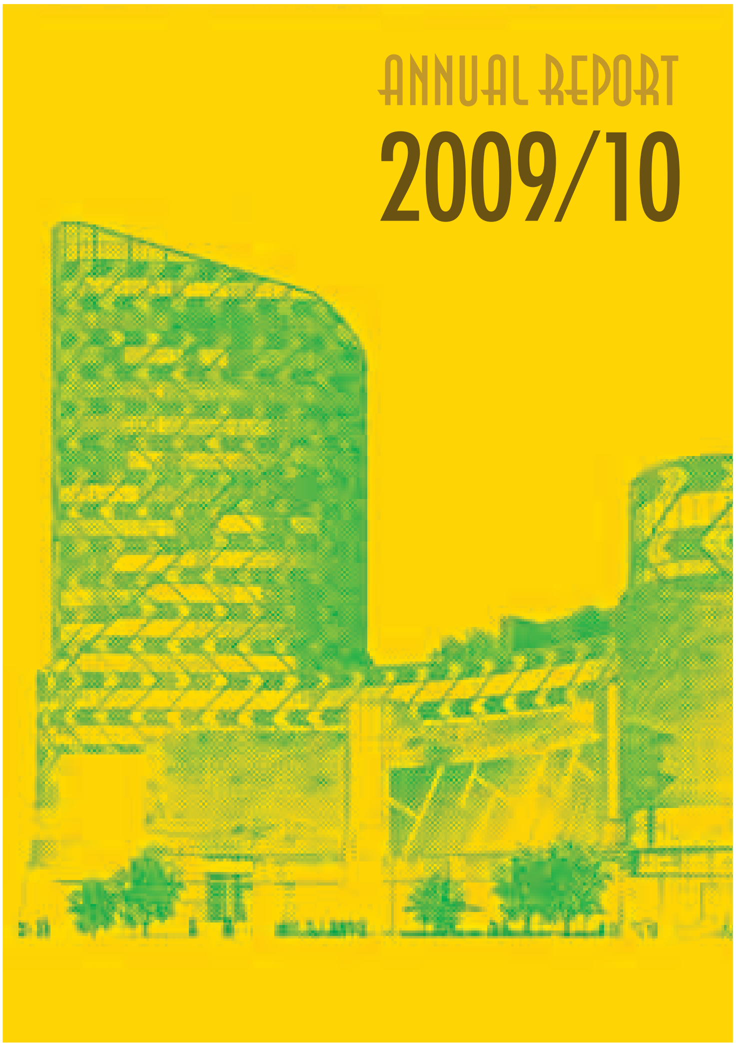
HENRY GROUP HOLDINGS LIMITED
鎮科集團控股有限公司

ANNUAL REPORT
2009/10



CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive directors

Mr. Ng Chun For, Henry *(Chairman)*
Mr. Ng Ian
(Deputy Chairman and Chief Executive Officer)
Mr. Li Man Hin *(Retired on 2 September 2009)*
Mr. Lee Kwan Yee, Herrick
(Appointment effective on 1 April 2010)

Non-executive director

Mr. Mak Wah Chi

Independent non-executive directors

Mr. Ng Hoi Yue
(Resigned on 19 February 2010)
Mr. Tsang Kwok Ming, Rock
(Resigned on 19 February 2010)
Mr. Li Kit Chee
Mr. Chu Tak Sum
(Appointment effective on 19 February 2010)
Mr. Chan Kam Man
(Appointment effective on 19 February 2010)

COMPANY SECRETARY

Mr. Lee Pui Lam

AUTHORISED REPRESENTATIVES

Mr. Lee Kwan Yee, Herrick
Mr. Lee Pui Lam

AUDIT COMMITTEE

Mr. Li Kit Chee *(Committee Chairman)*
Mr. Mak Wah Chi
Mr. Ng Hoi Yue
(Resigned on 19 February 2010)
Mr. Chan Kam Man
(Appointment effective on 19 February 2010)

REMUNERATION COMMITTEE

Mr. Li Kit Chee *(Committee Chairman)*
Mr. Mak Wah Chi
Mr. Tsang Kwok Ming, Rock
(Resigned on 19 February 2010)
Mr. Chu Tak Sum
(Appointment effective on 19 February 2010)

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

AUDITORS

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

PRINCIPAL PLACE OF BUSINESS

11th Floor, Cambridge House
Taikoo Place
979 King's Road
Hong Kong

PRINCIPAL BANKERS

Hong Kong

The Hongkong and Shanghai Banking
Corporation Limited
Dah Sing Bank, Limited

Mainland China

Bank of Shanghai

LEGAL ADVISORS

as to Hong Kong law:
Cheung, Tong & Rosa

as to PRC law:
King and Wood

as to Bermuda law:
Conyers Dill & Pearman

FINANCIAL ADVISORS

Quam Capital Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Corporate Services (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke HM08
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Standard Limited
26/F., Tesbury Centre
28 Queen's Road East
Hong Kong

WEBSITE

www.henrygroup.hk

INVESTOR AND MEDIA RELATIONS

Strategic Financial Relations Limited

STOCK CODE

859

Dear Shareholders,

On behalf of the Board, I would like to present the annual report of Henry Group Holdings Limited and its subsidiaries (collectively the "Group") for the year ended 31 March 2010.

BUSINESS REVIEW

Ginza-style properties portfolio in Hong Kong

Jardine Center, Jardine's Bazaar, Causeway Bay (100%-owned)

Jardine Center is a premium dining and life styling ginza-building located in the heart of Causeway Bay. During the year, rental income derived from Jardine Center for the year amounted to approximately HK$20,923,000, up by 8.4% from approximately HK$19,310,000 for last year. The occupancy of Jardine Center stayed at a high level of nearly 90% on average. Jardine Center provided a steady recurrent revenue to the Group and accounted for approximately 61.5% of the Group's turnover for the year. The Group will continue to refine its tenant mix by fresh letting and retention of quality tenants.

L'hart, Lockhart Road, Causeway Bay (100%-owned)

During the year, the new 24-storey upmarket lifestyle ginza-style building with unique duplex retail floors which contributed a steady revenue of approximately HK$9,592,000 and has achieved a satisfactory occupancy rate of 90% in June 2010. The profitability of L'hart will be reflected more fully in the financial year ended 31 March 2011. With the Group's successful track record in operation of ginza-building, we are confident that L'hart would be well-received by the market.

Divestment of a 50/50 joint venture project — 8 Hau Fook Street, Tsim Sha Tsui

As announced in October 2009, the Group entered into a sale and purchase agreement with the co-owner, pursuant to which, the Group disposed of its 50% interest in the development project at 8 Hau Fook Street through the disposal of its entire interest in the jointly-controlled entity ("Disposal"). The Directors consider that the Disposal, which was completed in November 2009, represented the best opportunity for the Group to realise its investment at a reasonable price and curtail further upfront investment cost as well as operating expenses. The Disposal, based on the consideration and the unaudited aggregate book value of the Group's investment in the project, has recognised a one-off gain of approximately HK$15.6 million for the Group. The proceeds from the Disposal has been retained as general working capital of the Group. For details of the Disposal, please refer to the Company's circular dated 27 October 2009.

Expansion in Mainland China

68 Yuyuan Road Project in Jingan District, Shanghai (30%-owned)

On the China front, the Group's joint venture development project in Shanghai works as the milestone for the Group's entry into the booming Mainland China market. The Group has an indirect 30% effective beneficial interest in the project with the balance in the hands of a reputable US-based real estate fund (25%) and a seasoned property investor in the PRC market (45%). The Group leads this development and is its project manager.

On a site area of approximately 11,400 square metres, the investment properties under construction has a total planned gross floor area of approximately 79,000 square metres and will be developed into a 19-storey plus 3 basement levels (with car parks) shopping complex with a public transport interchange ("PTI") therein which is part of Shanghai World Expo's transportation facilities.

On the back of Shanghai Municipal Bureau support, the PTI as well as the underground tunnel directly linking to the exit of the metro has been completed on schedule. The Group has transferred right of use of the PTI to the Government for putting it into operation commencing from April 2010 for the opening of the 2010 Shanghai World Expo. The construction of basement levels and the superstructure works are underway. The entire development project will be completed and delivered by early 2012.

With its remarkable facade designed by Benoy Architects, the project situated in a prime location, promises to be a multi-dimensional 'must go' shopping destination catering for the enhanced lifestyle of Shanghai's residents. Prestigious retail brands have already indicated interest in renting space in the shopping complex.

PROSPECTS

Thanks to the PRC government's massive stimulus measures and aggressive bank lending boosting liquidity across sectors, market sentiment and the economy substantially rebounded in this year. The resilience of the real estate sector is expected to be sustained, given robust retail consumption and a continued favourable fiscal and monetary policy from the PRC government. A sustainable growth of Mainland China will continue to support Hong Kong's economy. The Board holds an optimistic view on the property markets on both sides in the long run.

Going forward, the Group will continue to look for lucrative opportunities and pursue new projects suitable for replicating our successful business model to bring attractive returns to the shareholders of the Company.

APPRECIATION

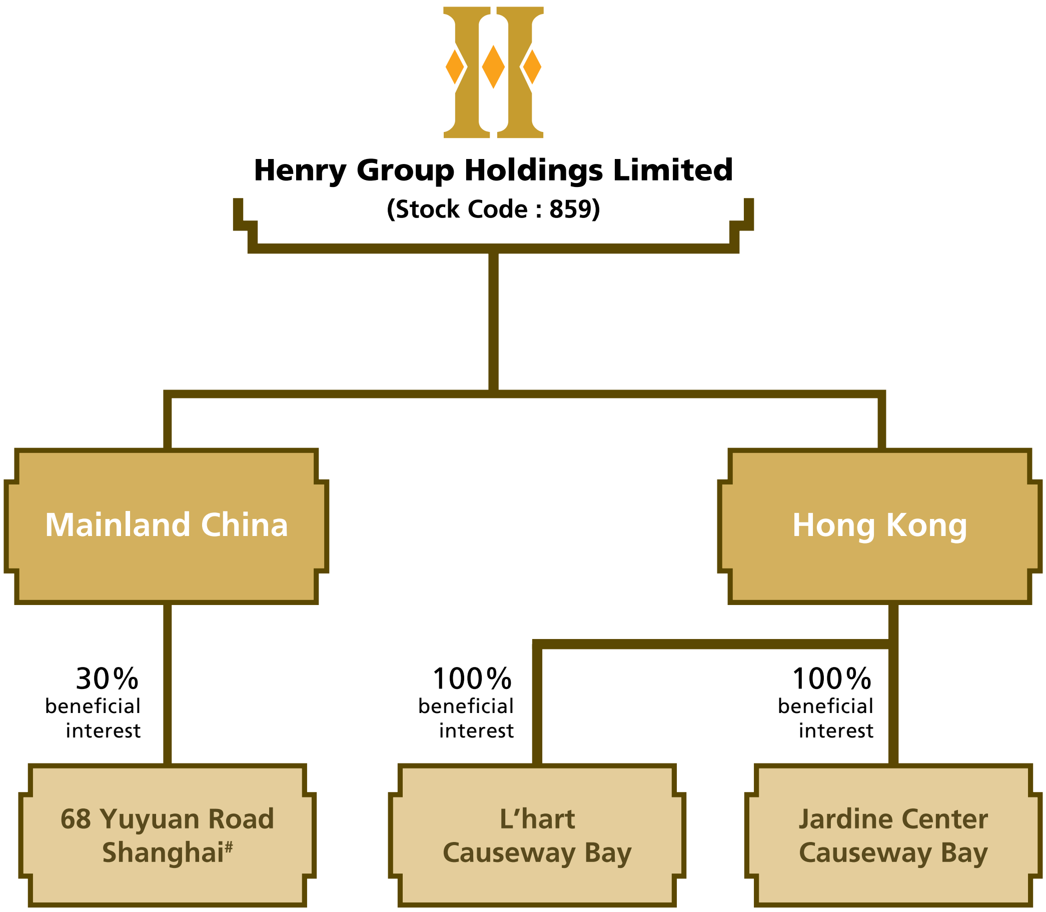
The Board would like to take this opportunity to express its appreciation for the efforts of Mr. Ng Hoi Yue and Mr. Tsang Kwok Ming, Rock and their valuable contributions to the Group during their tenure of office as independent non-executive Directors, and to extend its warmest welcome to Mr. Chan Kam Man and Mr. Chu Tak Sum for joining the Company as independent non-executive Directors.

The Board also welcomed seasoned property surveyor Mr. Lee Kwan Yee, Herrick to join the Company as an executive Director. Mr. Lee has profound management experience and professional knowledge in the property market of Hong Kong and Greater China.

Last but not least, on behalf of the Board of Directors, I would like to thank all staff for their commitment and dedication. I also wish to extend my sincere gratitude to our shareholders, anchor tenants, principal banks and joint venture partners for their valuable support in the past year.

Ng Chun For, Henry
Chairman
Hong Kong, 20 July 2010

The following chart sets out the properties portfolio of the Group as at the date of this report.



The project under construction is to be completed by early 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the year ended 31 March 2010, the Group recorded a turnover of approximately HK$34,023,000, representing an increase of 31.4% against the last year. The growth was primarily due to additional revenue contributed from the investment properties — L'hart putting into operation for leasing during the year.

The profit for the year attributable to the owners of the Company was approximately HK$39,695,000 which turnaround from the loss of approximately HK$118,469,000 in prior year. It was mainly due to gain on fair value of investment properties benefiting from the resilient of Hong Kong property market.

The increases in staff costs and operation expenses were mainly attributable to the expansion of human resources and start-up cost incurred to cope with the gradual development of the investment properties under construction in Mainland China.

The gain on disposal of jointly-controlled entities was primarily due to the divestment of the 50/50 joint venture development project in Tsim Sha Tsui.

If the aggregate effect of change in fair value of the investment properties (net of deferred tax) and the 30% attributable sharing of impairment loss on investment properties under development were excluded, the Group would record a loss attributable to the Company's owners for the year amount to approximately HK$16,825,000 (2009: loss of HK$35,163,000).

The Board does not recommend the payment of a dividend for the year (2009: HK$ Nil).

LIQUIDITY AND FINANCIAL RESOURCES

During the year, the Group's operation was financed by internal financial resources, loans from shareholders, amounts due to minority shareholders, convertible notes and banking facilities. The Group also has aggregate committed un-drawn revolving loan facilities available of approximately HK$70,000,000. The Board is of the view that, after taking into account these available resources, the Group has sufficient financial resources to satisfy its commitments, capital expenditure and working capital requirements.

As at 31 March 2010, the Group's bank borrowings amounted to approximately HK$902,833,000 (2009: HK$689,378,000). Cash and bank balances amounted to approximately HK$124,990,000 (2009: HK$192,509,000 (including pledged deposits)). The increase in bank borrowings was primarily for financing of investment properties under construction in Mainland China.

Whilst the Group's bank borrowings bear interest at prevailing market floating rates, the Group entered into interest rate swap arrangements denominated in Hong Kong dollars with a bank for an aggregate notional amount of HK$240 million to mitigate the risk of interest rate upward trends.

The Group's bank borrowings as at 31 March 2010 were summarised as follows:

Currency of bank loans	Total HK$ million	Due within one year HK$ million	Due more than one year but not exceeding two years HK$ million	Due more than two years but not exceeding five years HK$ million	Due after five years HK$ million
RMB	323.5	—	—	62.7	260.8
HK$	579.3	2.8	2.8	37.6	536.1
	902.8	2.8	2.8	100.3	796.9

The Group's gearing ratio, expressed as total liabilities over total assets, has been slightly increased from 63.9% in 2009 to 65.8% in 2010.

As at 31 March 2010, the net assets attributable to owners of the Company amounted to approximately HK$698,367,000 (2009: HK$651,197,000), representing an increase of approximately HK$47,170,000 or 7.2% when compared to last year. With the total number of ordinary shares in issue of 636,376,710 as at 31 March 2010, the net assets value per share was approximately HK$1.09 (2009: HK$1.02).

CHARGES ON GROUP ASSETS

At 31 March 2010, the Group has pledged the followings:

a. Investment properties in Hong Kong as part of securities for general banking facilities (including undrawn revolving credit of HK$70 million) amounted to approximately HK$650 million granted from several banks to its subsidiaries; and

b. Investment properties under construction in the PRC as security for general banking facilities amounted to approximately RMB710 million from a bank in the PRC to its subsidiary for meeting their local capital expenditures needs. As of 31 March 2010, the subsidiary utilised approximately RMB284 million (2009: RMB92 million).

CONTINGENT LIABILITIES/FINANCIAL GUARANTEES

As at the end of the reporting period, the Company had given corporate guarantees to the extent of approximately HK$700 million (2009: HK$637 million) in favor of several banks for credit facilities granted to its certain subsidiaries. The Company has not recognised any liability in respect of the guarantees given as their fair value cannot be reliably measured.

CAPITAL COMMITMENTS

Capital commitments outstanding at the end of reporting period not provided for in the consolidated financial statements were as follows:

	The Group	
	2010	2009
	HK$'000	HK$'000
Construction cost of investment properties under construction		
Contracted for	**201,575**	281,219
Authorised but not contracted for	**—**	—
	201,575	281,219

Save as aforesaid, the Group did not have any material commitment at the end of the year.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

Apart from the disposals as set out in note 18 to the consolidated financial statements, the Group did not have any significant investments, material acquisitions or disposals during the year under review.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2010, the Group had about 31 employees based in Hong Kong and the PRC. The remuneration of each staff member was determined on the basis of his/her qualification, performance and experience. The Group also provides other benefits including medical insurance and contributions to Mandatory Provident Fund Schemes. A share option scheme was adopted by the Company on 3 September 2003 to enable the Directors to grant share options to staff and Directors as incentive.

The directors of the Company ("Directors") are pleased to present their annual report together with the audited financial statements of the Group for the year ended 31 March 2010.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of its subsidiaries and jointly-controlled entities are set out in notes 40 and 18 to the consolidated financial statements on pages 95 to 97 and 69 to 70 of this annual report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2010 and the state of affairs of the Group and the Company at that date are set out in the consolidated financial statements on pages 30 to 97 respectively of this annual report.

No interim dividend was declared for the year and the Directors do not recommend the payment of a final dividend for the year.

RESERVES

Movements in reserves of the Group and the Company during the year are set out on pages 34 to 35 and 80 to 81 of this annual report respectively.

INVESTMENT PROPERTIES

The Group's investment properties at 31 March 2010 were revalued by independent firms of professional properties valuers on an open market value basis. Details of movements in the investment properties of the Group during the year are set out in note 15 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

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

INTEREST CAPITALISED

Interest of approximately HK$55 million was capitalised during the year in respect of the Group's investment properties under construction.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the year are set out in note 26 to the consolidated financial statements.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the past five financial years is set out on pages 98 to 99 of this annual report.

DIRECTORS

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

Executive Directors

Mr. Ng Chun For, Henry *(Chairman)*
Mr. Ng Ian *(Deputy Chairman and Chief Executive Officer)*
Mr. Li Man Hin *(retired on 2 September 2009)*
Mr. Lee Kwan Yee, Herrick *(Appointment effective on 1 April 2010)*

Non-executive Director

Mr. Mak Wah Chi

Independent non-executive Directors

Mr. Li Kit Chee
Mr. Ng Hoi Yue *(resigned on 19 February 2010)*
Mr. Tsang Kwok Ming, Rock *(resigned on 19 February 2010)*
Mr. Chu Tak Sum *(Appointment effective on 19 February 2010)*
Mr. Chan Kam Man *(Appointment effective on 19 February 2010)*

In accordance with the Company's Bye-laws and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), Mr. Ng Chun For, Henry, Mr. Lee Kwan Yee, Herrick, Mr. Mak Wah Chi, Mr. Chan Kam Man, Mr. Li Kit Chee and Mr. Chu Tak Sum, who will retire from office at the forthcoming annual general meeting being eligible, will offer themselves for re-election.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of directors and senior management as at the date of this report are set out on pages 20 to 22 of this annual report.

DIRECTORS' SERVICE CONTRACTS

Save as Mr. Lee Kwan Yee, Herrick has entered into a service contract with the Company for a term of two years, none of the Directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE

Details of the connected transactions and related party transactions are set out on pages 12 to 13 and 87 to 89 respectively of this annual report.

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

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

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

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the aggregate turnover attributable to the Group's five largest customers was approximately 42.5% of the Group's total turnover and the Group's largest customer accounted for approximately 17.6% of the Group's total turnover.

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

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

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTION

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

Connected Transactions exempted from independent shareholders approval

(a) On 28 September 2007, Henry Group Management Limited ("HGML"), a wholly-owned subsidiary of the Company entered into a loan agreement ("Loan Agreement") with Uni-Land Property Consultants Limited ("Uni-Land") whereby HGML agreed to lend HK$3 million to Uni-Land bearing an interest rate of 7.3% per annum and repayable on demand with 7 days prior written notice. As of 31 March 2010, the outstanding principal was approximately HK$2,580,000.

The Loan Agreement constitutes a connected transaction of financial assistance for the Company under Rule 14A.13(2)(a)(i) and 14A.66(2) of the Listing Rules and is thus exempted from independent shareholders' approval requirement but is subject to the reporting and announcement requirements set out in Rules 14A.45 and 14A.46 of the Listing Rules. For details of the Loan Agreement, please refer to the Company's announcement dated 2 October 2007.

(b) Grand Fly Enterprises Limited ("Grand Fly"), being an indirect non-wholly owned subsidiary, entered into a consultancy agreement dated 25 March 2008 ("Agreement") with Noble Sino Profits Limited ("Noble Sino"), a company controlled by Mr. Chung Toi Chiu, Steven (being a director of certain subsidiaries and a controlling shareholder of a minority shareholder). Pursuant to the Agreement, Noble Sino agreed to provide strategic and tactical advice for the purpose of maximising the economic benefits in relation to development project in Shanghai. Fees, pursuant to the Agreement, include (i) a one-off retainer fee of HK$1,750,000 which has been paid to Noble Sino; and (ii) a monthly consultancy fee of HK$250,000 payable by the end of each calendar month during the term of the Agreement starting from April 2008 until the expired dated on 30 September 2009.

According to the Listing Rules, the Agreement constitutes a connected transaction of the Company required reporting and announcement but exempted from the independent shareholders' approval and was disclosed in the circular dated 27 October 2008.

(c) Uni-Land, being an indirect non-wholly owned subsidiary, entered into a consultancy agreement dated 8 October 2009 ("Consultancy Agreement") with the Company in relation to services rendered for the disposal of 50% interest in 50/50 joint venture development project at 8 Hau Fook Street, Tsim Sha Tsui ("JV Project"). Pursuant to the Consultancy Agreement, the Company shall pay a consultancy fee of HK$1,275,000, which was arrived at after arm's length discussion and settled upon completion of disposal of the JV Project.

According to the Listing Rules, the Consultancy Agreement constitutes a connected transaction of the Company required reporting and announcement but exempted from the independent shareholders' approval and was disclosed in the announcement dated 9 October 2009.

Continuing Connected Transaction subject to reporting, announcement and independent shareholders approval

High Fly Investments Limited ("High Fly"), being a lender, arranged for financing of the development project in Shanghai in form of shareholder's loan to its subsidiary, Grandyear Estate Limited ("Grandyear") as borrower, with annual caps ("Annual Caps") for 7 financial years ending 31 March 2015 of HK$600 million (the "HF Loan"). The HF loan is secured by a share charge given by High Luck International Limited (being an intermediate holding company of Grandyear) to High Fly over all of its interest in Grandyear. On 6 May 2009, High Fly entered into a supplementary agreement with Grandyear pursuant to which High Fly will provide additional shareholder's loan to Grandyear by HK$44.15 million from HK$600 million to HK$644.15 million. As a result, the Company revised the Annual Caps from HK$600 million to HK$644.15 million ("Revised Annual Caps") which constitutes a continuing connected transaction of the Company required reporting, announcement, independent shareholders' approval and annual review pursuant to the Listing Rules. The Revised Annual Caps was approved by the independent shareholders of the Company at the special general meeting held on 10 June 2009.

The Board engaged the auditors of the Company to perform certain agreed upon procedures in respect of the continuing connected transaction to assist the Board to evaluate if the continuing connected transaction is in accordance with the requirements of 14A.38 of the Listing Rules. The auditors have reported their factual findings on these procedures to the Board. The Independent Non-executive Directors have reviewed the continuing connected transaction and confirmed that the continuing connected transaction has been entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties and on arm's length basis;

(iii) in accordance with the relevant agreement governing them;

(iv) on terms that are fair and reasonable and in the interest of the shareholders as a whole; and

(v) without exceeding the Revised Annual Caps disclosed in previous relevant announcements.

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

As at 31 March 2010, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules as adopted by the Company, to be notified to the Company and the Stock Exchange, were as follows:

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

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

Name of Director	Capacity and nature of interest	Number of issued ordinary shares held	Approximate percentage of issued share capital of the Company
Mr. Ng Chun For, Henry ("Mr. Ng")	Personal	33,274,587	5.23%
	Interest of controlled corporations	304,552,533 *(Notes 1 and 2)*	47.86%
Mr. Ng Ian	Personal	4,601,227	0.72%

Note 1: Henry Jewellery Holdings Limited ("HJHL"), a company incorporated in the British Virgin Islands, owned 137,356,200 shares of the Company. Mr. Ng is entitled to exercise or control the exercise of 80%, more than one-third, of the voting rights of HJHL so he is deemed to be interested in all shares held by HJHL by virtue of the SFO.

Note 2: Jumbo Step International Limited ("Jumbo Step"), a company incorporated in the British Virgin Islands, owned 167,196,333 shares of the Company, is wholly-owned by Mr. Ng. Mr. Ng is entitled to exercise or control the exercise of 100% of the voting rights of Jumbo Step.

(b) Long positions in underlying shares of the Company

As at 31 March 2010, the Directors had personal interests in share options of the Company granted under the share option scheme adopted on 3 September 2003 as follows:

Name of Director	Option grant date	Exercise period	Exercise price HK$	Number of share options outstanding	Approximate percentage of interest in issued share capital
Mr. Ng	28 October 2005	28 October 2005 to 27 October 2015	0.676	2,000,000	0.31%
	2 April 2007	2 April 2007 to 1 April 2017	0.686	2,000,000	0.31%
	31 August 2007	31 August 2007 to 30 August 2017	1.156	1,000,000	0.16%
	24 March 2010	24 March 2010 to 23 March 2020	0.45	6,300,000	0.98%
Mr. Ng Ian	28 October 2005	28 October 2005 to 27 October 2015	0.676	2,000,000	0.31%
	2 April 2007	2 April 2007 to 1 April 2017	0.686	2,000,000	0.31%
	31 August 2007	31 August 2007 to 30 August 2017	1.156	1,000,000	0.16%
	24 March 2010	24 March 2010 to 23 March 2020	0.45	6,300,000	0.98%
Mr. Mak Wah Chi	2 April 2007	2 April 2007 to 1 April 2017	0.686	2,000,000	0.31%
				24,600,000	3.83%

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

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

Name of Director	Name of associated corporation	Capacity and nature of interest	Number of issued ordinary shares held	Approximately percentage of issued share capital of the associated corporation
Mr. Ng	HJHL *(Note 1)*	Personal beneficial owner	80	80%
Mr. Ng Ian	HJHL *(Note 1)*	Personal beneficial owner	10	10%
Mr. Ng	Jumbo Step *(Note 2)*	Personal beneficial owner	1	100%

Save as disclosed above, as at 31 March 2010, none of the Directors or chief executives of the Company and their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS

So far as is known to any Directors or chief executives of the Company, as at 31 March 2010, shareholders who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO or had otherwise notified to the Company and the Stock Exchange were as follows:

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

Name of shareholder	Capacity and nature of interest	Number of issued ordinary shares held	Approximate percentage of issued share capital of the Company
Mr. Ng	Personal *(Note 3)*	44,574,587	7%
Mr. Ng	Interest of controlled corporations *(Notes 1 and 4)*	477,277,192	75%
HJHL	Beneficial owner *(Note 1)*	137,356,200	21.5%
Jumbo Step	Beneficial owner *(Note 4)*	339,920,992	53.42%
Premium Assets Development Limited ("Premium Assets")	Interest of controlled corporation *(Note 5)*	97,056,441	15.25%
Well Garden Limited	Interest of controlled corporation	61,895,826	9.73%
Mr. Chung Toi Chiu, Steven	Beneficial owner *(Note 5)*	97,056,441	15.25%
Euphoria Limited	Beneficial owner	51,600,000	8.1%
Asset Managers (Asia) Company Limited	Interest of controlled corporation	51,600,000	8.1%
Asset Managers Holdings Co., Ltd.	Interest of controlled corporation	51,600,000	8.1%
Inchigo Asset Management International, Pte. Ltd.	Interest of controlled corporation	51,600,000	8.1%
Asset Managers International Co., Ltd.	Interest of controlled corporation	51,600,000	8.1%

Note 3: Please refer to section regarding interest and short positions in shares, underlying shares and debentures of the Company on pages 14 to 16.

Note 4: Mr. Ng owns 167,196,333 shares and 172,724,659 shares by virtue of Convertible Notes of the Company through HJHL and Jumbo Step. Mr. Ng is entitled to exercise or control the exercise of 80%, more than one-third, of the voting rights of HJHL so he is deemed to be interested in all shares held by HJHL by virtue of the SFO. Mr. Ng, a Director, is also a director of Jumbo Step and HJHL. Mr. Ng Ian is also a director of HJHL.

Note 5: Mr. Chung Toi Chiu, Steven ("Mr. Chung") owns 87,656,441 shares and 9,400,000 shares by virtue of the convertible notes through Premium Assets. Mr. Chung is entitled to exercise or control of the exercise of 73.83%, more than one-third, of the voting rights of Premium Assets so he is deemed to be interested in all shares held by Premium Assets by virtue of the SFO.

Save as disclosed above, as at 31 March 2010, the Company had not been notified by any person who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO or as otherwise notified to the Company and the Stock Exchange.

SHARE OPTIONS

Particulars of the Company's share option schemes are set out in note 31 to the consolidated financial statements.

The following table discloses details of share options outstanding under the Company's 2003 share option scheme adopted on 3 September 2003 and movement during the year:

				Number of share options				
	Note	Date of grant of share options	Exercise price HK$	Outstanding at beginning of the year	Granted during the year	Lapsed/ cancelled during the year	Exercised during the year	Outstanding at end of the year
Name of Grantee								
Mr. Ng Chun For,	(1)	28 October 2005	0.676	2,000,000	—	—	—	2,000,000
Henry *(Director)*	(2)	2 April 2007	0.686	2,000,000	—	—	—	2,000,000
	(3)	31 August 2007	1.156	1,000,000	—	—	—	1,000,000
	(4)	24 March 2010	0.45	—	6,300,000	—	—	6,300,000
Mr. Ng Ian	(1)	28 October 2005	0.676	2,000,000	—	—	—	2,000,000
(Director)	(2)	2 April 2007	0.686	2,000,000	—	—	—	2,000,000
	(3)	31 August 2007	1.156	1,000,000	—	—	—	1,000,000
	(4)	24 March 2010	0.45	—	6,300,000	—	—	6,300,000
Mr. Mak Wah Chi *(Director)*	(2)	2 April 2007	0.686	2,000,000	—	—	—	2,000,000
Mr. Cheng Yuk Wo *(Director)*#	(2)	2 April 2007	0.686	2,000,000	—	—	—	2,000,000
Mr. Tsang Kwok Ming, Rock *(Director)**	(3)	31 August 2007	1.156	1,000,000	—	—	—	1,000,000
Eligible persons	(1)	28 October 2005	0.676	640,000	—	—	—	640,000
	(4)	24 March 2010	0.45	—	6,300,000	—	—	6,300,000
Employees	(2)	2 April 2007	0.686	500,000	—	—	—	500,000
				16,140,000	18,900,000	—	—	35,040,000

Retired on 29 August 2008

* *Resigned on 19 February 2010*

Notes:

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

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

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

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

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

PURCHASE, SALE OR REDEMPTION OF SHARES

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

PRE-EMPTIVE RIGHTS

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

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float as required under the Listing Rules during the year.

EVENT AFTER THE REPORTING PERIOD

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

AUDITORS

BDO Limited were appointed as auditors of the Company on 25 May 2009 to fill the casual vacancy caused by the merger of business of Shu Lun Pan Hong Kong CPA Limited (formerly known as Shu Lun Pan Horwath Hong Kong CPA Limited) with BDO Limited and the resulting resignation of Shu Lun Pan Hong Kong CPA Limited as auditors of the Company. BDO Limited subsequently resigned on 27 May 2010 and HLB Hodgson Impey Cheng was appointed as the auditors of the Company with effect from 27 May 2010 to fill the casual vacancy left by BDO Limited.

The consolidated financial statements for the year ended 31 March 2010 have been audited by HLB Hodgson Impey Cheng, who will retire and, being eligible, offer themselves for re-appointment. A resolution will be proposed at the 2010 Annual General Meeting to re-appoint HLB Hodgson Impey Cheng as the Company's auditors.

On behalf of the Board
Ng Ian
Deputy Chairman and Chief Executive Officer
Hong Kong, 20 July 2010

DIRECTORS AND SENIOR MANAGEMENT PROFILE

DIRECTORS

Executive Directors

Ng Chun For, Henry (Aged 73)

Mr. Henry Ng has been appointed as an executive Director of the Company since 30 April 2005 and became the Chairman on 21 May 2005. Mr. Henry Ng founded a high-end jeweler in Hong Kong under the brand name of "Henry Jewelry" in 1976. In 1992, Mr. Henry Ng joined force with his son, Mr. Ng Ian, and founded Just Gold Company Limited which subsequently built the brand names now known as "Just Gold" and "Just Diamond" to venture into the contemporary jewelry market. The "Just Gold" and "Just Diamond" brands now operate in aggregate about 25 retail shops in Hong Kong and Taiwan. Mr. Henry Ng has made investments in the real estate market in Hong Kong and Macau Special Administrative Region of the PRC which included sale and purchase and development of real estate properties. Mr. Henry Ng is responsible for the overall strategic planning of the Group.

Ng Ian (Aged 44)

Mr. Ng Ian has been appointed as an executive Director of the Company since 30 April 2005 and became the Chief Executive Officer and Deputy Chairman on 21 May 2005 and 11 July 2005 respectively. Mr. Ng Ian graduated from University of California, Los Angeles in the United States of America with a Bachelor of Arts Degree in Psychology with a specialisation in Business Administration and is a member of American Institute of Certified Public Accountant. With a vision to revolutionise the traditional golden jewelry retail market, Mr. Ng Ian joined force with his father, Mr. Henry Ng, and founded Just Gold Company Limited and later became its President. In about 1994, Mr. Ng Ian diversified the business of Just Gold Company Limited and launched a new brand name known as "Just Diamond" which focuses on diamond jewelry. Mr. Ng Ian was honored one of the Ten Outstanding Young Persons in 1997 for his personal achievement in the jewelry industry. Mr. Ng Ian is currently a voting member of Diamond Federation of Hong Kong, a voting member of Hong Kong Diamond Importers Association, a Friends Committee Member of Hong Kong Design Centre and a member of Ten Outstanding Young Persons Association. Mr. Ng Ian is responsible for the supervision of the operation of the Group with focus on the accounting affairs and financial control of the Group.

Lee Kwan Yee, Herrick (Aged 44)

Mr. Lee has been appointed as an executive Director of the Company since 1 April 2010. Mr. Lee is a Chartered Surveyor and has more than 20 years of experience in real estate investments having advised local and international investors on various types of projects. Mr. Lee holds a Professional Diploma of Estate Management from the Hong Kong Polytechnic University (formerly known as Hong Kong Polytechnic). Mr. Lee is also a member of The Royal Institution of Chartered Surveyors and The Hong Kong Institute of Surveyors.

Mr. Lee was the deputy head of group property division of CSI Properties Limited, a company listed in Hong Kong. Mr. Lee was a director of Colliers International in Hong Kong and worked for a number of international surveying firms before joining the Group. Mr. Lee is responsible for implementation of business plans of the Group.

Non-executive Director

Mak Wah Chi (Aged 57)

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

Independent non-executive Directors

Li Kit Chee (Aged 55)

Mr. Li has been appointed as an independent non-executive Director of the Company since 4 April 2007. Mr. Li is a Certified public accountant and has been practising in Hong Kong since 1989. Mr. Li is a fellow member of both the Hong Kong Institute of Certified Public Accountants and Association of Chartered Certified Accountants. Mr. Li is currently the managing director of Arthur Li, Yau & Lee C.P.A. Limited.

Chan Kam Man (Aged 47)

Mr. Chan has been appointed as an independent non-executive Director of the Company since 19 February 2010. Mr. Chan is a certified public accountant and has been practising in Hong Kong since 1995. Mr. Chan is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants and has over 24 years of experience in accounting and finance. Mr. Chan is currently the managing director of CL Partners CPA Limited and a director of Eastern Empire Investments Limited and Venture Strategic Advisory Limited. Mr. Chan was also an independent non-executive director of Sinobest Technology Holdings Limited from December 2007 to May 2009 whose shares are listed on the Singapore Stock Exchange.

Chu Tak Sum (Aged 63)

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

SENIOR MANAGEMENT

Lee Pui Lam (Aged 40)

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

Heung Chi Cheung (Aged 41)

Mr. Heung joined the Company as Financial Controller in the PRC since 28 June 2010. Mr. Heung is an associate member of Hong Kong Institute of Certified Public Accountants and an associate member of Certified Practising Accountants of Australia. Mr. Heung has more than 15 years experience of accounting and financial management in property and finance sectors.

Yang Ki Kit (Aged 31)

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

CORPORATE GOVERNANCE PRACTICES

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

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as its own code and has complied with the Code throughout the year ended 31 March 2010.

DIRECTORS' SECURITIES TRANSACTIONS

The Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules (as amended from time to time) as its own code. All Directors have confirmed, following specific enquiry by the Company, that they fully complied with the required standards as set out in the Model Code throughout the year ended 31 March 2010.

BOARD OF DIRECTORS

The Board currently comprises seven Directors, including three executive Directors, a non-executive Director and three independent non-executive Directors. The Company has three independent non-executive Directors, representing one-third of the Board. At least one of the independent non-executive Directors has appropriate professional qualifications, or accounting or related financial management expertise. Biographical details of the Directors are set out on pages 20 to 21 of this annual report.

The principal duty of the Board is to ensure that the Company is properly managed in the interests of the shareholders. The Board is responsible for the formulation of strategies and policies, including an oversight of the management. The management team is responsible for the day-to-day operations of the Group under the leadership of the executive Directors.

The Company has arranged appropriate insurance coverage on directors' and officers' liabilities in respect of legal actions against Directors and senior management arising out of corporate activities.

The Board held 12 meetings during the financial year ended 31 March 2010. The record of attendance of each Director is as follows:

Name of Director	Regular Board Meeting Attended/Eligible to Attend [7]	Special Board Meeting Attended/Eligible to Attend [8]
Executive Directors		
Mr. Ng Chun For, Henry *(Chairman)*	4/4	3/8
Mr. Ng Ian *(Deputy Chairman and Chief Executive Officer)*[1][2]	4/4	7/8
Mr. Li Man Hin[3]	1/1	0/3
Mr. Lee Kwan Yee, Herrick[6]	N/A	N/A
Non-executive Director		
Mr. Mak Wah Chi	4/4	8/8
Independent non-executive Directors		
Mr. Li Kit Chee	4/4	6/8
Mr. Ng Hoi Yue[4]	3/3	5/7
Mr. Tsang Kwok Ming, Rock[4]	1/3	5/7
Mr. Chu Tak Sum[5]	1/1	2/3
Mr. Chan Kam Man[5]	1/1	2/3

Notes:

(1) Appointed as Deputy Chairman on 11 July 2005.

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

(3) Retired on 2 September 2009 (being date of annual general meeting).

(4) Resigned as independent non-executive Director on 19 February 2010.

(5) Appointed as independent non-executive Director on 19 February 2010.

(6) Appointed as executive Director on 1 April 2010.

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

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

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

For the year under review, Mr. Henry Ng and Mr. Ng Ian continued to hold the positions as the Group's Chairman and Chief Executive Officer respectively, with a view to maintaining an effective segregation of duties in respect of the management of the Board and the day-to-day management of the Group's business.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors are independent. No independent non-executive Director has served the Group for more than nine years.

NON-EXECUTIVE DIRECTORS' TERM OF OFFICE

Code provision A.4.1 of the Code stipulates that non-executive Directors should be appointed for a specific term, subject to re-election. Mr. Chu Tak Sum and Mr. Chan Kam Man were appointed by the Board as independent non-executive Directors on 19 February 2010 and to hold office until the conclusion of the next annual general meeting. The non-executive Director Mr. Mak Wah Chi and the independent non-executive Director Mr. Li Kit Chee, at the annual general meeting held on 2 September 2009 ("AGM 09"), were re-elected to hold office until the conclusion of the next annual general meeting of the Company. As such, since the conclusion of the AGM 09, all non-executive Directors including the independent non-executive Directors have been appointed for a specific term, and accordingly the Company has been in compliance with the code provision A.4.1.

REMUNERATION COMMITTEE

The Remuneration Committee was established on 20 May 2005 with written terms of reference. Pursuant to the resignation of Mr. Tsang Kwok Ming, Rock as an independent non-executive Director and the appointment of Mr. Chu Tak Sum as an independent non-executive Director effective on 19 February 2010, the Remuneration Committee now comprises a non-executive Director and two independent non-executive Directors, namely, Mr. Mak Wah Chi, Mr. Li Kit Chee (Committee Chairman) and Mr. Chu Tak Sum.

The Remuneration Committee will assist the Board to develop and administer fair and transparent procedures for setting policies on the remuneration of Directors and senior management of the Company and for determining their remuneration packages and it is also responsible for the administration of the share option schemes adopted by the Company. The terms of reference of the Remuneration Committee are disclosed on the website of the Company (www.henrygroup.hk).

During the year under review, the Remuneration Committee concurred to approve the remuneration for granting of share options to executive Directors and a consultant as well as approving the remuneration package to Mr. Lee Kwan Yee, Herrick for the appointment of executive Director of the Company.

Details of Directors' emoluments on named basis for the year ended 31 March 2010 are set out in note 10(a) to the consolidated financial statements.

The Remuneration Committee held three meetings during the year under review and the record of attendance of its members is as follows:

Name of member	Attended/ Eligible to Attend
Mr. Li Kit Chee *(Independent Non-executive Director and the Chairman of Remuneration Committee)*	3/3
Mr. Mak Wah Chi *(Non-executive Director)*	3/3
Mr. Tsang Kwok Ming, Rock *(Independent Non-executive Director, resigned on 19 February 2010)*	1/1
Mr. Chu Tak Sum *(Independent Non-executive Director, appointment effective on 19 February 2010)*	2/2

NOMINATION OF DIRECTORS

The Board has not established a nomination committee for the time being. According to the Bye-laws of the Company, the Board is empowered from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. The Board reviews the structure, size and composition of the Board from time to time and makes recommendation on the appointment of Directors based on the background, experience and other business interests of the candidate (independence status in the case of an independent non-executive Director).

AUDITORS' REMUNERATION

The amount of fees charged by the auditors generally depends on the scope and volume of the auditors' work. For the year under review, the remuneration paid for audit services and non-audit services provided by the auditors amounted to approximately HK$550,000.

AUDIT COMMITTEE

The Company has established the Audit Committee and adopted written terms of reference on 23 May 2000 and revised on 25 March 2009. Pursuant to resignation of Mr. Ng Hoi Yue as an independent non-executive Director and the appointment of Mr. Chan Kam Man as an independent non-executive Director effective on 19 February 2010, the Audit Committee now comprises a non-executive Director and two independent non-executive Directors, namely, Mr. Mak Wah Chi, Mr. Li Kit Chee (Committee Chairman) and Mr. Chan Kam Man.

The terms of reference of the Audit Committee are disclosed on the Company's website (www.henrygroup.hk). The principal duties of the Audit Committee include, among other things, oversight of the relationship with external auditors, review of the Group's financial information and oversight of the Group's financial reporting system, review of connected transactions of the Company as defined in the Listing Rules, if any and monitoring of the internal control system.

During the year under review, the Audit Committee had reviewed the annual report for the year ended 31 March 2009, appointment of external auditors, internal control report, connected transactions and the interim report for the six months ended 30 September 2009.

The Audit Committee held two committee meetings during the year under review and the record of attendance of its members is as follows:

Name of member	Attendance/ Number of meetings
Mr. Li Kit Chee *(Independent Non-executive Director and Chairman of Audit Committee)*	2/2
Mr. Mak Wah Chi *(Non-executive Director)*	2/2
Mr. Ng Hoi Yue *(Independent Non-executive Director, resigned on 19 February 2010)*	2/2
Mr. Chan Kam Man *(Independent Non-executive Director, appointment effective on 19 February 2010)*	N/A

INTERNAL CONTROL

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

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

DIRECTORS' RESPONSIBILITY FOR PREPARING FINANCIAL STATEMENTS

The Directors acknowledge their responsibility to prepare consolidated financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group.

AUDITORS' REPORTING RESPONSIBILITIES

The reporting responsibilities of HLB Hodgson Impey Cheng, the Auditors, are stated in the Independent Auditors' Report on pages 28 to 29 of the annual report.

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

The Company has established a range of communication channels between itself and its shareholders, investors and other stakeholders. These include the annual general meeting, special general meeting, the annual and interim reports, notices, announcements and circulars, the Company's website (www.henrygroup.hk) and meetings with investors and analysts.

HLB 國衛會計師事務所 Hodgson Impey Cheng

Chartered Accountants
Certified Public Accountants

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

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF
HENRY GROUP HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Henry Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 30 to 97, which comprise the consolidated and the Company statements of financial position as at 31 March 2010, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation 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 Company and of the Group as at 31 March 2010 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

Hong Kong, 20 July 2010

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2010

	Notes	**2010 HK$'000**	2009 HK$'000
Turnover	5	**34,023**	25,886
Other income and gains	7	**2,267**	2,272
Net loss in fair value of investment properties	15	**(47,022)**	(94,790)
Impairment loss of properties under development	16	**—**	(18,478)
Staff costs	8	**(17,650)**	(11,139)
Depreciation of property, plant and equipment	14	**(754)**	(666)
Other operating expenses		**(19,473)**	(15,699)
Loss from operations	8	**(48,609)**	(112,614)
Finance costs	9	**(37,845)**	(31,680)
Gain on disposal of jointly-controlled entities	18	**15,592**	—
Share of losses on jointly-controlled entities	18	**(12,115)**	(14,641)
Loss before taxation		**(82,977)**	(158,935)
Taxation	12	**19,770**	21,335
Loss for the year		**(63,207)**	(137,600)
Other comprehensive income/(loss)			
Recognition of hedge reserve of derivative financial instruments		**2,257**	(11,185)
Exchange difference on translating foreign operations		**2,652**	(956)
Other comprehensive income/(loss) for the year, net of tax		**4,909**	(12,141)
Total comprehensive loss for the year		**(58,298)**	(149,741)
Attributable to:			
Owners of the Company		**39,695**	(118,469)
Minority interests		**(102,902)**	(19,131)
		(63,207)	(137,600)
Total comprehensive income/(loss) attributable to:			
Owners of the Company		**42,750**	(129,940)
Minority interests		**(101,048)**	(19,801)
		(58,298)	(149,741)
EARNINGS/(LOSS) PER SHARE			
Basic and diluted (in HK cents)	13	**6.24**	(21.08)

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
ASSETS AND LIABILITIES			
NON-CURRENT ASSETS			
Property, plant and equipment	14	**1,997**	2,727
Investment properties	15	**3,504,848**	900,000
Properties under development	16	**—**	2,466,462
Pledged deposits	28	**—**	5,000
Interests in jointly-controlled entities	18	**—**	34,579
Amount due from a minority shareholder	33(a)	**22,977**	19,991
Deferred tax assets	25	**5,231**	5,415
		3,535,053	3,434,174
CURRENT ASSETS			
Trade and other receivables	19	**27,900**	7,581
Amount due from a jointly-controlled entity	18	**—**	14,478
Available-for-sale financial assets	20	**74**	74
Pledged deposits	28	**—**	135,000
Cash and bank balances	28	**124,990**	52,509
		152,964	209,642
CURRENT LIABILITIES			
Other payables, rental deposits received and accruals	21	**21,044**	99,380
Bank borrowings, current portion (secured)	22	**2,800**	10,944
Convertible notes	23	**—**	17,050
Amount due to a related party	33(b)	**342**	250
Tax payable		**72**	760
		24,258	128,384
NET CURRENT ASSETS		**128,706**	81,258
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,663,759**	3,515,432

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2010

	Notes	**2010 HK$'000**	2009 HK$'000
NON-CURRENT LIABILITIES			
Other payables and rental deposits received	21	**73,778**	6,076
Bank borrowings, non-current portion (secured)	22	**900,033**	678,434
Convertible notes	23	**158,125**	141,045
Derivative financial instruments	24	**10,691**	13,395
Loans from related parties	33(c)	**41,923**	118,771
Amounts due to minority shareholders	33(d)	**513,445**	523,195
Loans from shareholders	33(e)	**221,175**	215,996
Deferred tax liabilities	25	**482,298**	502,351
		2,401,468	2,199,263
NET ASSETS		**1,262,291**	1,316,169
CAPITAL AND RESERVES			
Share capital	26	**63,638**	63,638
Reserves		**634,729**	587,559
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**698,367**	651,197
Minority interests		**563,924**	664,972
TOTAL EQUITY		**1,262,291**	1,316,169

These consolidated financial statements were approved and authorised for issue by the Board of Directors on 20 July 2010 and are signed on its behalf by:

Ng Ian	**Lee Kwan Yee, Herrick**
Director	*Director*

The accompanying notes form part of these consolidated financial statements.

STATEMENT OF FINANCIAL POSITION

At 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
NON-CURRENT ASSETS			
Interests in subsidiaries	17	**682,430**	753,872
CURRENT ASSETS			
Other receivables	19	**517**	334
Cash and bank balances	28	**1,218**	1,221
		1,735	1,555
CURRENT LIABILITIES			
Other payables	21	**230**	139
Amounts due to subsidiaries	17	**115,331**	99,574
Convertible notes	23	**—**	17,050
		115,561	116,763
NET CURRENT LIABILITIES		**(113,826)**	(115,208)
TOTAL ASSETS LESS CURRENT LIABILITIES		**568,604**	638,664
NON-CURRENT LIABILITIES			
Convertible notes	23	**158,125**	141,045
NET ASSETS		**410,479**	497,619
CAPITAL AND RESERVES			
Share capital	26	**63,638**	63,638
Reserves	27	**346,841**	433,981
TOTAL EQUITY		**410,479**	497,619

These financial statements were approved and authorised for issue by the Board of Directors on 20 July 2010 and are signed on its behalf by:

Ng Ian	**Lee Kwan Yee, Herrick**
Director	*Director*

The accompanying notes form part of these financial statements.

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	Convertible notes reserve HK$'000 (note 27(b))	Hedging reserve HK$'000 (note 27(b))	Special reserve HK$'000 (note 27(b))	Capital reserve HK$'000 (note 27(b))	Share-based payment reserve HK$'000 (note 27(b))	Exchange reserve HK$'000 (note 27(b))	Contribution from shareholders HK$'000	Accumulated losses HK$'000	Minority interest HK$'000	Total HK$'000
At 1 April 2008	50,271	399,987	65,277	—	9,628	926	5,087	—	11,855	(63,789)	—	479,242
Recognition of hedge reserve of derivative financial instruments (note 24)	—	—	—	(11,185)	—	—	—	—	—	—	—	(11,185)
Exchange difference arising from translation of financial statements of overseas subsidiaries	—	—	—	—	—	—	—	(286)	—	—	(670)	(956)
Other comprehensive loss for the year	—	—	—	(11,185)	—	—	—	(286)	—	—	(670)	(12,141)
Loss for the year	—	—	—	—	—	—	—	—	—	(118,469)	(19,131)	(137,600)
Total comprehensive loss for the year	—	—	—	(11,185)	—	—	—	(286)	—	(118,469)	(19,801)	(149,741)
Discount arising on acquisitions	—	—	—	—	—	—	—	—	238,284	—	—	238,284
Share issued as part of the consideration for acquisitions, net of expenses (note 26)	13,367	42,948	—	—	—	—	—	—	—	—	—	56,315
Transfer to accumulated losses on lapse of share options	—	—	—	—	—	—	(1,182)	—	—	1,182	—	—
Recognition of equity component of convertible notes (note 23)	—	—	7,296	—	—	—	—	—	—	—	—	7,296
Minority interests arising from acquisition	—	—	—	—	—	—	—	—	—	—	684,773	684,773
At 31 March 2009 and at 1 April 2009	63,638	442,935	72,573	(11,185)	9,628	926	3,905	(286)	250,139	(181,076)	664,972	1,316,169

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	Convertible notes reserve HK$'000 (note 27(b))	Hedging reserve HK$'000 (note 27(b))	Special reserve HK$'000 (note 27(b))	Capital reserve HK$'000 (note 27(b))	Share-based payment reserve HK$'000 (note 27(b))	Exchange reserve HK$'000 (note 27(b))	Contribution from shareholders HK$'000	Accumulated losses HK$'000	Minority interest HK$'000	Total HK$'000
At 31 March 2009 and at 1 April 2009	63,638	442,935	72,573	(11,185)	9,628	926	3,905	(286)	250,139	(181,076)	664,972	1,316,169
Recognition of hedge reserve of derivative financial instruments	—	—	—	2,257	—	—	—	—	—	—	—	2,257
Exchange difference arising from translation of financial statements of overseas subsidiaries	—	—	—	—	—	—	—	798	—	—	1,854	2,652
Other comprehensive income/(loss) for the year	—	—	—	2,257	—	—	—	798	—	—	1,854	4,909
Profit/(loss) for the year	—	—	—	—	—	—	—	—	—	39,695	(102,902)	(63,207)
Total comprehensive income/(loss) for the year	—	—	—	2,257	—	—	—	798	—	39,695	(101,048)	(58,298)
Recognition of share-based payment (note 31)	—	—	—	—	—	—	4,420	—	—	—	—	4,420
Release upon maturity of convertible notes	—	—	(1,410)	—	—	—	—	—	—	1,410	—	—
At 31 March 2010	63,638	442,935	71,163	(8,928)	9,628	926	8,325	512	250,139	(139,971)	563,924	1,262,291

CONSOLIDATED STATEMENT OF CASH FLOW

For the year ended 31 March 2010

	2010 HK$'000	2009 HK$'000
OPERATING ACTIVITIES		
Loss before taxation	**(82,977)**	(158,935)
Adjustments for:		
Depreciation of property, plant and equipment	**754**	666
Other receivables written off	**—**	3,404
Impairment loss on trade receivables	**2,196**	—
Net loss in fair value of investment properties	**47,022**	94,790
Impairment loss of properties under development	**—**	18,478
Share of losses on jointly-controlled entities	**12,115**	14,641
Gain on disposal of jointly-controlled entities	**(15,592)**	—
Loss on disposal of property, plant and equipment	**357**	98
Share-based payment expenses	**4,420**	—
Gain on disposal of available-for-sale financial assets	**—**	(2)
Interest income	**(2,010)**	(1,752)
Interest expenses	**37,845**	31,680
Operating profit before working capital changes	**4,130**	3,068
Increase in trade and other receivables	**(22,515)**	(1,973)
Decrease/(increase) in amount due from a jointly-controlled entity	**14,478**	(1,000)
Decrease in other payables, rental deposits received and accruals	**(10,634)**	(164,744)
Increase in amount due to a related party	**—**	250
Effect of foreign exchange rate changes	**—**	668
CASH USED IN OPERATIONS	**(14,541)**	(163,731)
Interest paid	**(28,382)**	(22,607)
Income tax paid	**(1,234)**	(307)
NET CASH USED IN OPERATING ACTIVITIES	**(44,157)**	(186,645)

	Note	2010 HK$'000	2009 HK$'000
INVESTING ACTIVITIES			
Net cash flow arising from acquisitions		—	275,241
Purchase of property, plant and equipment		**(378)**	(1,406)
Additions to properties under development		—	(108,249)
Additions to investment properties		**(125,686)**	—
Purchase of available-for-sale financial assets		—	(15,225)
Interest received		**111**	1,083
Increase in amount due from a minority shareholder		**(1,087)**	(19,322)
Decrease/(increase) in pledged bank deposits		**140,000**	(140,000)
Proceeds on disposal of interest in jointly-controlled entities, net		**38,056**	—
Proceeds on disposal of property, plant and equipment		—	1
Proceeds on disposal of available-for-sale financial assets		—	15,153
NET CASH GENERATED FROM INVESTING ACTIVITIES		**51,016**	7,276
FINANCING ACTIVITIES			
Repayment of bank loans		**(688,434)**	(1,021,071)
Advances from a minority shareholder		**385**	182,968
Advances from related parties		**24,347**	—
Loans from related parties		—	139,200
Repayment of convertible notes		**(18,072)**	—
Repayment of advances from minority shareholders		**(34,017)**	(105,320)
Repayment of loans from related parties		**(107,671)**	(59,220)
Repayment of loans from shareholders		**(11,412)**	(38,078)
New bank loans raised		**902,833**	1,077,150
NET CASH GENERATED FROM FINANCING ACTIVITIES		**67,959**	175,629
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**74,818**	(3,740)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**(1,393)**	—
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**51,565**	55,305
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	28	**124,990**	51,565

1. GENERAL

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

The Company acts as an investment holding company and the principal activities of the Group are property leasing and development, provision of property agency and consultancy services and securities investment.

The Company's shares are listed on The Stock Exchange of Hong Kong Limited.

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 and interpretations (the "new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 20 (Amendment)	Accounting for Government Grants and Disclosure of Government Assistance
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligation Arising on Liquidation
HKAS 38 (Amendment)	Intangible Assets
HKAS 40 (Amendment)	Investment Properties
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) — Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) — Int 13	Customer Loyalty Programmes
HK(IFRIC) — Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) — Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) — Int 18	Transfers of Assets from Customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

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

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

New and revised HKFRSs affecting presentation and disclosure only

HKAS 1 (Revised) Presentation of Financial Statements

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

HKFRS 8 Operating Segments

HKFRS 8 is a disclosure standard that has not resulted in a redesignation of the Group's reportable segments.

Improving Disclosures about Financial Instruments (Amendments to HKFRS 7 Financial Instruments: Disclosures)

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements and liquidity risk. The Group has not presented comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments.

New and revised HKFRSs affecting the financial performance and/or financial position

Amendments to HKAS 40 Investment Property

As part of Improvements to HKFRSs (2008), HKAS 40 has been amended to include within its scope properties under construction or development for future use as investment properties and to require such properties to be measured at fair value (where the fair value model is used and the fair values of the properties are reliably determinable). In the past, properties under development was carried at cost less any recognised impairment loss. The Group has used the fair value model to account for its investment properties, including investment properties under construction.

The Group has applied the amendment to HKAS 40 prospectively from 1 April 2009 in accordance with the relevant transitional provision. As a result of the application of the amendment, the Group's investment properties under construction that include in the properties under development have been reclassified as investment properties and measured at fair value as at 31 March 2010. As at 1 April 2009, the impact has been to decrease properties under development by approximately HK$2,466,462,000, to increase investment properties by approximately HK$2,466,462,000.

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

Standards and interpretations in issue but not yet effective

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

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009[2]
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010[8]
HKAS 24 (Revised)	Related Party Disclosures[6]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 28 (Amendment)	Investments in Associates[1]
HKAS 32 (Amendment)	Classification of Rights 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[3]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[3]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments (relating to the classification and measurement of financial assets)[7]
HK(IFRIC) — Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[6]
HK(IFRIC) — Int 17	Distribution 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 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 Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate

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.

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 objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

(i) Statement of compliance

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

(ii) Basis of preparation of financial statements

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

(iii) Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 March each year.

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.

All inter-company transactions, balances and unrealised gains on transactions between group entities are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment on the asset transferred.

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

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

(iv) Subsidiaries

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

(v) Jointly-controlled entities

A jointly-controlled entity is an entity which operates under a contractual arrangement between the Group or Company and other parties, where the contractual arrangement establishes that the Group or Company and one or more of the other parties share joint control over the economic activity of the entity.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Jointly-controlled entities (continued)

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 the 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. Losses of a jointly-controlled entity in excess of the Group's interest in that jointly-controlled entity which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly-controlled entity are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the 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 assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in statement of comprehensive income.

Where a group entity transacts with a jointly-controlled entity of the Group, profits or losses are eliminated to the extent of the Group's interest in the relevant jointly-controlled entity, except where unrealised losses provide evidence of an impairment of the assets transferred, in which case they are recognised immediately in statement of comprehensive income.

(vi) Business combinations

Acquisitions of subsidiaries are accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 Business Combination are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised in accordance with the accounting policy for goodwill in note 3(x) below.

The interests of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

(vii) Property, plant and equipment

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(vii) Property, plant and equipment (continued)

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

(viii) Investment properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation, are measured initially at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in fair value of investment properties are included in statement of comprehensive income for the period in which they arise.

From 1 April 2009, investment properties under construction have been accounted for in the same way as completed investment properties. Specifically, construction costs incurred for investment properties under construction. Investment properties under construction are measured at fair value at the end of the reporting period. Any difference between the fair value of the investment properties under construction and their carrying amounts is recognised in statement of comprehensive income in the period in which they arise. Prior to 1 April 2009, the investment properties under construction was accounted for as an operating lease and the building element was measured at cost less accumulated impairment losses, if any.

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

(ix) Properties under development

Properties under development are carried at cost less any recognised impairment losses. Costs include cost of land use rights and all other direct costs attributable to the development of the properties. Properties under development are classified to the appropriate category of property, plant and equipment, when completed and ready for intended use. No depreciation is provided for properties under development until the assets are ready for intended use.

Prior to 1 April 2009, properties that are being constructed or developed for future use as investment properties are included in properties under development until construction or development is complete, at which time it is reclassified to and subsequently accounted for as investment properties. Upon adoption of amendments to HKAS 40, these properties have been reclassified as investment properties at 1 April 2009 (see note 3(viii)).

(x) Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill is initially recognised as an asset and initially measured at cost and is subsequently corned at cost less any accumulated impairment losses.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Goodwill (continued)

For the purpose that are impairment testing, goodwill is allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to other asset of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in statement of comprehensive income.

On the disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the statement of comprehensive income on disposal.

(xi) Impairment of assets excluding goodwill

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(xii) 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 fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit or loss are recognised immediately in statement of comprehensive income.

(a) Financial assets

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

Loans and receivables

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

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

Available-for-sale financial assets

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

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

Dividends on available-for-sale financial assets are recognised in statement of comprehensive income when the Group's right to receive the dividends is established.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(xii) Financial instruments (continued)

(a) Financial assets (continued)

Impairment of financial assets

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

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

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

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

— significant financial difficulty of the issuer or counterparty; or

— default or delinquency in interest or principal payments; or

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(xii) Financial instruments (continued)

(a) Financial assets (continued)

Impairment of financial assets (continued)

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

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

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

Effective interest method

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

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

Derecognition of financial assets

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

(b) Financial liabilities and equity instrument

Classification as debt or equity

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

Equity instruments

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(xii) Financial instruments (continued)

(b) Financial liabilities and equity instrument (continued)

Convertible notes

Convertible notes issued by the Group that contain both financial liability and equity components are classified separately into respective liability and equity components 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 note and the fair value assigned to the liability component, representing the embedded call option for the holder to convert the note into equity, is included in equity (convertible notes reserve).

In subsequent periods, the liability component of the convertible note 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 notes reserve until the embedded option is exercised (in which case the balance stated in convertible notes reserve will be transferred to share premium). Where the option remains unexercised at the expiry date, the balance stated in convertible notes reserve will be released to the accumulated losses. No gain or loss is recognised in statement of comprehensive income upon conversion or expiration of the option.

Transaction costs that relate to the issue of the convertible notes 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 to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible notes using the effective interest method.

Financial liabilities

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

Other financial liabilities including other payables, rental deposits received and accruals, bank borrowings, convertible notes, amount due to a related party, loans from related parties, amounts due to minority shareholders are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Effective interest method

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

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

Derecognition of financial liabilities

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(xii) Financial instruments (continued)

(c) Derivative financial instruments

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

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

(d) Hedge accounting

The Group designates certain derivatives as hedging instruments for cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Cash flow hedges

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

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

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

(xiii) Cash and cash equivalents

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(xiv) Leases

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

The Group as lessor

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

The Group as lessee

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

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

(xv) Employees' benefits

(a) Short term benefits

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

(b) Pension obligations and retirement benefit costs

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

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

(c) Share option granted to certain directors and employees

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(xvi) Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates ("functional currency"). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Hong Kong dollar which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

Transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at 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 the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in statement of comprehensive income in the period in which they arise except for:

— exchange differences which relate to assets under construction for future productive use are included in the cost of those assets and are regarded as an adjustment to interest costs on foreign currency borrowings;

— exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation are recognised in the translation reserve and recognised in statement of comprehensive income on disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Hong Kong dollar using exchange rates prevailing at the end of reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during the period, in which case, the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (the exchange reserve). Such translation differences are recognised in statement of comprehensive income in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments on identifiable assets acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and retranslated at the rate of exchange prevailing at the end of the reporting period.

(xvii) Provisions

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(xviii) Contingent liabilities

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

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

(xix) Taxation

(a) Current tax

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

(b) Deferred tax

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(xix) Taxation (continued)

(b) Deferred tax (continued)

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

(xx) Borrowing costs

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

All other borrowing costs are recognised to the statement of comprehensive income in the year in which they are incurred.

(xxi) Related parties

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

(xxii) Segment reporting

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

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

(xxiii) Revenue recognition

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

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

Commission income on provision of agency and consultancy services is recognised when the services are provided.

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Key source of estimation uncertainty

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

(a) Useful lives of property, plant and equipment

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

(b) Impairment of trade and other receivables

As explained in note 19, the Group makes provision for impairment of trade and other receivables based on an estimate of the recoverability of these receivables. Provisions are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of impairment of trade and other receivables requires the use of estimates. Where the expectation is different from the original estimates, such difference will impact carrying value of receivables and provision for impairment losses in the period in which such estimate has been changed.

(c) Assessment of impairment of assets

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

(d) Valuation of share options

As explained in note 31, share option expense is subject to the limitations of the option pricing models adopted and the uncertainty in estimates used by management in the assumptions. Should the estimates including limited early exercise behaviour, expected interval and frequency of open exercise periods in the share option life and the relevant parameters of the share option model be changed, there would be material changes in the amount of share option benefits recognised in the statement of comprehensive income and share-based payment reserve.

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

Key source of estimation uncertainty (continued)

(e) Fair value of investment properties

As set out in note 15, investment properties were revalued as at 31 March 2010 on an open market value existing use basis by firms of independent professional valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the judgement, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at each of reporting period.

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

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

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

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

(f) Fair value of derivatives and other financial instruments

As explained in note 24, the directors use their judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates.

(g) Income taxes and deferred taxation

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

5. TURNOVER

The Group's turnover comprises:

	2010 **HK$'000**	2009 HK$'000
Gross rental income from investment properties	**30,515**	22,574
Property agency and consultancy services income	**3,508**	3,312
	34,023	25,886

6. SEGMENT REPORTING

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 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 segment (business and geographical), using a risks and returns approach. In the past, the Group's primary reporting segment was business segment. The adoption of HKFRS 8 has not resulted in re-designation 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 has three reportable segments, (i) property leasing and development; (ii) provision of property agency and consultancy services for the retail property sale and leasing market; and (iii) securities investments.

6. SEGMENT REPORTING (continued)

Segment turnover and results

An analysis of the Group's turnover and results by business segment is presented below:

	Property leasing and development		Provision of property agency and consultancy services		Securities investment		Consolidated total	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
GROSS PROCEEDS	**30,515**	22,574	**3,508**	3,312	**—**	15,153	**34,023**	41,039
TURNOVER	**30,515**	22,574	**3,508**	3,312	**—**	—	**34,023**	25,886
RESULTS								
Segment profit/(loss)	**(32,238)**	(101,624)	**(62)**	(2,283)	**(1)**	79	**(32,301)**	(103,828)
Unallocated corporate income							**2**	208
Unallocated corporate expenses							**(16,310)**	(8,994)
Loss from operations							**(48,609)**	(112,614)
Finance costs							**(37,845)**	(31,680)
Gain on disposal of jointly-controlled entities							**15,592**	—
Share of loss on jointly-controlled entities							**(12,115)**	(14,641)
Loss before taxation							**(82,977)**	(158,935)

Turnover reported above represents revenue generated from external customers. There were no inter-segment sales during the year (2009: Nil).

The accounting policies of the reportable segments are the same as the Group's accounting policies describe in note 3, business segment represents the profit/(loss) from each segment without allocation of central operating expenses including staff costs, finance costs, gain on disposal of jointly-controlled entities and share of loss on jointly controlled entities. This is the measure reported for the purpose of resource allocation and assessment of segment performance.

6. SEGMENT REPORTING (continued)

Segment assets and liabilities

The following is analysis of the Group's assets and liabilities by reportable segment:

	Property leasing and development		Provision of property agency and consultancy services		Securities investment		Consolidated total	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
ASSETS								
Segment assets	**3,667,252**	3,607,708	**639**	1,199	**77**	78	**3,667,968**	3,608,985
Unallocated corporate assets							**20,049**	34,831
Consolidated total assets							**3,688,017**	3,643,816
LIABILITIES								
Segment liabilities	**1,783,695**	1,639,440	**1,228**	2,565	**—**	—	**1,784,923**	1,642,005
Unallocated corporate liabilities							**640,803**	685,642
Consolidated total liabilities							**2,425,726**	2,327,647

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

— all assets are allocated to reportable segments other than corporate assets.

— all liabilities are allocated to reportable segments other than corporate liabilities, convertible notes and deferred tax liabilities.

Other segment information

The following is analysis of the Group's other segment information:

	Property leasing and development		Provision of property agency and consultancy services		Securities investment		Unallocated		Consolidated total	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Capital additions	**181,506**	2,506,973	**—**	168	**—**	—	**36**	758	**181,542**	2,507,899
Depreciation of property, plant and equipment	**473**	293	**32**	70	**—**	—	**249**	303	**754**	666
Loss on disposal of property, plant and equipment	**—**	—	**133**	91	**—**	—	**224**	7	**357**	98
Net loss in fair value of investment properties	**47,022**	94,790	**—**	—	**—**	—	**—**	—	**47,022**	94,790
Impairment loss of properties under development	**—**	18,478	**—**	—	**—**	—	**—**	—	**—**	18,478
Impairment loss on trade receivables	**2,196**	—	**—**	—	**—**	—	**—**	—	**2,196**	—
Other receivables written off	**—**	2,800	**—**	604	**—**	—	**—**	—	**—**	3,404

6. SEGMENT REPORTING (continued)

Geographical information

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

For the year ended 31 March 2010, all of the Group's turnover are derived from Hong Kong. The following is an analysis of the carrying amount of non-current assets and capital additions analysed by the geographical area in which the assets are located:

	Non-current assets*		Capital additions	
	At 31 March 2010 HK$'000	At 31 March 2009 HK$'000	**Year ended 31 March 2010 HK$'000**	Year ended 31 March 2009 HK$'000
The PRC	**2,518,430**	2,487,222	**181,199**	2,485,769
Hong Kong	**1,011,392**	941,537	**343**	22,130
	3,529,822	3,428,759	**181,542**	2,507,899

* Non-current assets excluding deferred tax assets.

Information about major customers

Included in turnover arising from property leasing and development of approximately HK$30,515,000 (2009: HK$22,574,000) are turnover of approximately HK$10,320,000 (2009: HK$4,170,000) which arose from turnover to the Group's largest two (2009: one) customers with whom transactions have exceeded 10% of the Group's turnover during the year. No customer had exceeded 10% of the Group's turnover arising from provision of property agency and consultancy services and securities investment during the year.

7. OTHER INCOME AND GAINS

	The Group	
	2010 HK$'000	2009 HK$'000
Bank interest income	**111**	1,083
Imputed interest income (note 33(a))	**1,899**	669
Sundry income	**257**	518
Gain on disposal of available-for-sale financial assets	**—**	2
	2,267	2,272

8. LOSS FROM OPERATIONS

	The Group 2010 HK$'000	2009 HK$'000
Loss from operations has been arrived at after charging/(crediting):		
Directors' remuneration (note 10)	**5,172**	2,980
Other staff costs		
Salaries and allowances	**11,883**	7,260
Retirement benefit scheme contributions (note 32)	**119**	177
Social security contributions (note 32)	**199**	681
Other benefits in kind	**277**	41
	12,478	8,159
Total staff costs	**17,650**	11,139
Net exchange loss/(gain)	**16**	(54)
Auditors' remuneration	**550**	713
Depreciation of property, plant and equipment	**754**	666
Loss on disposal of property, plant and equipment	**357**	98
Impairment loss on trade receivables	**2,196**	—
Other receivables written off	**—**	3,404
Property rental income under operating leases, net of direct outgoings of approximately HK$1,240,000 (2009: HK$22,500)	**(29,144)**	(22,935)

9. FINANCE COSTS

	The Group 2010 HK$'000	2009 HK$'000
Interest charge on bank borrowings		
— wholly repayable within five years	**7,907**	2,949
— wholly repayable after five years	**20,454**	18,025
Interest on amounts due to minority shareholders (note 33(d)(ii) and (iii))	**23,801**	8,301
Interest on loans from shareholders (note 33(e))	**16,591**	6,669
Interest on loan from a related party (note 33(c)(i))	**2,915**	2,148
Imputed interest on convertible notes	**18,102**	14,826
Imputed interest on interest-free loan from a minority shareholder (note 33(d)(i))	**81**	73
Imputed interest on interest-free loan from a related party (note 33(c)(ii))	**3,451**	1,218
Others	**21**	6
	93,323	54,215
Less: amount capitalised into investment properties/properties under development (notes 15 and 16)	**(55,478)**	(22,535)
Total	**37,845**	31,680

The finance costs have been capitalised at the average rate of 5–9% (2009: 2.6–9%) per annum.

10. EMOLUMENTS OF DIRECTORS AND HIGHEST PAID INDIVIDUALS

(a) Directors' emoluments

Year ended 31 March 2010

	Directors' fees HK$'000	Basic salaries, allowances and other benefits HK$'000	Contributions to retirement benefit schemes HK$'000 (note 32)	Quarters' expenses HK$'000	Share options HK$'000 (note 31)	Total HK$'000
Executive directors						
Ng Chun For, Henry	—	67	—	—	1,473	1,540
Ng Ian	4	161	10	958	1,473	2,606
Li Man Hin (note a)	2	76	5	203	—	286
	6	304	15	1,161	2,946	4,432
Non-executive director						
Mak Wah Chi	500	—	—	—	—	500
Independent non-executive directors						
Tsang Kwok Ming, Rock (note b)	71	—	—	—	—	71
Ng Hoi Yue (note b)	71	—	—	—	—	71
Li Kit Chee	80	—	—	—	—	80
Chan Kam Man (note c)	9	—	—	—	—	9
Chu Tak Sum (note c)	9	—	—	—	—	9
	240	—	—	—	—	240
Total	746	304	15	1,161	2,946	5,172

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

(a) Directors' emoluments (continued)

Year ended 31 March 2009

	Directors' fees HK$'000	Basic salaries, allowances and other benefits HK$'000	Contributions to retirement benefit schemes HK$'000 (note 32)	Quarters' expenses HK$'000	Share options HK$'000 (note 31)	Total HK$'000
Executive directors						
Ng Chun For, Henry	8	67	—	—	—	75
Ng Ian	4	127	5	780	—	916
Chan Kwai Ping, Albert (note d)	3	—	—	714	—	717
Li Man Hin	4	180	10	480	—	674
	19	374	15	1,974	—	2,382
Non-executive directors						
Mak Wah Chi	325	—	—	—	—	325
Cheng Yuk Wo (note e)	33	—	—	—	—	33
	358	—	—	—	—	358
Independent non-executive directors						
Tsang Kwok Ming, Rock	80	—	—	—	—	80
Ng Hoi Yue	80	—	—	—	—	80
Li Kit Chee	80	—	—	—	—	80
	240	—	—	—	—	240
Total	617	374	15	1,974	—	2,980

Notes:

(a) Retired on 2 September 2009

(b) Resigned on 19 February 2010

(c) Appointed on 19 February 2010

(d) Resigned on 2 January 2009

(e) Retired on 29 August 2008

There were no arrangements under which any director waived or agreed to waive any emoluments in respect of each of the two years ended 31 March 2010 and 2009.

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

(b) Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, two (2009: three) are directors of the Company whose emoluments are reflected in the analysis presented above. The emoluments of the remaining three (2009: two) individuals are as follows:

	2010 HK$'000	2009 HK$'000
Salaries, allowances and other benefits	**5,254**	2,170
Retirement benefit scheme contributions	**31**	20
	5,285	2,190

The emoluments of these individuals are within the following bands:

	2010 No. of employees	2009 No. of employees
HK$Nil–HK$1,000,000	**1**	1
HK$1,000,001–HK$1,500,000	**—**	1
HK$1,500,001–HK$2,000,000	**—**	—
HK$2,000,001–HK$2,500,000	**2**	—
	3	2

(c) No emoluments were paid or payable to any directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 March 2010 and 2009.

11. DIVIDENDS

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

12. TAXATION

(a) Taxation in the consolidated statement of comprehensive income represents:

	2010 HK$'000	2009 HK$'000
Current tax — Hong Kong — Provision for the year	**546**	509
Deferred taxation (note 25) — Credited to the consolidated statement of comprehensive income	**(20,316)**	(21,844)
	(19,770)	(21,335)

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

Pursuant to the income tax rules and regulations of the PRC, provision for PRC Enterprise Income Tax is calculated based on a statutory rate of 25% on the assessable profits of the PRC subsidiary. No provision for PRC income tax for the year has been made as the PRC subsidiary incurred a loss during the year (2009: Nil).

(b) The taxation credit for the year can be reconciled to the loss per consolidated statement of comprehensive income:

	2010 HK$'000	%	2009 HK$'000	%
Loss before taxation	**(82,977)**		(158,935)	
Tax credit at Hong Kong profits tax rate of 16.5% (2009: 16.5%)	**(13,691)**	**(16.5)**	(26,224)	(16.5)
Tax effect of expenses not deductible for tax purpose	**34,081**	**41.1**	11,960	7.5
Tax effect of income not taxable for tax purpose	**(27,275)**	**(32.9)**	(5,400)	(3.4)
Effect of different tax rate of subsidiaries operating in other jurisdictions	**(13,347)**	**(16.1)**	(2,232)	(1.4)
Tax effect of unused tax losses not recognised	**462**	**0.6**	534	0.3
Others	**—**	**—**	27	—
Taxation credit for the year	**(19,770)**	**(23.8)**	(21,335)	(13.5)

13. EARNINGS/(LOSS) PER SHARE

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

(i) Profit/(loss) attributable to owners of the Company

	2010 HK$'000	2009 HK$'000
Profit/(loss) for the year attributable to owners of the Company	**39,695**	(118,469)

(ii) Weighted average number of ordinary shares

	2010 Number of ordinary shares '000	2009 Number of ordinary shares '000
Issued ordinary shares at 1 April	**636,377**	502,708
Effect of shares issued as part of consideration for acquisitions	**—**	59,314
Weighted average number of ordinary shares at 31 March for the purpose of calculation of basic earnings/(loss) per share	**636,377**	562,022

Diluted earnings/(loss) per share for the year ended 31 March 2010 and 2009 is the same as the basic earnings/(loss) per share as the share options and convertible notes outstanding at the end of reporting period had an anti-dilutive effect on the basic earnings/(loss) per share.

14. PROPERTY, PLANT AND EQUIPMENT

The Group

	Leasehold improvements HK$'000	Furniture fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST				
At 1 April 2008	1,612	814	—	2,426
Acquisitions	—	221	761	982
Additions	707	699	—	1,406
Disposals	(206)	(44)	—	(250)
At 31 March 2009 and at 1 April 2009	2,113	1,690	761	4,564
Additions	—	378	—	378
Disposals	(786)	(188)	—	(974)
Exchange difference	—	—	4	4
At 31 March 2010	1,327	1,880	765	3,972
ACCUMULATED DEPRECIATION				
At 1 April 2008	687	477	—	1,164
Acquisitions	—	40	118	158
Provided for the year	445	170	51	666
Eliminated on disposals	(124)	(27)	—	(151)
At 31 March 2009 and at 1 April 2009	1,008	660	169	1,837
Provided for the year	319	282	153	754
Eliminated on disposals	(474)	(143)	—	(617)
Exchange difference	—	—	1	1
At 31 March 2010	853	799	323	1,975
CARRYING VALUE				
At 31 March 2010	474	1,081	442	1,997
At 31 March 2009	1,105	1,030	592	2,727

15. INVESTMENT PROPERTIES

	The Group 2010 HK$'000	2009 HK$'000
FAIR VALUE:		
Completed investment properties, in Hong Kong	**1,010,000**	900,000
Investment properties under construction, in the PRC	**2,494,848**	—
	3,504,848	900,000

	The Group Completed investment properties, in Hong Kong HK$'000	Investment properties under construction, in the PRC HK$'000	Total HK$'000
FAIR VALUE:			
At 1 April 2008	590,000	—	590,000
Net loss in fair value recognised in statement of comprehensive income	(94,790)	—	(94,790)
Transfer from properties under development (note 16)	404,790	—	404,790
At 31 March 2009 and at 1 April 2009	900,000	—	900,000
Exchange adjustments	—	4,244	4,244
Construction costs incurred	—	125,686	125,686
Interest capitalised (note 9)	—	55,478	55,478
Reclassified from properties under development (notes 3 and 16)	—	2,466,462	2,466,462
Net gain/(loss) in fair value recognised in statement of comprehensive income	110,000	(157,022)	(47,022)
At 31 March 2010	1,010,000	2,494,848	3,504,848

(a) Valuation of investment properties

(i) The completed investment properties, in Hong Kong amounted of approximately HK$1,010,000,000 at 31 March 2010 has been arrived at on the basis of a valuation carried out at that date by AA Property Service Limited ("AA Property"), independent valuers not connected with the Group. AA Property are members of the Hong Kong Institute of Surveyors, and they have appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The completed investment properties were using direct comparison approach.

15. INVESTMENT PROPERTIES (continued)

(a) Valuation of investment properties (continued)

(ii) The investment properties under construction, in the PRC amounted of approximately HK$2,494,848,000 of the Group were stated at fair value at 31 March 2010. The fair value were arrived at based on the valuation carried out by an independent firm of qualified professional valuers, Savills Valuation and Professional Services Limited ("Savills"), who have among their staff members of the Hong Kong Institute of Surveyors with recent experience in the location and category of the properties being valued. The valuations conform to Valuation Standards on Properties (First Edition 2005) published by the Hong Kong Institute of Surveyors. The investment properties under construction were valued using direct comparison approach by making reference to comparable sale transactions as available in the relevant market.

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

	The Group	
	2010	2009
	HK$'000	HK$'000
In Hong Kong		
— long-term leases	**1,010,000**	900,000
In the PRC		
— medium-term leases	**2,494,848**	—
	3,504,848	900,000

(c) Pledge of investment properties

Investment properties with carrying amounts in aggregate of approximately HK$3,504,848,000 (2009: HK$900,000,000) are pledged to secure the Group's bank borrowings, details of which set out in note 22.

16. PROPERTIES UNDER DEVELOPMENT

	The Group	
	2010	2009
	HK$'000	HK$'000
AT COST		
At 1 April	**2,466,462**	384,062
Acquisition	—	2,374,884
Interest capitalised (note 9)	—	22,535
Additions	—	108,249
Impairment loss	—	(18,478)
Transfer to investment properties (note 15)	—	(404,790)
Reclassified to investment properties (notes 3 and 15)	**(2,466,462)**	—
At 31 March	—	2,466,462

The Group's properties under development are held in the PRC under medium-term leases.

17. INTERESTS IN SUBSIDIARIES

	The Company 2010 HK$'000	2009 HK$'000
Unlisted shares, at cost	—	—
Amounts due from subsidiaries	**744,630**	753,872
Less: Impairment loss	**(62,200)**	—
	682,430	753,872
Amounts due to subsidiaries	**115,331**	99,574

Details of the Company's subsidiaries as at 31 March 2010 are set out in note 40.

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

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

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

18. INTERESTS IN JOINTLY-CONTROLLED ENTITIES

	The Group 2010 HK$'000	2009 HK$'000
Unlisted shares, at cost	—	—
Share of net assets	—	34,579
Amount due from a jointly-controlled entity	—	14,478
	—	49,057

Amount due from a jointly-controlled entity is unsecured, interest free and has no fixed repayment term.

Particulars of jointly-controlled entities are as follows:

Name of company	Place of incorporation/ operations	Issued and paid-up share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Winner Ever Limited ("Winner Ever")	The British Virgin Islands/ Hong Kong	Ordinary US$2	—	50%	Investment holding
Sky Dragon Limited	Hong Kong	Ordinary HK$2	—	50%	Property investment

18. INTERESTS IN JOINTLY-CONTROLLED ENTITIES (continued)

The information in respect of the of the Group's jointly-controlled entities:

	2010 HK$'000	2009 HK$'000
Share of the jointly-controlled entities' assets and liabilities:		
Non-current assets	—	130,849
Current assets	—	21,574
Non-current liabilities	—	(81,910)
Current liabilities	—	(35,934)
Net assets	—	34,579
Income	—	—
Expenses	**24,230**	29,282
Share of losses of joint-controlled entities for the year	**(12,115)**	(14,641)
Gain on disposal of joint-controlled entities for the year	**15,592**	—

During the year, the Group disposed of its entire interest in Winner Ever and its subsidiary to an independent third party for net of proceeds of approximately HK$38,056,000.

19. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2010 HK$'000	2009 HK$'000	2010 HK$'000	2009 HK$'000
Trade receivables	**6,791**	5,119	—	—
Less: Impairment loss on trade receivables	**(2,196)**	—	—	—
	4,595	5,119	—	—
Other receivables	**23,305**	2,462	**517**	334
Total trade and other receivables	**27,900**	7,581	**517**	334

19. TRADE AND OTHER RECEIVABLES (continued)

(i) The movements in impairment loss on trade receivables are as follows:

	The Group	
	2010	2009
	HK$'000	HK$'000
At 1 April	**—**	—
Impairment loss on trade receivables	**2,196**	—
At 31 March	**2,196**	—

The trade receivables of approximately HK$2,196,000 (2009: HK$ Nil) were individually determined to be impaired. The individually receivables in related to customers that were in financial difficulties and management assessed that only a portion of the receivables was expected to be recovered. The Group did not hold any collateral over these balances.

The Group maintains a defined credit policy to assess the credit quality of each counterparty. The collection is closely monitored to minimize any credit risk associated with these trade receivables. The trade receivables mainly consist of agency and consultancy fees receivable from customers and rental receivables. The agency and consultancy fees receivable are due for settlement upon the completion of the relevant agreements and payable in advance by tenants.

For the year ended 31 March 2009, other receivables of approximately HK$3,404,000 (2010: HK$ Nil) have been written off as the debtors were in financial difficulty and management assessed that the amount will not be recoverable.

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

	The Group	
	2010	2009
	HK$'000	HK$'000
Up to 30 days	**3,903**	4,309
31–60 days	**261**	456
61–90 days	**248**	134
More than 90 days	**183**	220
	4,595	5,119

19. TRADE AND OTHER RECEIVABLES (continued)

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

	The Group	
	2010	2009
	HK$'000	HK$'000
Neither past due nor impaired	**3,380**	3,693
Less than 1 month past due	**522**	590
1 to 3 months past due	**510**	680
More than 3 months past due	**183**	156
	1,215	1,426
	4,595	5,119

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

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

20. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	The Group	
	2010	2009
	HK$'000	HK$'000
Unlisted Bond	**74**	74

The bond bears interest at 0.25% per annum.

21. OTHER PAYABLES, RENTAL DEPOSITS RECEIVED AND ACCRUALS

	The Group		The Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Construction costs payables	**78,230**	90,380	**—**	—
Rental deposits received	**9,578**	8,758	**—**	—
Accruals (note)	**5,584**	5,436	**230**	139
	93,392	104,574	**230**	139
Advanced rental received	**1,430**	882	**—**	—
	94,822	105,456	**230**	139
Less: other payables and rental deposits received — non-current portion	**(73,778)**	(6,076)	**—**	—
	21,044	99,380	**230**	139

Note: The amount included commissions payable of HK$ Nil (2009: HK$128,000) to Mr. Chan Kwok Hung, a director of a non-wholly owned subsidiary.

22. BANK BORROWINGS — SECURED

	The Group 2010 HK$'000	2009 HK$'000
Borrowings comprised:		
Bank loans	**902,833**	688,434
Bank overdraft (note 28)	**—**	944
	902,833	689,378
Less: current portion	**(2,800)**	(10,944)
Non-current portion	**900,033**	678,434

The bank borrowings are repayable as follows:

	The Group 2010 HK$'000	2009 HK$'000
On demand or within one year	**2,800**	10,944
After one year but within two years	**2,800**	10,600
After two years but within five years	**100,256**	54,635
After five years	**796,977**	613,199
	900,033	678,434
	902,833	689,378

Bank borrowings with principal amounts in total of approximately HK$579,300,000 (2009: HK$584,150,000) bear floating interest rate at HIBOR plus under banking facilities provided by several banks in Hong Kong. These bank borrowings are secured by the Group's investment properties, rental assignments in respect the investment properties, bank deposits of HK$Nil (2009: HK$5,000,000) and corporate guarantees to the extent of approximately HK$650,000,000 (2009: HK$585,900,000) plus interest given by the Company.

During the year, a bank in the PRC agreed to enlarge the credit facilities granted to the Group from RMB580,000,000 to RMB710,000,000 for financing of the investment properties under construction in the PRC. These new facilities bear floating interest at the People's Bank of China ("PBOC") over 5 years benchmark rate discounted by 5%, will be repayable from 2014 to 2019 and are secured by the Group's investment properties under construction.

23. CONVERTIBLE NOTES

	The Group and the Company	
	2010	2009
	HK$'000	HK$'000
Liability component at 1 April	**158,095**	114,845
Proceeds of issues	**—**	35,720
Equity component	**—**	(7,296)
	—	28,424
	158,095	143,269
Imputed interest (note 9)	**18,102**	14,826
	176,197	158,095
Repayment on maturity	**(18,072)**	—
Liability component at 31 March	**158,125**	158,095
Current portion	**—**	(17,050)
Non-current portion	**158,125**	141,045

(a) On 17 November 2008, the Company issued two batches of convertible notes in the principal amount of HK$17,860,000 each as part of the consideration for the acquisition of Uptodate Management Limited ("Uptodate"). The convertible notes bear interest at 1.68% per annum with the respective maturity dates on 1 August 2009 and 1 February 2012 or convertible into shares of the Company one month after maturing at the initial conversion price of HK$1.9 per share subject to adjustment to take into account of capital transactions with dilutive effect. There was no conversion during the year. Each batch of convertible notes could be converted to 9,400,000 shares of the Company at the conversion price of HK$1.9 per share. If there is no conversion, they will be repaid on the maturity date with the interest thereof. During the year ended 31 March 2010, principal amount of approximately HK$17,860,000 was fully repaid upon maturity on 1 August 2009.

The convertible notes were split between the liability and equity components of approximately HK$28,424,000 and HK$7,296,000 respectively upon initial recognition by recognising the liability component at fair value and attributing the residual amount as the equity component. The liability component is subsequently carried at amortised cost and the equity component is recognised in the convertible notes reserve. The respective effective interest rates of the liability component of the two convertible notes are 14.23% and 15.13% per annum.

23. CONVERTIBLE NOTES (continued)

(b) On 25 June 2007, the Company issued a convertible note in the principal amount of HK$129,105,609 as part of the consideration for the acquisition of Max Act Enterprises Limited ("Max Act"). The convertible note bears interest at 1.68% per annum with a maturity date of 5 years from the date of issuance and is repayable after 5 years from the date of issuance or convertible into shares of the Company at the initial conversion price of HK$0.98 per share subject to adjustment to take into account of capital transactions with dilutive effect. Subsequently, it was adjusted to HK$0.937 to take into account the dilutive effect of the share placement in November 2007. There was no conversion during the year. The whole amount of the convertible note could be converted to 137,786,136 shares of the Company at the conversion price of HK$0.937 per share. If there is no conversion, it will be repaid on the maturity date with the interest thereof.

The convertible note was split between the liability and equity components of approximately HK$81,318,000 and HK$47,787,000 respectively upon initial recognition by recognising the liability component at fair value and attributing the residual amount as the equity component. The liability component is subsequently carried at amortised cost and the equity component is recognised in the convertible notes reserve. The effective interest rate of the liability component is 11.41% per annum.

(c) On 14 November 2007, the Company issued a convertible note in the principal amount of HK$42,625,000 as part of the consideration for the acquisition of Seedtime International Limited ("Seedtime"). The convertible note bears interest at 1.68% per annum with a maturity date of 5 years from the date of issuance and is repayable after 5 years from the date of issuance or convertible into shares of the Company at the initial conversion price of HK$1.25 per share subject to adjustment to take into account of capital transactions with dilutive effect. Subsequently, it was adjusted to HK$1.22 as a result of taking into account the dilutive effect of the share placement in November 2007. There was no conversion during the year. The whole amount of the convertible note will be converted to 34,938,525 shares of the Company at the conversion price of HK$1.22 per share. If there is no conversion, it will be repaid on the maturity date with the interest thereof.

The convertible note was split between the liability and equity components of approximately HK$25,135,000 and HK$17,490,000 respectively upon initial recognition by recognising the liability component at fair value and attributing the residual amount as the equity component. The liability component is subsequently carried at amortised cost and the equity component is recognised in the convertible notes equity reserve. The effective interest rate of the liability component is 12.95% per annum.

24. DERIVATIVE FINANCIAL INSTRUMENTS

	The Group	
	2010	2009
	HK$'000	HK$'000
Cash flow hedge — interest rate swaps	**10,691**	13,395

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

As at 31 March 2010 and 2009, major terms of the interest rate swaps are set out below:

Notional amount	Maturity	Swaps
HK$120,000,000	2013	From HIBOR to a fixed rate 3.12%
HK$120,000,000	2015	From HIBOR to a fixed rate 3.27%

The hedges of interest rate swaps are qualified as effective and a net loss (net of deferred tax) of approximately HK$8,928,000 (2009: HK$11,185,000) is included in the hedging reserve as follows:

	The Group	
	2010	2009
	HK$'000	HK$'000
Total fair value loss	**10,691**	13,395
Less: deferred tax on fair value loss	**(1,763)**	(2,210)
	8,928	11,185

The interest rate swaps agreements are secured by a corporate guarantee to the extent of HK$50,000,000 given by the Company.

25. DEFERRED TAX

	The Group	
	2010	2009
	HK$'000	HK$'000
At 1 April	**496,936**	94,908
Acquisition	**—**	426,082
Arising from hedging debited/(credited) to equity (note 24)	**447**	(2,210)
Credited to statement of comprehensive income (note 12)	**(20,316)**	(21,844)
At 31 March	**477,067**	496,936

25. DEFERRED TAX (continued)

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

	Deferred tax liabilities			Deferred tax assets		
	Depreciation allowances in excess of the related depreciation HK$'000	Revaluation of investment properties HK$'000	Revaluation of properties under development HK$'000	Hedging instruments HK$'000	Tax losses HK$'000	Total HK$'000
THE GROUP						
At 1 April 2008	(49)	63,134	31,823	—	—	94,908
(Credited)/charged to statement of comprehensive income	4,287	(18,307)	(4,619)	—	(3,205)	(21,844)
Credited to equity	—	—	—	(2,210)	—	(2,210)
Acquisitions	—	—	426,082	—	—	426,082
Transfer to investment properties	—	31,823	(31,823)	—	—	—
At 31 March 2009 and at 1 April 2009	4,238	76,650	421,463	(2,210)	(3,205)	496,936
Reclassified to investment properties	—	421,463	(421,463)	—	—	—
(Credited)/charged to statement of comprehensive income	1,053	(21,106)	—	—	(263)	(20,316)
Debited to equity	—	—	—	447	—	447
At 31 March 2010	5,291	477,007	—	(1,763)	(3,468)	477,067

As at 31 March 2010, the Group had unused tax losses of approximately HK$35,478,000 (2009: HK$54,080,000) available to offset against future profits. No deferred tax asset has been recognised in respect of the unused tax losses of approximately HK$14,869,000 (2009: HK$34,656,000) due to the unpredictability of future profit streams.

26. SHARE CAPITAL

	Number of shares		Amount	
	2010	2009	**2010**	2009
	Number'000	Number'000	**HK$'000**	HK$'000
Authorised:				
Ordinary shares of HK$0.10 each				
At 1 April and at 31 March	**1,000,000**	1,000,000	**100,000**	100,000
Issued and full paid:				
Ordinary shares of HK0.10 each				
At 1 April	**636,377**	502,708	**63,638**	50,271
Issues of shares (notes (i) and (ii))	**—**	133,669	**—**	13,367
At 31 March	**636,377**	636,377	**63,638**	63,638

Notes:

(i) On 15 July 2008, the Company's issued share capital was increased by HK$2,883,435 by the issue of 28,834,355 shares as part of the consideration for the acquisition of the entire issued share capital of Honeyguide Investments Limited. The fair value of the consideration shares as determined by the closing market price of HK$0.79 per share on 15 July 2008 (being date of completion) was HK$22,779,140. The premium of HK$19,895,705 was credited to the share premium account.

(ii) On 17 November 2008, the Company's issued share capital was increased by HK$10,483,436 by the issue of 104,834,355 shares as part of the consideration for the acquisition of the entire issued share capital of Uptodate Management Limited. The fair value of the consideration shares as determined by the closing market price of HK$0.32 per share on 17 November 2008 (being date of completion) was HK$33,546,994. The premium of HK$23,063,558 was credited to the share premium account.

27. RESERVES

(a) Reserves of the Company

	Share premium HK$'000	Share-based payment reserve HK$'000	Convertible notes reserve HK$'000	Contributed surplus HK$'000	Accumulated losses HK$'000	Total HK$'000
The Company						
At 1 April 2008	399,987	5,087	65,277	39,258	(104,342)	405,267
Total comprehensive loss for the year	—	—	—	—	(21,530)	(21,530)
Shares issued as part of the consideration for acquisitions, net of expenses	42,948	—	—	—	—	42,948
Transfer to accumulated losses on lapse of share options	—	(1,182)	—	—	1,182	—
Recognition of equity component of convertible notes	—	—	7,296	—	—	7,296
	42,948	(1,182)	7,296	—	1,182	50,244
At 31 March 2009 and at 1 April 2009	442,935	3,905	72,573	39,258	(124,690)	433,981
Total comprehensive loss for the year	—	—	—	—	(91,560)	(91,560)
Recognition of share-based payments	—	4,420	—	—	—	4,420
Release upon maturity of convertible notes	—	—	(1,410)	—	1,410	—
	—	4,420	(1,410)	—	1,410	4,420
At 31 March 2010	442,935	8,325	71,163	39,258	(214,840)	346,841

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

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

27. RESERVES (continued)

(a) Reserves of the Company (continued)

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

In the opinion of the directors, the Company had no distributable reserve at the end of the reporting period.

(b) Nature of reserves

Capital reserve

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

Special reserve

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

Convertible notes reserve

The equity component of convertible notes represents the value of the unexercised equity component of convertible notes issued by the Company recognised in accordance with the accounting policy adopted for convertible notes set out in note 3(xii)(b).

Share-based payment reserve

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

Exchange reserve

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

Hedging reserve

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

28. CASH AND CASH EQUIVALENTS

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

	The Group		The Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash and bank balances	**80,972**	52,509	**1,218**	1,221
Time deposits	**44,018**	—	—	—
Bank overdraft	—	(944)	—	—
Cash and cash equivalents	**124,990**	51,565	**1,218**	1,221
Pledged bank deposits	—	140,000	—	—
	124,990	191,565	**1,218**	1,221
Less: pledged bank deposits — non-current portion	—	(5,000)	—	—
	124,990	186,565	**1,218**	1,221

At the end of the reporting period, the Group's cash and bank balances denominated in Renminbi ("RMB") amounted to approximately HK$49,438,000 (2009: HK$3,634,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash and bank balances comprise cash held by the Group and bank balances that bear interest at prevailing market rates ranging from 0.36% to 0.81% (2009: 0.36% to 0.72%) per annum and have original maturity of three months or less.

Pledged bank deposits represents deposits pledged to banks to secure banking facilities granted to the Group. For the year end 31 March 2009, pledged bank deposits have been pledged to secure bank loans and will be released upon the settlement of relevant bank borrowings. The pledged bank deposits were released during the year end 31 March 2010.

29. COMMITMENTS

Capital commitments outstanding at the end of the reporting period not provided for in the consolidated financial statements were as follows:

	The Group	
	2010	2009
	HK$'000	HK$'000
Construction cost of investment properties/properties under development, contracted for	**201,575**	281,219

30. OPERATING LEASE ARRANGEMENTS

The Group as lessee

	The Group 2010 HK$'000	2009 HK$'000
Minimum lease payments paid under operating leases for premises recognised in statement of comprehensive income for the year	**1,577**	2,489

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

	The Group 2010 HK$'000	2009 HK$'000
Within one year	**624**	1,762
In the second to fifth year inclusive	**416**	128
	1,040	1,890

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

The Group as lessor

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

	The Group 2010 HK$'000	2009 HK$'000
Within one year	**26,873**	24,038
In the second to fifth year inclusive	**18,143**	29,369
	45,016	53,407

The properties are expected to generate rental yields of 2.66% (2009: 2.67%) per annum on an ongoing basis. All the properties held have committed tenants for the next year.

31. SHARE-BASED PAYMENT TRANSACTIONS

A share option scheme, which will expire on 2 September 2013, was adopted by the Company at the extraordinary general meeting held on 3 September 2003. The primary purpose of the option scheme is to provide incentives or reward the employees and other persons who may have contribution to the Group, and/or to enable the Group to recruit and retain high caliber employees and attract human resources that are valuable to the Group.

Under the option scheme, the board of directors of the Company may offer to full time employees, including full time executive directors and non-executive directors, of the Company and/or its subsidiaries to subscribe for shares in the Company in accordance with the terms of the option scheme for the consideration of HK$1 for each lot of share options granted.

The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the option scheme and any other share option schemes of the Company shall not exceed 30% (or such higher percentage as may be allowed under the Listing Rules) of the total number of the Company's shares in issue from time to time. The number of shares in respect of which options may be granted to any employee in any 12-month period is not permitted to exceed 1% of the total number of the Company's shares in issue, subject to approval from shareholders of the Company. The Company may seek approval from shareholders of the Company in general meeting to refresh the 10% limit. The scheme mandate limit was refreshed and renewed by an ordinary resolution passed by the shareholders at the annual general meeting held on 29 August 2008 which enabled the grant of further share options to subscribe up to 53,154,235 shares representing 10% of the shares in issue as at the said date.

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

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

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

(c) the nominal value of a share.

31. SHARE-BASED PAYMENT TRANSACTIONS (continued)

Movements in the share options granted to the former directors, directors, employees of the Company and other eligible participants during the year were as follows:

	Date of grant	Exercise price HK$	Number of share options outstanding at 1 April '000	Granted during the year '000	Exercised during the year '000	Lapsed/ cancelled during the year '000	Reclassification during the year '000	Number of share options outstanding at 31 March '000
2010								
Directors	28 October 2005	**0.676**	**5,000**	—	—	—	—	**5,000**
	2 April 2007	**0.686**	**6,000**	—	—	—	—	**6,000**
	31 August 2007	**1.156**	**2,000**	—	—	—	**(1,000)**	**1,000**
	24 March 2010	**0.450**	—	**12,600**	—	—	—	**12,600**
			13,000	**12,600**	—	—	**(1,000)**	**24,600**
Eligible persons	28 October 2005	**0.676**	**640**	—	—	—	—	**640**
	2 April 2007	**0.686**	**2,000**	—	—	—	—	**2,000**
	31 August 2007	**1.156**	—	—	—	—	**1,000**	**1,000**
	24 March 2010	**0.450**	—	**6,300**	—	—	—	**6,300**
			2,640	**6,300**	—	—	**1,000**	**9,940**
Employee	2 April 2007	**0.686**	**500**	—	—	—	—	**500**
			16,140	**18,900**	—	—	—	**35,040**

	Date of grant	Exercise price HK$	Number of share options outstanding at 1 April '000	Granted during the year '000	Exercised during the year '000	Lapsed/ cancelled during the year '000	Reclassification during the year '000	Number of share options outstanding at 31 March '000
2009								
Directors	28 October 2005	0.676	6,000	—	—	(1,000)	—	5,000
	2 April 2007	0.686	10,000	—	—	(2,000)	(2,000)	6,000
	31 August 2007	1.156	4,000	—	—	(2,000)	—	2,000
			20,000	—	—	(5,000)	(2,000)	13,000
Eligible persons	28 October 2005	0.676	640	—	—	—	—	640
	2 April 2007	0.686	—	—	—	—	2,000	2,000
			640	—	—	—	2,000	2,640
Employee	2 April 2007	0.686	500	—	—	—	—	500
			21,140	—	—	(5,000)	—	16,140

31. SHARE-BASED PAYMENT TRANSACTIONS (continued)

Details of specific categories of options are as follows:

Date of grant	Vesting period	Exercise period	Exercise price
28 October 2005	Vested upon granted	28 October 2005 to 27 October 2015	HK$0.676
2 April 2007	Vested upon granted	2 April 2007 to 1 April 2017	HK$0.686
31 August 2007	Vested upon granted	31 August 2007 to 30 August 2017	HK$1.156
24 March 2010	Vested upon granted	24 March 2010 to 23 March 2020	HK$0.450

During the year, 18,900,000 shares options were granted. While, no option was granted for the year ended 31 March 2009. The options outstanding at the end of the year have a weighted average remaining contractual life of 11 years (2009: 12 years). The estimated fair value of the options granted on 24 March 2010 was approximately HK$4,420,000.

These fair values were calculated using the Black-Scholes option pricing model. The inputs into the model were as follows:

	2008	2010
Weighted average share price	HK$1.248	HK$0.539
Weighted average exercise price	HK$0.772	HK$0.45
Expected volatility	61.79%–79.07%	51.97%
Expected life	2 years	10 years
Risk free rate	3.815%–4.094%	2.68%
Expected dividend yield	—	3.42%

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 2 years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non transferability, exercise restrictions and behavioural consideration. Expected dividends are based on historical dividends.

The Group recognised total expenses of HK$4,420,000 (2009: HK$ Nil) related to equity-settled share-based payment transactions during the year.

32. RETIREMENT BENEFITS SCHEME

The Group operates a Mandatory Provident Fund Scheme ("MPF") for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes HK$1,000 or 5% of the relevant payroll costs, whichever is lower for each employee, to the scheme, which contribution is matched by employees.

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

The Group's contribution to retirement benefits schemes for the year ended 31 March 2010 amounted to approximately HK$333,000 (2009: HK$873,000).

33. RELATED PARTY TRANSACTIONS

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

(a) Amount due from a minority shareholder, Premium Assets Development Limited, is interest free and not repayable within the next twelve months. The amount was stated at fair value as at the end of the reporting period which is estimated by discounting the nominal value of the loan at current market interest rate of similar financial instruments. The imputed interest on the loan for the year amounted to approximately HK$1,899,000 (2009: HK$669,000).

(b) Mr. Chan Kwok Hung is a director of a non wholly-owned subsidiary. The amount is unsecured, interest free and has no fixed repayment term.

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

	Notes	**2010 HK$'000**	2009 HK$'000
Asia Century Worldwide Limited ("Asia Century")	(i)	—	80,501
北京柏宇興業房地產開發有限公司 (Beijing Grand-Pac Ventures Limited) ("BGPV")	(ii)	**41,923**	38,270
		41,923	118,771

(i) The controlling shareholder, Mr. Ng Chun For, Henry has a controlling interest in Asia Century. Asia Century provided three (2009: two) loans for financing of the investment properties under construction which carried fixed interest with principal amount rates at 6% and 8.75% per annum respectively and both are unsecured and not repayable within the next twelve months. Interest on the loans for the year amounted to approximately HK$2,915,000 (2009: HK$ 2,148,000). All the loans were fully settled and discharged during the year ended 31 March 2010.

(ii) BGPV is a company incorporated in the PRC, in which a director of a non wholly-owned subsidiary has equity interest. The amount due is unsecured, interest free and is not repayable before 14 November 2015. The amount was stated at fair value as of the end of the reporting period which is estimated by discounting the nominal value of the loan of approximately RMB60,186,000 at current market interest rate of similar financial instruments over the repayment period. Imputed interest on the nominal value of the loan for the year amounted to approximately HK$3,451,000 (2009: HK$1,218,000) and was charged to statement of comprehensive income.

33. RELATED PARTY TRANSACTIONS (continued)

(d) Amounts due to minority shareholders comprise the following:

	Notes	2010 HK$'000	2009 HK$'000
Uni-Land Property Group Limited	(i)	**1,237**	771
Dragonwing International Limited	(ii)	**—**	522,424
Best Task Limited	(iii)	**512,208**	—
		513,445	523,195

(i) The amount is unsecured, interest free and repayable on 31 October 2012. The amount was stated at fair value as of the end of the reporting period which is estimated by discounting the nominal value of the loan at current market interest rate of similar financial instruments. The imputed interest on the amount due to it for the year amounted to approximately HK$81,000 (2009: HK$73,000).

(ii) For the year 31 March 2009, the amount includes a shareholder's loan of approximately HK$272,701,000, which carried fixed interest at 9% per annum and interest payable thereon of approximately HK$21,009,000. The loan and interest payable are unsecured and are not expected to be repayable within the next twelve months. The interest on the loan for the year amounted to approximately HK$8,301,000. The remaining balance of approximately HK$228,714,000 is unsecured, interest free and in substance represents equity investment in the subsidiary from the minority shareholder of a non-wholly owned subsidiary. During the year, the amount due to a minority shareholder, Dragonwing International Limited was fully novated to Best Task Limited (note 33(d)(iii)).

(iii) The amount includes a shareholder's loan of approximately HK$239,317,000, which carries fixed interest at 9% per annum and interest payable thereon of approximately HK$44,177,000. The loan and interest payable are unsecured and are not expected to be repayable within the next twelve months. The interest on the loan for the year amounted to approximately HK$23,801,000 (2009: HK$ Nil). The remaining balance of approximately HK$228,714,000 (2009: HK$ Nil) is unsecured, interest free and in substance represents equity investment in the subsidiary from the minority shareholder of a non-wholly owned subsidiary.

(e) Loans from shareholders represent the followings:

	2010 HK$'000	2009 HK$'000
Mr. Ng Chun For, Henry	**203,998**	200,078
Mr. Ng Ian	**8,316**	7,687
Mr. Ng Eric	**8,316**	7,686
Mr. Chan Kwai Ping, Albert	**545**	545
	221,175	215,996

The loans from shareholders are unsecured, bearing fixed interest rate at 9% per annum and are not repayable within the next twelve months. Interest on these loans for the year amounted to approximately HK$16,591,000 (2009: HK$6,669,000) was charged to statement of comprehensive income.

33. RELATED PARTY TRANSACTIONS (continued)

(f) For the year ended 31 March 2009, the Company has given a corporate guarantee in favour of a bank to secure bank facilities granted to a non-wholly owned subsidiary to the extent of approximately HK$950,000 of which approximately HK$944,000 was utilised as at 31 March 2009.

(g) During the year ended 31 March 2010, Grand Fly Enterprises Limited, an indirect non-wholly owned subsidiary, paid consultancy fees in aggregate of HK$1,500,000 (2009: HK$4,750,000) to Noble Sino Profits Limited, a company controlled by Mr. Chung Toi Chiu, Steven, being a connected person by virtue of director of certain subsidiaries and a controlling shareholder of a minority shareholder.

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

34. MAJOR NON-CASH TRANSACTIONS

For the year ended 31 March 2009, the Company issued two batches of convertible notes with principal amount in aggregate of HK$35,720,000 as part of the consideration for acquisitions. Details of the convertible notes are set out in notes 23(a).

35. CONTINGENT LIABILITIES

As at the end of the reporting period, the Company had given corporate guarantees to the extent of approximately HK$700,000,000 (2009: HK$637,000,000) and approximately HK$ Nil (2009: HK$105,000,000) to several banks for securing bank facilities granted to certain subsidiaries and a jointly controlled entity respectively.

36. EVENT AFTER THE REPORTING PERIOD

On 13 April 2010, the Company has granted 4,770,000 share options under the share option scheme of the scheme of the Company adopted on 3 September 2003, to executive director, Mr. Lee Kwan Yee, Herrick, who was appointed on 1 April 2010, to subscribe for a total of 4,770,000 ordinary share of HK$0.10 each shares in the capital of the Company.

37. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of debts (including bank borrowings, convertible notes, amount due to a related party, loan from related parties, amounts due to minority shareholders and loan from shareholders), cash and bank balances, pledged deposits and equity attributable to equity holders of the Company.

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

37. CAPITAL RISK MANAGEMENT (continued)

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

	2010 HK$'000	2009 HK$'000
Total asset	**3,688,017**	3,643,816
Total liabilities	**2,425,726**	2,327,647
Gearing ratio	**65.8%**	63.9%

38. FINANCIAL RISK MANAGEMENT

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

(i) Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligation as at 31 March 2010 in relation to each class of recognised financial assets is the carrying amount of those 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 and monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

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

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. Further quantitative disclosure of the Group's exposure to credit risk arising from trade and other receivables are set out in note 19.

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

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

(ii) Liquidity risk

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

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

38. FINANCIAL RISK MANAGEMENT (continued)

(ii) Liquidity risk (continued)

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

The Group	Carrying amount HK$'000	Total Contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000
Non-derivative financial liabilities						
2010						
Bank borrowings	**902,833**	**1,070,510**	**26,475**	**26,439**	**165,316**	**852,280**
Convertible notes	**158,125**	**189,591**	**—**	**14,557**	**175,034**	**—**
Other payables, rental deposits received and accruals	**94,822**	**94,822**	**21,044**	**73,778**	**—**	**—**
Amount due to a related party	**342**	**342**	**342**	**—**	**—**	**—**
Loans from related parties	**41,923**	**68,564**	**—**	**—**	**—**	**68,564**
Amounts due to minority shareholders	**513,445**	**551,717**	**—**	**550,480**	**1,237**	**—**
Loans from shareholders	**221,175**	**250,961**	**—**	**250,961**	**—**	**—**
	1,932,665	**2,226,507**	**47,861**	**916,215**	**341,587**	**920,844**
2009						
Bank borrowings	689,378	811,158	25,051	21,234	85,163	679,710
Convertible notes	158,095	223,052	18,072	—	204,980	—
Other payables, rental deposits received and accruals	105,456	105,456	99,380	1,531	4,545	—
Amount due to a related party	250	250	250	—	—	—
Loans from related parties	118,771	158,292	—	90,069	—	68,223
Amounts due to minority Shareholders	523,195	560,016	—	560,016	—	—
Loans from shareholders	215,996	245,081	—	245,081	—	—
	1,811,141	2,103,305	142,753	917,931	294,688	747,933
Derivative – net settlement						
2010						
Interest rate swaps	10,691	10,691	—	—	10,691	—
Derivative – net settlement						
2009						
Interest rate swaps	13,395	13,395	—	—	7,658	5,737

38. FINANCIAL RISK MANAGEMENT (continued)

(ii) Liquidity risk (continued)

The Company	Carrying amount HK$'000	Total Contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000
2010						
Convertible notes	**158,125**	**189,591**	**—**	**14,557**	**175,034**	**—**
Other payables	**230**	**230**	**230**	**—**	**—**	**—**
Amounts due to subsidiaries	**115,331**	**115,331**	**115,331**	**—**	**—**	**—**
	273,686	**305,152**	**115,561**	**14,557**	**175,034**	**—**
2009						
Convertible notes	158,095	223,052	18,072	—	204,980	—
Other payables	139	139	139	—	—	—
Amounts due to subsidiaries	99,574	99,574	99,574	—	—	—
	257,808	322,765	117,785	—	204,980	—

(iii) Interest rate risk

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

38. FINANCIAL RISK MANAGEMENT (continued)

(iii) Interest rate risk (continued)

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

	The Group				The Company			
	2010		2009		2010		2009	
	Effective interest rate	HK$'000	Effective interest rate	HK$'000	Effective interest rate	HK$'000	Effective interest rate	HK$'000
Fixed rate borrowings								
Convertible notes	**12.34%**	**158,125**	12.34%	158,095	**12.34%**	**158,125**	12.34%	158,095
Loans from related parties	**—**	**—**	7.40%	80,501	**—**	**—**	—	—
Amounts due to minority shareholders	**9.00%**	**239,317**	9.00%	272,701	**—**	**—**	—	—
Loans from shareholders	**9.00%**	**221,175**	9.00%	215,996	**—**	**—**	—	—
		618,617		727,293		**158,125**		158,095
Net variable rate borrowings								
Bank borrowings	**(Note)**	**902,833**	(Note)	689,378	**—**	**—**	—	—
Bank balances (included pledged deposits)	**0.07%**	**(124,990)**	0.87%	(192,509)	**—**	**(1,218)**	0.18%	(1,221)
		777,843		496,869		**(1,218)**		(1,221)
Fixed rate borrowings as a percentage of total net borrowings	**44%**		59%		**101%**		101%	

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

At 31 March 2010, it was estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would increase/decrease the Group's profit after taxation by approximately HK$7,778,000 (2009: decrease/increase profit by HK$3,498,000). Accumulated losses will increase/decrease by the same amount.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of reporting period and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The 100 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting date. The analysis is performed on the same basis for 2009.

(iv) Foreign exchange risk

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

38. FINANCIAL RISK MANAGEMENT (continued)

(v) Fair values

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

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

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

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

Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable as at 31 March 2010.

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

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

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liability that are not based on observable market data (unobservable inputs).

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Financial liabilities				
Derivative financial instruments				
— interest rate swap	—	10,691	—	10,691

39. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The carrying amounts of the Group's financial assets and financial liabilities as recognised at 31 March 2010 and 2009 are categorised as follows:

	The Group 2010 HK$'000	2009 HK$'000
Financial assets		
Loan and receivables (including cash and bank balances)	**175,867**	234,559
Available-for-sale financial assets	**74**	74
Financial liabilities		
Financial liabilities measured at amortised cost	**1,932,665**	1,811,141
Financial liabilities measured at fair value	**10,691**	13,395

40. SUBSIDIARIES

Details of the Company's principal subsidiaries at 31 March 2010 were as follows:

Name of subsidiaries	Place of incorporation/ establishment/ operations	Issued and paid-up share capital/ registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Henry Group Asset Management Limited	The British Virgin Islands/Hong Kong	Ordinary US$1	100%	—	Investment holding
New Treasure Group Limited	The British Virgin Islands/Hong Kong	Ordinary US$1	100%	—	Investment holding
Henry Group Holdings Limited	The British Virgin Islands/Hong Kong	Ordinary US$1	—	100%	Investment holding
Gold Matrix Holdings Limited	The British Virgin Islands/Hong Kong	Ordinary US$1	100%	—	Investment holding
Henry Group Property Management Limited	Hong Kong	Ordinary HK$1	—	100%	Securities investment
Henry Group Management Limited	Hong Kong	Ordinary HK$1	100%	—	Provision of administration service to group companies

40. SUBSIDIARIES (continued)

Name of subsidiaries	Place of incorporation/ establishment/ operations	Issued and paid-up share capital/ registered capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Uni-Land Property Consultants Limited	Hong Kong	Ordinary HK$100	—	55%	Provision of property agency and consultancy services
Rose City Group Limited	The British Virgin Islands/Hong Kong	Ordinary US$1	—	100%	Investment holding
Max Act Enterprises Limited	The British Virgin Islands/Hong Kong	Ordinary US$1	—	100%	Investment holding
Sharp Wonder Investments Limited	The British Virgin Islands/Hong Kong	Ordinary US$1	—	100%	Investment holding
Top Bright Properties Limited ("Top Bright")	Hong Kong	Ordinary HK$9,999 Deferred share HK$1	—	100% (note)	Property investment
Seedtime International Limited	The British Virgin Islands/Hong Kong	Ordinary US$1	—	100%	Investment holding
Land Base Limited	Hong Kong	Ordinary HK$2	—	100%	Property investment
Maxwing Investments Limited	The British Virgin Islands/Hong Kong	Ordinary US$1	—	100%	Investment holding
Winning Pride Limited	The British Virgin Islands/Hong Kong	Ordinary US$1	—	100%	Investment holding
Honeyguide Investments Limited	The British Virgin Islands/Hong Kong	Ordinary US$100	—	100%	Investment holding
Uptodate Management Limited	The British Virgin Islands/Hong Kong	Ordinary US$100	—	100%	Investment holding

40. SUBSIDIARIES (continued)

Name of subsidiaries	Place of incorporation/ establishment/ operations	Issued and paid-up share capital/ registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
High Pitch Investments Limited	The British Virgin Islands/Hong Kong	Ordinary US$10,000	—	54.55%	Investment holding
High Fly Investments Limited	The British Virgin Islands/Hong Kong	Ordinary US$1	—	100%	Investment holding
High Luck International Limited	The British Virgin Islands/Hong Kong	Ordinary US$10,000	—	61.11%	Investment holding
Grandyear Estate Limited	Hong Kong	Ordinary HK$100,000	—	100%	Investment holding
Shanghai Tian Shun Economy Development Company Limited	The PRC	Ordinary US$74,400,000	—	90%	Property investment
Grand Fly Enterprises Limited	The British Virgin Islands/Hong Kong	Ordinary US$1	—	100%	Provision of administration service

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

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

	Year ended 31 March				
	2006 HK$'000 (Restated)	2007 HK$'000 (Restated)	2008 HK$'000	2009 HK$'000	**2010** **HK$'000**
CONTINUING OPERATIONS					
Turnover	—	6,318	23,592	25,886	**34,023**
Other income and gains	—	626	834	2,272	**2,267**
Gain/(loss) in fair value of investment properties	—	—	38,900	(94,790)	**(47,022)**
Impairment loss of properties under development	—	—	—	(18,478)	**—**
Goodwill written off	—	(3,883)	(18,634)	—	**—**
Staff costs	—	(8,891)	(13,857)	(11,139)	**(17,650)**
Depreciation on properties, plant and equipment	—	(93)	(284)	(666)	**(754)**
Other operating expenses	—	(6,105)	(6,172)	(15,699)	**(19,473)**
(Loss)/profit from operations	—	(12,028)	24,379	(112,614)	**(48,609)**
Finance costs	—	(60)	(18,079)	(31,680)	**(37,845)**
Gain on disposal of jointly-controlled entities	—	—	—	—	**15,592**
Share of losses on jointly-controlled entities	—	—	—	(14,641)	**(12,115)**
(Loss)/profit before taxation	—	(12,088)	6,300	(158,935)	**(82,977)**
Taxation credit/(charge)	—	—	(3,632)	21,335	**19,770**
(Loss)/profit for the year from continuing operations	—	(12,088)	2,668	(137,600)	**(63,207)**
DISCONTINUED OPERATIONS					
(Loss)/profit for the year from discontinued operations	(11,722)	(7,179)	6,688	—	**—**
(Loss)/profit for the year	(11,722)	(19,267)	9,356	(137,600)	**(63,207)**
Attributable to:					
Owners of the Company	(11,722)	(19,267)	9,356	(118,469)	**39,695**
Minority interests	—	—	—	(19,131)	**(102,902)**
	(11,722)	(19,267)	9,356	(137,600)	**(63,207)**
Dividend	—	—	—	—	**—**
Earnings/(loss) per share					
FROM CONTINUING AND DISCONTINUED OPERATIONS					
— Basic (in HK cents)	(5.34)	(8.57)	2.53	(21.08)	**6.24**
— Diluted (in HK cents)	(5.34)	(8.57)	2.47	(21.08)	**6.24**
FROM CONTINUING OPERATIONS					
— Basic (in HK cents)	N/A	(5.38)	0.72	(21.08)	**6.24**
— Diluted (in HK cents)	N/A	(5.38)	0.71	(21.08)	**6.24**

	Year ended 31 March				
	2006	2007	2008	2009	**2010**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
ASSETS AND LIABILITIES					
Total assets	27,482	12,570	1,109,976	3,643,816	**3,688,017**
Total liabilities	15,523	16,389	630,734	2,327,647	**2,425,726**
	11,959	(3,819)	479,242	1,316,169	**1,262,291**

SCHEDULE OF PROPERTIES HELD BY THE GROUP

As at 31 March 2010

MAJOR PROPERTIES

Particulars of major properties held by the Group at 31 March 2010 were as follows:

Completed investment properties

Location	Use	Group's interest	Approximate gross area
Jardine Center No. 50 Jardine's Bazaar, Causeway Bay, Hong Kong	Commercial	100%	52,800 (sq. ft.)
L'hart No 487–489 Lockhart Road, Causeway Bay, Hong Kong	Commercial	100%	32,600 (sq. ft.)

Investment properties under construction

Location	Use	Group's interest	Approximate site area
No. 68 Yuyuan Road, Jingan District, Shanghai, the PRC	Commercial	30%	11,400 (sq. m.)