease changes on rented premises	71

No income tax charge or credit was arisen from loss on discontinuance of the information technology operations.

During the year ended 31 March 2009, CIH Group did not contributed significant cash flow to the Group.

The carrying amounts of the assets and liabilities of the CIH Group at the date of disposal are disclosed in note 36.

16. LOSS PER SHARE

From continuing and discontinued operations

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

	2010	2009
	HK$'000	HK$'000
Loss		
Loss for the purpose of basic loss per share		
Loss for the year attributable to owners of the Company	**(330,387)**	(260,102)
Effect of dilutive potential ordinary shares	**—**	—
Loss for the purpose of diluted loss per share	**(330,387)**	(260,102)

	2010	2009
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**2,253,443**	1,942,288
Effect of dilutive potential ordinary shares	**—**	—
Weighted average number of ordinary shares for the purpose of diluted loss per share	**2,253,443**	1,942,288

Diluted loss per share is same as basic loss per share for the years ended 31 March 2010 and 2009. The computation of diluted loss per share does not assume the conversion/exercise of the Company's outstanding convertible bonds and options to subscribe for additional convertible bonds since their exercises would result in a decrease in loss per share for the years ended 31 March 2010 and 2009.

16. LOSS PER SHARE *(Continued)*

From continuing operations

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

	2010	2009
	HK$'000	HK$'000
Loss for the year attributable to owners of the Company	**(330,387)**	(260,102)
Less:		
Profit for the year from discontinued operation	**—**	6,628
Loss for the purpose of basic loss per share from continuing operations	**(330,387)**	(266,730)
Effect of dilutive potential ordinary shares	**—**	—
Loss for the purpose of diluted loss per share from continuing operations	**(330,387)**	(266,730)

The denominators used are same as those detailed above for each basic and diluted loss per share.

From discontinued operation

Basic earnings per share for the discontinued operation is HK0.34 cents per share and diluted earnings per share for the discontinued operation is HK0.20 cents per share for the year ended 31 March 2009. The basic and diluted earnings per share from discontinued operation attributable to the owners of the Company for the year is based on the profit for the year ended 31 March 2009 from discontinued operation of HK$6,628,000 and the denominators detailed above for both basic and diluted loss per share.

Diluted loss per share is same as basic loss per share for the years ended 31 March 2010 and 2009. The computation of diluted loss per share does not assume the conversion/ exercise of the Company's outstanding convertible bonds and options to subscribe for additional convertible bonds since their exercises would result in a decrease in loss per share for the years ended 31 March 2010 and 2009.

17. DIVIDENDS

No dividend was paid or proposed during the year ended 31 March 2010, nor has any dividend been proposed since the end of the reporting period (2009: Nil).

18. PROPERTY AND EQUIPMENT

	Leasehold improvement	Furniture, equipment, and computer software	Motor vehicles	Total
	HK$'000	HK$'000	HK$'000	HK$'000
COST				
At 1 April 2008	130	2,691	—	2,821
Additions	—	110	—	110
Acquired on acquisition of subsidiaries	—	54	110	164
Disposals of subsidiaries	—	(2,646)	—	(2,646)
Exchange adjustment	—	60	4	64
At 31 March 2009 and 1 April 2009	130	269	114	513
Additions	51	271	—	322
Written off	(130)	(7)	—	(137)
Exchange adjustment	—	1	1	2
At 31 March 2010	51	534	115	700
ACCUMULATED DEPRECIATION				
At 1 April 2008	35	2,212	—	2,247
Charge for the year	26	357	37	420
Eliminated on disposals of subsidiaries	—	(2,525)	—	(2,525)
Exchange adjustment	—	49	2	51
At 31 March 2009 and 1 April 2009	61	93	39	193
Charge for the year	33	275	29	337
Eliminated on written off	(87)	(4)	—	(91)
Exchange adjustment	—	1	1	2
At 31 March 2010	7	365	69	441
CARRYING VALUES				
At 31 March 2010	44	169	46	259
At 31 March 2009	69	176	75	320

The above items of property and equipment are depreciated on a straight-line basis at 20% - 30% per annum.

19. INVESTMENT PROPERTIES

	HK$'000
FAIR VALUE	
At 1 April 2008	75,000
Decrease in fair value recognised in the consolidated statement of comprehensive income	(5,000)
At 31 March 2009 and 1 April 2009	70,000
Increase in fair value recognised in the consolidated statement of comprehensive income	5,000
At 31 March 2010	75,000

The investment properties are located in Hong Kong and held under medium lease terms.

The fair value of the Group's investment properties at 31 March 2010 and 2009 have been arrived at on the basis of a valuation carried out on that date by Landscope Surveyors Limited, an independent qualified professional valuer not connected with the Group. Landscope Surveyors Limited is a member of the Hong Kong Institute of Surveyors and has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation was arrived at by reference to market evidence of transaction prices for similar properties in the same locations and conditions.

All of the Group's properties interest under operating leases held for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

20. PROPERTIES UNDER DEVELOPMENT

	HK$'000
At 1 April 2008	—
Acquired on acquisition of subsidiaries (note 35)	13,459
Additions	3,408
Exchange adjustment	276
Impairment loss	(17,143)
At 31 March 2009 and 2010	—

The amounts of properties under development represent the costs incurred by a subsidiary of the Company for the contractual rights to perform and complete the landscaping works over a parcel of land in Xinjiang Uygur Autonomous Region, the PRC for a total area of about 10,000 mu (the "Rights"). The subsidiary has entered into contracts with the relevant PRC government authorities that upon completion of such landscaping works in respect of 70% of the land, it will be entitled to apply for the land use rights in respect of the remaining 30% area of such land, free from payment of any land consideration or land premium, for usual commercial and residential development uses. Pursuant to the contract entered into with the relevant government authorities, the Rights expired on 2 July 2009 and the Group has not completed the contractual landscaping works before the expiry date. The Group is negotiating with the relevant PRC government authorities for renewal of the contractual rights in respect of the landscaping works and no approval for such renewal was obtained up to the report date.

In the opinion of the directors of the Company, the negotiation for such renewal may be uncertain and the cost of properties under development may not be recovered without obtaining such renewal. Accordingly, the cost was fully impaired during the year ended 31 March 2009.

21. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	2010 HK$'000	2009 HK$'000
Unlisted investment		
Cost of investment	**1**	1
Advance to jointly controlled entities	**176,631**	176,009
Share of post-acquisition losses/reserves	**(485)**	(781)
	176,147	175,229

Details of the Group's jointly controlled entities as at 31 March 2010 are as follows:

Name of entity	Form of business structure	Place of incorporation, country of registration and operations	Nominal value of issued ordinary share capital / paid up registered capital	Principal activities
Faith Crown Holdings Limited	Incorporated	BVI	US$100	Investment holding
Joyous Unity Investments Limited	Incorporated	BVI	US$1	Investment holding
Farah Investments Limited	Incorporated	HK	HK$2	Investment holding
置富投資開發（成都）有限公司	Incorporated	PRC	HK$336,000,960	Property development
成都富博房地產開發有限公司	Incorporated	PRC	RMB10,000,000	Property development

The Group holds 50% equity interests in these jointly controlled entities. Under the relevant joint venture agreement, all the operating and financial decisions have to be jointly approved by the Group and the joint venture partner. Accordingly, these entities are classified as jointly controlled entities of the Group.

21. INTERESTS IN JOINTLY CONTROLLED ENTITIES *(Continued)*

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

	2010	2009
	HK$'000	HK$'000
Current assets	**80,241**	94,400
Non-current assets	**272,693**	256,588
Current liabilities	**246**	157
Non-current liabilities	**353,659**	352,393

	Year ended	Year ended
	31/3/2010	31/3/2009
	HK$'000	HK$'000
Income	**1,134**	997
Expenses	**3,031**	5,100

22. GOODWILL

	HK$'000
COST	
At 1 April 2008	14,346
Arising on acquisition of subsidiaries (note 35)	6,795
Eliminated on disposal of subsidiaries	(14,346)
At 31 March 2009 and 2010	6,795
IMPAIRMENT	
At 1 April 2008	14,346
Impairment loss recognised for the year	6,795
Eliminated on disposal of subsidiaries	(14,346)
At 31 March 2009 and 2010	6,795
CARRYING VALUE	
At 31 March 2009 and 2010	—

The goodwill was recognised on acquisition of subsidiaries, which are engaged in the information technology and property investment and development. For the purposes of impairment testing, goodwill has been allocated to the cash generating units of provision for information technology and property investment and development respectively.

The goodwill arose from the acquisition of subsidiaries operating information technology business in prior years had been eliminated on disposal of subsidiaries during the year ended 31 March 2009.

The goodwill arose from the acquisition of subsidiaries operating in property investment and development business during the year ended 31 March 2009 was tested for impairment based on the recoverable amount of the relevant cash generating unit. The recoverable amount was valued by BMI Appraisals Limited, an independent qualified professional valuer not connected with the Group. The cost approach was selected to value the recoverable amount of the cash generating unit. The recoverable amount of this unit has been determined based on the amount that would be required to replace the future service capability of the cash generating unit.

As these subsidiaries did not generate operating income during the year ended 31 March 2009 and its major asset of the property under development was fully impaired, a provision for impairment loss on goodwill of approximately HK$6,795,000 was identified and recognised in the consolidated statement of comprehensive income for the year ended 31 March 2009 based on the estimated recoverable amount, taking into account the future expectation of the business.

23. LOAN RECEIVABLE

	2010	2009
	HK$'000	HK$'000
Fixed-rate loan receivable	**—**	11,500

The amount was advanced to an independent third party. It was unsecured, interest bearing at 20% per annum and originally to mature on 30 May 2009. Pursuant to the renewal agreement dated 29 May 2009, the loan receivable of approximately HK$1,000,000 was repaid and the remaining balance of HK$10,500,000 was renewed with a repayment date on 29 July 2009.

Before making any advances, the Group will understand the potential debtor's credit quality and defines its credit limits. Loan receivable is advanced to debtors with an appropriate credit history. Credit limits attributed to debtors are reviewed regularly.

The loan receivable was neither past due nor impaired as at 31 March 2009. The Group did not hold any collateral over these balances.

The loan receivable was fully settled on 29 July 2009.

24. DEPOSIT PAID FOR ACQUISITION OF A SUBSDIARY

On 23 October 2009, Cosmopolitan International (China) Limited ("CICL"), a wholly-owned subsidiary of the Company, entered into a framework agreement (the "Framework Agreement") with two independent third parties (the "Vendors"), to acquire 70% equity interests in a company (the "Target Company") established in the PRC (the "Proposed Acquisition").

Upon signing of the Framework Agreement, CICL paid a refundable cash deposit of RMB6,200,000 (equivalent to approximately HK$7,044,000) to the Vendors (the "Deposit") and held certain PRC land use rights owned by the Target Company as collateral. Pursuant to the terms as set out in the Framework Agreement, if CICL and the Vendors fail to enter into a definitive agreement in relation to the Proposed Acquisition on or before 22 November 2009, the Framework Agreement will lapse and the contractual parties will have no further obligation to each other, save and except that CICL shall return the land use rights to the Vendors and the Vendors shall refund to CICL the Deposit with interest.

CICL and the Vendors have not entered into any definitive agreement up to 22 November 2009 and the Framework Agreement lapsed. However, the Vendors have not refunded the Deposit up to the date of this report. Accordingly, CICL has brought a legal actionagainst the Vendors on 10 June 2010 to recover the Deposit.

During the year ended 31 March 2010, the directors of the Company consider the possibility to recover the Deposit was uncertain, impairment loss of approximately HK$7,044,000 was recognised in the consolidated statement of comprehensive income.

25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2010	2009
	HK$'000	HK$'000
Prepayments, deposits and other receivables	**1,120**	830
Less: Impairment loss recognised	**(49)**	(49)
	1,071	781

Movement in the allowance for doubtful debts

	2010	2009
	HK$'000	HK$'000
At 1 April	**49**	161
Impairment loss recognised	**—**	736
Elimination on disposal of subsidiaries	**—**	(114)
Amount written off as uncollectable	**—**	(736)
Exchange difference	**—**	2
At 31 March	**49**	49

Included in the allowance for doubtful debts were individually impaired other receivables with an aggregate balance of approximately HK$49,000 (2009: HK$49,000) which have been in long overdue. The Group does not hold any collateral over these balances.

26. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2010	2009
	HK$'000	HK$'000
Held for trading investments		
Listed investments:		
Equity securities listed in Hong Kong	**221,901**	83,785
Financial assets designated at FVTPL		
Unlisted investments:		
Equity securities	**—**	3,095
	221,901	86,880

The fair values of the unlisted investments are based on the market price provided by a financial institution.

27. DERIVATIVE FINANCIAL ASSETS

Derivative financial assets are not for the hedging purpose and include:

	2010	2009
	HK$'000	HK$'000
Equity linked notes (a)	**—**	2,989
Range accrued notes (b)	**—**	2,052
Placement rights in respect of convertible bonds (c)	**—**	—
	—	5,041

27. DERIVATIVE FINANCIAL ASSETS *(Continued)*

(a) Major terms of the equity linked notes:

Notional amount	Maturity	Coupon rates
HK$ 3,000,000	3 April 2009	0%

The equity linked notes were purchased at a discount to face value and redeemed by the amounts of the face value of HK$3,000,000 on maturity. Gain on realisation of derivative financial assets of approximately HK$11,000 was recognised in the consolidated statement of comprehensive income during the year ended 31 March 2010.

The fair values of the equity linked notes were based on the market price provided by a financial institution.

(b) Major terms of the range accrued notes:

Notional amount	Maturity	Range of coupon rates
US$300,000 (HK$2,326,650)	27 April 2009	0% to 3.183%
US$300,000 (HK$2,330,400)	16 November 2009	0% to 2.670%

The range accrued notes contain certain terms to allow the issuers (i) delivering the underlying equity securities on maturity if the market prices of underlying securities are lower than their respective predetermined reference prices or (ii) cash settlement of the principal and interest of the range accrued notes if the market prices of the underlying securities are higher than their respective predetermined reference prices.

On maturity, all the range accrued notes were settled by the issuers delivering the equity securities listed in Hong Kong. Gain on realisation of derivative financial assets of approximately HK$2,605,000 was recognised in the consolidated statement of comprehensive income during the year ended 31 March 2010.

The fair values of the range accrued notes were based on the market price provided by a financial institution.

27. DERIVATIVE FINANCIAL ASSETS *(Continued)*

(c) Placement rights in respect of convertible bonds

The placement rights (the "Placement Rights") were attached with the convertible bonds in the principal amount of HK$56,000,000 issued by the Group on 2 March 2007 ("CB 2009"). The details of the Placement Rights are set out in note 32(a).

In August 2008, the Group partially exercised the Placement Rights and entered into an agreement with the subscriber of CB 2009 (the "Subscriber") for procuring the disposal by the Subscriber of part of the CB 2009 in a principal amount of HK$11,000,000 to an independent third party. The net proceeds receivable by the Group on the partial exercise of the Placement Rights pursuant to the terms of the Placement Rights (see note 32(a) for details) was approximately HK$46,746,000. The Subscriber is a subsidiary of Paliburg Holdings Limited, a Hong Kong listed company.

Under that agreement, the Subscriber also sought a release from the Group of the Placement Rights over part of the remaining CB 2009 in a principal amount of HK$7,000,000 at a consideration of approximately HK$29,748,000.

Upon completion of the agreement mentioned above, certain Placement Rights in the carrying amount of HK$59,464,000 was realised and released. The remaining balance of the Placement Rights in the carrying amount of HK$125,536,000 expired on 13 February 2009 and was written-off for the year 31 March 2009.

28. PLEDGED BANK DEPOSITS/ DEPOSITS PLACED WITH SECURITY BROKERS/CASH AND BANK BALANCES

Cash and bank balances comprise cash held by the Group and bank balances that are interest-bearing at prevailing market interest rates ranging from 0.01% to 0.36% (2009: 0.01% to 4.81%) per annum.

Pledged bank deposits represent deposits pledged to the bank to secure a short-term corporate card facility and are classified as current assets. The pledged bank deposits carry interest at 2.5% per annum and will be released upon the withdrawal of such facility.

The deposits placed with security brokers carry interest ranging from 0.01% to 0.13% (2009: 0.01% to 0.02%) per annum and are repayable on demand.

	2010	2009
	HK$'000	HK$'000
Deposits placed with security brokers denominated in:		
USD	**99**	—
Cash and bank balances denominated in:		
USD	**125**	109

29. AMOUNT DUE TO A RELATED COMPANY

The amount is unsecured, interest-free and repayable on demand. The parent of the substantial shareholder of the Company has beneficial interests in the related company.

30. DERIVATIVE FINANCIAL LIABILITIES

The derivative financial liabilities of the Group are not for the hedging purpose. Derivative financial liabilities as at 31 March 2010 and 2009 comprise:

	2010	2009
	HK$'000	HK$'000
Options to subscribe for convertible bonds	**434,924**	41,414

30. DERIVATIVE FINANCIAL LIABILITIES *(Continued)*

Options to subscribe for additional convertible bonds were granted by the Group in conjunction with the issue of the convertible bonds due 2013 in the principal amount of HK$200,000,000 by the Group on 15 February 2008. The details of such convertible bonds and options are set out in note 32(c).

For the years ended 31 March 2010 and 2009, the fair value of the options to subscribe for convertible bonds was valued by BMI Appraisals Limited, an independent qualified professional valuer not connected with the Group. The valuation was made by using the Binomial Option Pricing Model and considering the present value of the stream of future cash flows discounted at the interest rate of 12.78% (2009: 15.47%).

The inputs into the model were as follows:

	At 31 March 2010	At 31 March 2009
Spot price	**HK$623,620,000**	HK$202,432,000
Exercise price	**HK$200,000,000**	HK$200,000,000
Risk free rate	**0.450%**	1.474%
Expected life	**1.44 years**	1.94 years
Expected volatility	**93.48%**	33.94%
Expected dividend yield	**Nil**	Nil

31. PROVISIONS

	HK$'000
At 1 April 2008 and 2009	—
Provision for the year	1,148
At 31 March 2010	1,148

Xinjiang Libao Ecological Development Company Limited ("Xinjiang Libao"), a non-wholly owned subsidiary of the Company, acted as defendant brought by a supplier during the year ended 31 March 2010 claiming unsettled services fees amounting to approximately RMB1,010,000 (equivalent to HK$1,148,000). As at the date of this report, the litigation is still ongoing. After taking into consideration the PRC legal advices, the directors consider that provision for claims of approximately RMB1,010,000 (equivalent to HK$1,148,000) was recognised during the year ended 31 March 2010.

32. CONVERTIBLE BONDS

During the year ended 31 March 2010, the Group had 3 (2009: 3) series outstanding convertible bonds.

(a) On 2 March 2007, the Company's wholly-owned subsidiary, Sinofair Investment Limited ("Sinofair") issued convertible bonds in the principal amount of HK$56,000,000 with maturity date on 1 March 2009. The CB 2009 bears no coupon interest and is unsecured.

The effective interest rate of the liability component is 7.75%.

The principal terms of the CB 2009 are as follows:

— Conversion rights are exercisable at any time from 16 March 2007 to 15 February 2009.

— The holders of the CB 2009 are entitled to convert the CB 2009 into ordinary shares of the Company at an initial conversion price of HK$0.07 per ordinary share (subject to adjustment).

— If any of the CB 2009 has not been converted, it will be redeemed on the maturity date at 107.19% of the outstanding principal amount of the CB 2009.

— The subscriber of the CB 2009 undertook with the Company that it would not exercise the conversion rights attached to the CB 2009 during the period from 2 March 2007 to 2 March 2008 (the "Lock-up Period") and would not sell or transfer to other parties during the Lock-up Period. Pursuant to the supplementary agreement dated 29 February 2008, the Lock-up Period had been extended to 2 September 2008. Pursuant to the agreement dated 13 August 2008, the Placement Rights in respect of CB 2009 in the principal amount of HK$18,000,000 were exercised and released, and the Lock-up Period of the remaining Placement Rights in respect of CB 2009 in the principal amount of HK$38,000,000 had been extended to 13 February 2009.

— Sinofair is entitled to Placement Rights under which at any time during the Lock-up Period, Sinofair has the rights to procure potential investors to purchase all or part of the CB 2009 held by the subscriber (the "Sold Bonds").

— If the subscriber sells the Sold Bonds to the new buyer, the subscriber is obliged to pay 70% of the difference between the proposed purchase price of the Sold Bonds and the redemption amount of the Sold Bonds on the maturity date (the "Difference") to Sinofair ("Profit Sharing Provision").

— If the subscriber confirms not to sell the Sold Bonds, the subscriber is obliged to pay the 70% of the Difference to Sinofair. Once the subscriber has paid the Difference, such bonds should not be subject to the Lock-up Period or the Profit Sharing Provision.

CB 2009 contains three components: liability component, equity component and derivative component.

The Placement Rights were presented in the consolidated statement of financial position as "Derivative financial assets". The Placement Rights in respect of CB 2009 in the principal amount of (i) HK$11,000,000 were exercised; (ii) HK$7,000,000 were released; and (iii) the remaining of HK$38,000,000 were expired in the year ended 31 March 2009.

32. CONVERTIBLE BONDS *(Continued)*

(a) *(Continued)*

The CB 2009 in the principal amount of HK$25,000,000 were converted into 357,143,000 new ordinary shares of the Company at the initial conversion price of HK$0.07 per share on 13 February 2009 and the remaining balance of the CB 2009 in a principal amount of HK$31,000,000 were redeemed by the Group in cash at an aggregate redemption amount of approximately HK$33,229,000 upon their maturity in March 2009.

(b) On 17 May 2007, the Company's wholly-owned subsidiary, Fancy Gold Limited issued convertible bonds in the principal amount of HK$205,000,000 ("CB 2010") with maturity date on 16 May 2010. The CB 2010 bears no coupon interest and is unsecured.

The effective interest rate of the liability component is 7.5%.

The principal terms of the CB 2010 are as follows:

— Conversion rights are exercisable at any time from 16 July 2007 to 2 May 2010.

— The holders of the CB 2010 are entitled to convert the CB 2010 into ordinary shares of the Company at an initial conversion price of HK$0.205 per share (subject to adjustment). The conversion price was adjusted to HK$0.20 per share (subject to adjustment) due to the new convertible bonds issued on 25 February 2009.

— If any of the CB 2010 has not been converted, it will be redeemed on the maturity date at 115.97% of the outstanding principal amount of the CB 2010.

On 30 October 2007, a holder of the CB 2010 converted the CB 2010 in the principal amount of HK$61,500,000 into 300,000,000 new ordinary shares of the Company at the initial conversion price of HK$0.205 per share.

The CB 2010 contains two components: liability component and equity component.

On 26 April 2010, the Group has entered into a deed of variation ("Deed of Variation") with a holder of CB 2010 to extend the maturity date of CB 2010 in the principal amount of HK$141,450,000 from 16 May 2010 to 16 May 2011 and CB 2010 has also been partially converted. Details are set out in note 44.

32. CONVERTIBLE BONDS *(Continued)*

(c) On 15 February 2008, the Company's wholly-owned subsidiary, Apex Team Limited issued convertible bonds in the principal amount of HK$200,000,000 ("CB 2013") with maturity date on 14 February 2013. The CB 2013 bears no coupon interest and is unsecured.

The effective interest rate of the liability component is 12.19%.

The principal terms of the CB 2013 are as follows:

— Conversion rights are exercisable at any time from 29 February 2008 to 31 January 2013.

— The holders of the CB 2013 are entitled to convert the CB 2013 into ordinary shares of the Company at an initial conversion price of HK$0.60 per share (subject to adjustment). The conversion price was adjusted to HK$0.30 per share (subject to adjustment) due to the new convertible bonds issued on 25 February 2009.

— If any of the CB 2013 has not been converted, it will be redeemed on the maturity date at 128.01% of the outstanding principal amount of the CB 2013.

Options are granted by the Group to subscribe for the CB 2013 in an additional principal amount of up to HK$200 million ("Optional Bonds").

The CB 2013 contains three components: liability component, equity component and embedded derivative financial liabilities for the Optional Bonds.

The options granted to subscribe for the Optional Bonds is presented in the consolidated statement of financial position as "Derivative financial liabilities" and is measured at fair value with changes in fair value recognised in profit or loss.

(d) On 25 February 2009, the Company's wholly-owned subsidiary, Ample Legend Limited issued convertible bonds in the principal amount of HK$28,000,000 ("CB 2011") with maturity date on 24 February 2011. The CB 2011 bears no coupon interest and is unsecured.

The effective interest rate of the liability component is 14.68%.

The principal terms of the CB 2011 are as follows:

— Conversion rights are exercisable at any time from 4 March 2009 to 18 February 2011.

— The holders of the CB 2011 are entitled to convert the CB 2011 into ordinary shares of the Company at an initial conversion price of HK$0.30 per share (subject to adjustment).

— If any of the CB 2011 has not been converted, it will be redeemed on the maturity date at 110.38% of the outstanding principal amount of the CB 2011.

The CB 2011 contains two components: liability component and equity component.

32. CONVERTIBLE BONDS *(Continued)*

The liability component of the above-mentioned convertible bonds represents the present value of the contractually determined stream of future cash flows discounted at the rate of interest at the date of issue with reference to the market rates for an equivalent non-convertible loan.

The equity component is presented in equity heading "Convertible bonds reserve".

The movement of the liability component of the above-mentioned convertible bonds for the year is set out below:

	2010	2009
	HK$'000	HK$'000
Carrying amount of the liability component at the beginning of year	**341,256**	344,661
Face value of convertible bonds issued	**—**	28,000
Redemption of convertible bonds	**—**	(33,229)
Conversion of convertible bonds	**—**	(26,697)
Equity component of convertible bonds issued	**—**	(4,497)
	341,256	308,238
Imputed interest expense	**34,980**	33,018
Carrying amount of the liability component at end of year	**376,236**	341,256
Representing by:		
Amounts due within one year shown under current liabilities	**192,242**	—
Amounts due after one year shown under non-current liability	**183,994**	341,256
	376,236	341,256

33. SHARE CAPITAL

	Number of shares '000	Amount HK$'000
Ordinary shares of HK$0.001 each		
Authorised:		
At 31 March 2009 and 2010	250,000,000	250,000
Issued and fully paid:		
At 1 April 2008	1,896,300	1,896
Issue of new shares upon conversion of convertible bonds (note 32(a))	357,143	357
At 31 March 2009 and 2010	2,253,443	2,253

All the new ordinary shares issued during the year ended 31 March 2009 rank pari passu in all respects with the existing shares.

34. SHARE OPTION SCHEME

On 20 August 2003, at the annual general meeting, the Company adopted a share option scheme ("the Scheme") under which the board of directors may, at their discretion, invite any full time and part time employees, directors, suppliers, customers, consultants, advisors or shareholders of any of the companies within the Group to take up options to subscribe for ordinary shares of the Company at any time during ten years from the date of adoption of the Scheme.

The total number of shares which may be issued upon exercise of all options to be granted under the Scheme and other schemes of the Group must not in aggregate exceed 10% of the number of shares in issue as at the date of approval of the Scheme (the "10% Limit"). The Company may obtain approval from the shareholders of the Company to refresh the 10% Limit, provided that the total number of shares which may be issued upon exercise of all options to be granted under the Scheme and other schemes of the Group under the limit as refreshed must not exceed 10% of the number of shares in issue at the date of approval of the refresher mandate.

The maximum number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes of the Company shall not exceed such number of shares as shall represent 30% of the issued share capital of the Company from time to time.

The total number of shares issued and may be issued upon exercise of the options granted to each eligible person under the Scheme and any other share option schemes of the Company (including exercised, cancelled and outstanding options) in the 12-month period up to and including the proposed date of grant for such options must not exceed 1% of the then number of issued shares of the Company, without prior approval from the Company's shareholders.

34. SHARE OPTION SCHEME *(Continued)*

Option granted under the Scheme must be accepted within 6 months from the date of grant and in any event no later than the last date of the period of ten years from the date of adoption of the Scheme. Upon acceptance, the grantee shall pay HK$10.00 to the Company as consideration for the grant.

The subscription price for the shares under the Scheme shall be a price determined by the board of directors of the Company and notified to an eligible participant and shall be at least the higher of: (i) the nominal value of a share; (ii) the closing price of the shares as stated in the daily quotation sheet issued by the Stock Exchange on the date of grant, which shall be a business day; and (iii) the average closing price of the shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant.

No share option has been granted since the date when the Scheme becomes effective.

35. ACQUISITION OF SUBSIDIARIES

Acquisition of Advanced Industry Limited ("AIL") and its subsidiary (collectively referred to as the "AIL Group")

On 19 May 2008, the Group acquired 60% of the issued share capital of AIL for a consideration of HK$15,000,000 from an independent third party. The acquisition of AIL Group had been accounted for using the purchase method. The amount of goodwill arising as a result of the acquisition was HK$6,795,000.

The fair value of net assets acquired in the transaction approximated to their carrying amounts and the goodwill arising were as follows:

	HK$'000
Net assets acquired	
Property and equipment	164
Properties under development	13,459
Prepayment and other receivables	33
Cash and bank balances	19
	13,675
Minority interests	(5,470)
Goodwill arising on the acquisition (note)	6,795
Total consideration	15,000
Total consideration satisfied by:	
Cash	15,000

35. ACQUISITION OF SUBSIDIARIES *(Continued)*

Acquisition of Advanced Industry Limited ("AIL") and its subsidiary (collectively referred to as the "AIL Group") *(Continued)*

	HK$'000
Net cash outflow arising on acquisition:	
Cash consideration paid	(15,000)
Cash and bank balances acquired	19
	(14,981)

Note:

Goodwill arose in the acquisition of AIL because the cost of the combination included amounts related to the benefit of expected synergies of AIL Group.

AIL Group caused approximately HK$2,059,000 to the Group's loss for the period between the date of acquisition and 31 March 2009.

If the acquisition had been completed on 1 April 2008, total Group's revenue for the period would have no change and the loss for the year would have been approximately HK$265,792,000. The pro forma information was for illustrative purposes only and was not necessarily an indication of the revenue and results of the operations of the Group actually would have been achieved had the acquisition been completed on 1 April 2008, nor was it intended to be a projection of future results.

36. DISPOSAL OF SUBSIDIARIES

Disposal of Cosmopolitan Properties and Securities Ltd ("CPSL")

On 19 March 2010, the Group has disposed of its entire equity interest in CPSL to two independent third parties. The net assets of CPSL at the date of disposal were as follows:

	HK$'000
Net assets disposed of and total consideration	
Club membership	360
Total consideration satisfied by:	
Cash	360
Net cash inflow arising on disposal:	
Cash consideration	360

During the year ended 31 March 2010, CPSL did not contribute significant impact on the results and cash flows to the Group.

36. DISPOSAL OF SUBSIDIARIES *(Continued)*

Disposal of CIH Group

As referred to in note 15, on 21 January 2009, the Group discontinued its information technology operation at the time of disposal of its subsidiaries, CIH Group. The net liabilities of CIH Group at the date of disposal were as follows:

	HK$'000
Net liabilities disposed of:	
Property and equipment	121
Goodwill	—
Prepayment, deposits and other receivables	228
Cash and bank balances	58
Accounts payables	(1,476)
Accrued liabilities and other payables	(2,308)
Amounts due to minority shareholders	(3,311)
	(6,688)
Exchange reserve realised on disposal of subsidiaries	292
Minority interests	(601)
Gain on disposal	7,027
Total consideration	30
Total consideration satisfied by:	
Cash	30
Net cash outflow arising on disposal:	
Cash consideration	30
Cash and bank balances disposed of	(58)
	(28)

The impact of CIH Group on the Group's results and cash flows during the year ended 31 March 2009 is disclosed in note 15.

37. MAJOR NON-CASH TRANSACTIONS

The Group has undertaken the following non-cash transactions during the two years ended 31 March 2010 and 2009:

During the year ended 31 March 2010, the range accrued notes with the carrying amount of approximately HK$2,052,000 has been fully settled by the issuers delivering equity securities listed in Hong Kong of approximately HK$4,657,000, which were classified as held for trading investments. As a result, gain on realisation of derivative financial assets of approximately HK$2,605,000 upon such settlements was recognised in the consolidated statement of comprehensive income.

During the year ended 31 March 2009, the Group exercised certain Placement Rights and part of the proceeds from such partial exercise amounting to HK$52,930,000 were settled by receiving equity securities listed in Hong Kong which were classified as held for trading investments.

During the year ended 31 March 2009, convertible bonds of approximately HK$26,697,000 were converted into approximately 357,143,000 ordinary shares of the Company.

38. RETIREMENT BENEFITS SCHEME

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") established under the Mandatory Provident Fund Schemes Ordinance in December 2000, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the consolidated statement of comprehensive income as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Company's subsidiaries operating in the PRC are required to participate in a central pension scheme (the "Central Scheme") operated by the local municipal government in the PRC. The respective local municipal government in the PRC, undertakes to assume the retirement benefits obligations of all existing and future retired staff of these subsidiaries. The only obligation of these subsidiaries with respect to the Central Scheme is to meet the required contributions under the Central Scheme. The contributions, which are calculated based on 23% of the monthly salaries of the current employees, are charged to the consolidated statement of comprehensive income as they become payable in accordance with the rules of the Central Scheme. The total contribution to the retirement benefits scheme charged to the consolidated statement of comprehensive income for the year was HK$130,000 (2009: HK$89,000).

39. OPERATING LEASE COMMITMENT

During the year, the Group had paid approximately HK$978,000 (2009: HK$283,000) as operating lease charges in respect of office premises.

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

	2010	2009
	HK$'000	HK$'000
Within one year	**686**	—

The leases were negotiated for a term of one year and with fixed rentals.

40. CAPITAL COMMITMENT

The Group has contracted with a wholly-owned subsidiary of Regal Hotels International Holdings Limited to establish jointly controlled entities, amounting to HK$250,000,000 for property development in Chengdu City, Sichuan Province, the PRC. Approximately HK$176,631,000 had been paid as at 31 March 2010 (2009: HK$176,009,000).

The capital commitment in respect of the jointly controlled entities contracted for but not provided in the consolidated financial statements are approximately HK$73,369,000 (2009: HK$73,991,000).

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Details of the principal subsidiaries held by the Company as at 31 March 2010 and 2009 are as follows:

Name of company	Place of incorporation/ operation	Nominal value of issued ordinary share capital/paid up registered capital	Effective percentage of ownership interest		Principal activities
			2010	2009	
			%	%	
Directly held					
CICL	BVI	US$1	**100**	100	Investment holding
Cosmopolitan International Finance Limited	HK	HK$1	**100**	100	Securities investments
Cosmopolitan International Management Services Limited	HK	HK$1	**100**	100	Provision of management services
Hope Bright Holdings Limited	BVI	US$1	**100**	100	Investment holding
Kola Glory Limited	BVI	US$1	**100**	100	Investment holding
Indirectly held					
AIL	BVI	US$351,000 (2009: US$51,000) (note (a))	**94**	60	Investment holding
Ample Legend Limited	HK	HK$1	**100**	100	Provision of inter-company treasury services
Apex Team Limited	HK	HK$1	**100**	100	Provision of inter-company treasury services
Evercharm Investments Limited	BVI	US$1	**100**	100	Securities trading
Fancy Gold Limited	HK	HK$1	**100**	100	Provision of inter-company treasury services

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

Name of company	Place of incorporation/ operation	Nominal value of issued ordinary share capital/paid up registered capital	Effective percentage of ownership interest		Principal activities
			2010 %	2009 %	
Indirectly held					
Joint Talent Investments Limited	BVI	US$1	**100**	100	Securities trading
Lead Fortune Development Limited	HK	HK$1	**100**	100	Property investment
Sincere Tacf Limited	HK	HK$1	**100**	100	Treasury and financing
Sinofair Investment Limited	HK	HK$1	**100**	100	Provision of inter-company treasury services
Sinofame International Limited	BVI	US$1	**100**	100	Securities trading
Wise Bridge Investments Limited	BVI	US$1	**100**	100	Investment holding
Xinjiang Libao 新疆麗寶生態開發有限公司	PRC	US$2,825,000 (2009: US$1,500,000) (note (b))	**94**	60	Property development
CPSL (note (c))	HK	HK$1,000	**—**	100	Securities trading and properties investment

Notes:

(a) AIL issued 300,000,000 right shares of USD0.001 each at a subscription price of USD0.00335 per right share. The Group has subscribed all the right shares (see note 42(c)) and the effective equity interest in AIL has increased from 60% to approximately 94%.

(b) Xinjiang Libao has increased its paid up capital to US$2,825,000 during the year ended 31 March 2010. The capital contribution was verified by the PRC registered accountant and approved by the relevant PRC government authority.

As Xinjiang Libao is the wholly-owned subsidiary of AIL, the effective equity interest in Xinjiang Libao has also increased from 60% to approximately 94%.

(c) CPSL was disposed of during the year ended 31 March 2010 (see note 36).

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

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

Save as disclosed in note 32, none of the subsidiaries had issued any debt securities subsisting at the end of the year or at any time during the year.

42. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the notes to the consolidated financial statements, the Group had the following related party transactions during the year:

	2010	2009
	HK$'000	HK$'000
Related companies		
Consultancy fee expenses (note (a))	**994**	—
Building management fee (note (b))	**429**	418

Notes:

(a) The consultancy fee was paid to a subsidiary of a substantial shareholder for advisory and supervisory services provided in connection with the PRC operations of the Group. The fee was mutually agreed between the Group and the related company. The parent of the substantial shareholder of the Company has beneficial interests in the related company.

(b) The building management fee was paid to another related company in connection with the Group's investment properties.The parent of the substantial shareholder of the Company has beneficial interests in the related company.

(c) On 10 December 2009, Smart Command Limited, a wholly-owned subsidiary of the Company, completed the subscription for the right issues shares (300,000,000 ordinary shares of USD0.001 at a premium of USD0.00235 per share) issued by AIL for cash. The consideration was approximately USD1,005,000 (equivalent to approximately HK$7,801,000). After this subscription, the Group's equity interests in AIL has increased from 60% to approximately 94%.

AIL remained as a subsidiary of the Group after the abovementioned transaction.

Compensation of key management personnel

The key management members of the Group were the directors. The remunerations of directors were disclosed in note 13(a).

The remunerations of the key management members are determined by the remuneration committee having regarded to the performance of individuals and market prices.

43. PLEDGE OF ASSETS

As at 31 March 2010, the Group has pledged its bank deposits of approximately HK$506,000 for its corporate card facility. Details are set out in note 28.

44. EVENTS AFTER THE END OF THE REPORTING PERIOD

On 1 April 2010, a memorandum of understanding was entered into between Cosmopolitan Resources Holdings Limited, a wholly-owned subsidiary of the Company, and the vendors in respect of the proposed acquisition by the Group of majority interests in a group of companies, inter alia, incorporated in Russia (the "Target Group"). The Target Group owns, directly and indirectly, oilfields in Russia. Up to the date of this report, no definitive agreement has been entered into by the parties. Details are set out in the Company's announcement dated 1 April 2010.

On 26 April 2010, the Group has entered into a Deed of Variation with a holder of CB 2010 to extend the maturity date of CB 2010 in the principal amount of HK$141,450,000 from 16 May 2010 to 16 May 2011. The Deed of Variation was approved by the independent shareholders of the Company in the extraordinary general meeting held on 7 June 2010. Details are set out in the Company's announcements dated 26 April 2010 and 7 June 2010.

On 27 April 2010, a holder of the CB 2010 converted the CB 2010 in the principal amount of HK2,050,000 into 10,250,000 new ordinary shares of the Company at the prevailing conversion price of HK$0.20 per share.

45. COMPARATIVE FIGURES

Reclassifications of certain comparative figures have been made in respect of turnover, revenue and other operating income to conform with the current year's presentation and such reclassifications have no impact on the Group's loss for the year ended 31 March 2009 and no consolidated statement of financial position as at 1 April 2008 has been represented as the reclassifications were related to consolidated statement of comprehensive income for the year ended 31 March 2009.

Summary Financial Information

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

RESULTS

	Year ended 31 March				
	2010	2009	2008	2007	2006
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Turnover	**128,169**	8,903	133,100	17,294	11,468
Administrative expenses	**(15,522)**	(17,853)	(10,608)	(14,906)	(9,270)
Other operating expenses	**—**	—	—	—	(25)
(Loss)/profit before taxation	**(324,583)**	(272,418)	113,504	6,196	(19,552)
Income tax expense	**(5,804)**	—	(22,265)	—	—
(Loss)/profit before minority interests (including discontinued operations)	**(330,387)**	(265,790)	76,805	6,196	(19,552)
Minority interests	**—**	5,688	243	912	(1,151)
Net (loss)/profit attributable to shareholders (including discontinued operations)	**(330,387)**	(260,102)	77,048	7,108	(20,703)
Discontinued operation					
Profit/(loss) for the year from discontinued operation	**—**	6,628	(14,434)	—	—
(Loss)/earnings per share (in HK cents)	**(14.66)**	(13.39)	4.47	0.94	(3.89)

Summary Financial Information

For the year ended 31 March 2010

ASSETS, LIABILITIES AND MINORITY INTERESTS

	As at 31 March				
	2010	2009	2008	2007	2006
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Non-current assets	**251,406**	245,909	160,003	98,998	40,255
Current assets	**398,238**	296,875	618,836	164,565	40,778
Current liabilities	**(662,315)**	(69,226)	(130,607)	(18,374)	(4,924)
Net current (liabilities)/assets	**(264,077)**	227,649	488,229	146,191	35,854
Total assets less current liabilities	**(12,671)**	473,558	648,232	245,189	76,109
Non-current liabilities	**(183,994)**	(341,256)	(288,953)	(52,035)	(38)
Net (liabilities)/assets	**(196,665)**	132,302	359,279	193,154	76,071
Minority interests	**—**	—	(819)	(1,062)	(1,933)