CSI Properties Limited
資本策略地產有限公司*

Stock code : 497

Annual Report 2011

MOVES

MSCI

THE HAMPTON
COUTURE HOMES

8 Hau Fook Street

* For identification purpose only

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CORPORATE INFORMATION

Board of Directors

Executive Directors:
Chung Cho Yee, Mico *(Chairman)*
Kan Sze Man *(Company Secretary)*
Chow Hou Man
Wong Chung Kwong

Independent Non-Executive Directors:
Lam Lee G.
Wong Sin Just
Cheng Yuk Wo

Audit Committee

Lam Lee G.
Wong Sin Just
Cheng Yuk Wo

Remuneration Committee

Chung Cho Yee, Mico
Lam Lee G.
Cheng Yuk Wo

Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited
Industrial and Commercial Bank of China (Asia) Limited
The Bank of East Asia Limited
DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Hong Kong Head Office and Principal Place of Business

3203
Bank of America Tower
12 Harcourt Road
Central, Hong Kong

Shanghai Office

Room 804, The Platinum
233 Tai Cang Road
Lu Wan District
Shanghai, 200020, China

Auditors

Deloitte Touche Tohmatsu
35/F., One Pacific Place
88 Queensway
Hong Kong

Principal Registrars

Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke HM 08
Bermuda

Hong Kong Branch Share Registrars

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

Stock Code

497

Company Website

www.csigroup.hk

FINANCIAL REVIEW

Review of the Results

The Group reported a total revenue of approximately HK$2,745.3 million for the year ended 31 March 2011, which was mainly generated from sale of properties and rental income, representing an increase of 89.6% from approximately HK$1,447.9 million recorded in last year.

The Group reported a consolidated profit attributable to the owners of the Company of HK$857.7 million for the year ended 31 March 2011, represented an increase of 57.0% compared with HK$546.3 million reported in 2010.

The increase in profit was mainly attributable to increase in contribution of profits from sale of properties and rental income during the year.

Liquidity and Financial Resources

The Group maintained a healthy liquid position which included bank balance and cash of approximately HK$1,859.4 million. The Group generally financed its operations through its internal resources and bank facilities provided by its principal bankers.

The Group's short-term bank borrowing decreased from approximately HK$1,056.6 million as at 31 March 2010 to approximately HK$1,008 million as at 31 March 2011, and long-term bank borrowing decreased from approximately HK$2,682.5 million as at 31 March 2010 to approximately HK$1,614 million as at 31 March 2011. All the bank borrowings were utilized in financing the Group's property investment. As a result, the Group's total bank borrowing decreased from approximately HK$3,739.1 million as at 31 March 2010 to approximately HK$2,622 million as at 31 March 2011, and the Group's ratio of total debt (bank and other borrowing) to total assets was 34.1% (At 31 March 2010: 48%). All bank borrowings were denominated in Hong Kong dollars and Renminbi and were on a floating rate basis at either bank prime rate lending rates or short-term inter-bank offer rates. The maturity profile (including borrowings that are not repayable within one year but contain a repayment on demand clause in the loan agreement are grouped under repayable within one year) spread over a period of 10 years with approximately HK$1,008.0 million repayable within one year, HK$720.1 million repayable between one to five years, and HK$893.9 million over five years.

The majority of the Group's assets and liabilities were denominated in Hong Kong dollars, Renminbi and US dollars. As such, the fluctuation of foreign currencies did not have a significant impact on the performance, result and operation of the Group. However, the Group will closely monitor the risk exposure.

Assets Value

The Group's properties held for sale are stated at the lower of cost and net realisable value on individual property basis in accordance with the current accounting standards.

The principal asset of the Group's jointly controlled entities are properties held for sale and stated at the lower of cost and net realisable value in accordance with the current accounting standards.

FINANCIAL REVIEW

In order to fully reflect the underlying economic value of the properties held for sale of the Group and its jointly controlled entities, the Group considers it appropriate also to present to shareholders, as set out below, supplementary information on the Group's statement of net assets on the basis that the Group were to state its properties held for sale at their open market valuations as at 31 March 2011.

	2011 (Unaudited) HK$'000
Net assets attributable to owners of the Company (audited)	**4,237,535**
Add: Attributable revaluation surplus relating to the Group's properties held for sale[1]	**3,973,278**
Attributable revaluation surplus relating to properties held for sale by jointly controlled entities[2]	**326,255**
Net assets attributable to owners of the Company as if the properties held for sale and interests in jointly controlled entities were stated at open market value[3]	**8,537,068**
Net assets per ordinary share as if the properties held for sale and interests in jointly controlled entities were stated at open market value	**$1.05**

(1) Based on open market valuations as at 31 March 2011 carried out by independent firms of qualified professional valuers not connected to the Group except for those properties where sale and purchase agreements have been signed before the end of the reporting period, pursuant to which the relevant properties would be disposed of by the Group shortly after the reporting period are stated at transaction price as per the sale and purchase agreements.

(2) Based on open market valuation as at 31 March 2011 carried out by an independent firm of qualified professional valuer not connected to the Group.

(3) Deferred tax liabilities have not been provided for the attributable surplus of the properties held for sale.

Employee

The Group's employees are remunerated in line with the prevailing market terms and individual performance, with the remuneration package and policies reviewed on a regular basis. In addition to salaries, discretionary bonuses may be rewarded to employees after assessment of the performance of the Group and the individual employee.

FINANCIAL REVIEW

Contingent Liabilities

Corporate guarantee given by the Group for banking facilities granted to a/an:

	2011 **HK$'000**	2010 HK$'000
— Jointly controlled entity	**447,500**	—
— Associate	**84,800**	84,800
	532,300	84,800

and utilised by a/an:

	2011 **HK$'000**	2010 HK$'000
— Jointly controlled entity	**413,100**	—
— Associate	**84,800**	59,050
	497,900	59,050

The directors assess the risk of default of the jointly controlled entities and associates at the end of each reporting period and consider the risk to be insignificant and it is less likely that any guaranteed amount will be claimed by the counterparties.

Included in other payables and accruals represents deferred income in respect of financial guarantee contracts given to a/an:

	2011 **HK$'000**	2010 HK$'000
— Jointly controlled entity	**1,712**	—
— Associate	**—**	43
	1,712	43

Pledge of Assets

At the end of the reporting period, the following assets were pledged to secure banking facilities granted to the Group:

	2011 **HK$'000**	2010 HK$'000
Property, plant and equipment	**87,751**	90,226
Properties held for sale	**3,755,566**	4,622,741
	3,843,317	4,712,967

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors (the "Board"), I am pleased to present the annual report of CSI Properties Limited (the "Company") and its subsidiaries (together the "Group") for the financial year ended 31 March 2011.

Business Review and Outlook

For the year ended 31 March 2011, the Group reported a consolidated profit attributable to the owners of the Company of HK$857.7 million, compared with HK$546.3 million reported in 2010.

Total revenue for the Group was HK$2,745.3 million, compared with HK$1,447.9 million for the year ended 31 March 2010.

The increase in profit was mainly attributable to increase in contribution of profits from sale of properties and rental income during the year.

Overview

This year is a remarkable year for the Group. Not only that the Group achieved another record breaking results in its second consecutive year since the outbreak of global financial crisis in 2008/09, but also we have recently became a constituent stock of the MSCI Hong Kong Small Cap Index effective from 31 May 2011, which marked the Group's increasing recognition amongst global institutional investors. On the other hand, the establishment of the 'Couture Homes' — a premium residential development brand of the Group also marked another move of the Group to further extend its presence in the property market in Hong Kong and China.

In response to the heated property market, both the Hong Kong SAR Government and the Central Government have introduced various regulatory measures to curb speculative activities and to ensure a healthy development of the real estate market, which led to an increase in supply of land in Hong Kong and a decrease in the volume of property transactions. Despite these measures, the Group had managed to take advantage of the strength of the property market momentum and realized some of its assets during the year. Furthermore, we have also sold down some of our other properties which have already undergone repositioning and value enhancement, so as to lock-in the gains from their appreciation in value, as well as some profits for the year ahead.

The Hampton,
45 Blue Pool Road,
Hong Kong

CHAIRMAN'S STATEMENT

AXA Centre, *151 Gloucester Road, Hong Kong*

Hong Kong

Disposal completed during the year included the sale of Eton Building, No. 288 Des Voeux Road Central, Sheung Wan for a consideration of HK$217 million. In November 2010 when the market demand for prime quality office spaces was very strong, we have entered into separate agreements to sell 9 office floors and the first floor of the retail podium of AXA Centre, No. 151 Gloucester Road, in total for a combined consideration of approximately HK$1.5 billion with a premium over our book costs. Market response for such prime office spaces was highly positive and all these floors were taken up within a short period. During the year, the first floor on the retail podium and 2 office floors were completed and the remaining 7 office floors are scheduled to take place in the second to fourth quarter of 2011. The Group remains to hold more than 8 office floors, as well as sky sign on the roof, basement, all ground floor shops and over 80 car parking spaces of AXA Centre and will periodically review the Group's strategy as to their disposal.

On the acquisition side, the Group has completed the acquisition of a residential building in the SOHO area, Nos. 2–4 Shelly Street, Central, and subsequent to the year end date, the Group has also completed the acquisition of The Jia boutique hotel in No. 1 Irving Street, Causeway Bay. Management is currently reviewing the redevelopment potentials and the repositioning strategy for these projects.

Our upcoming highlight would be the launch of The Hampton, No. 45 Blue Pool Road, Happy Valley. Branded under "Couture Homes" — a newly established property development brand by the Group, these 11 luxurious apartments each with its own theme and features designed by the internationally renowned designer team led by Mr. Steve Leung would be a masterpiece in town. The 'Ready to Live' concept creates a novel home buying experience where buyers can choose a layout and design that suits their lifestyle and needs. We are confident that the distinctive design and the uniqueness of the apartments would be well-received by the market.

The construction work for the two commercial projects "H8" at No. 8 Hau Fook Street, Tsimshatsui and "Cubus" at No. 1 Hoi Ping Road, Causeway Bay (25%-owned) have been completed during the year. Cubus features high-end restaurants and lifestyle complex while H8 is a vertical Ginza-style building focusing medium to high-end food & beverage centre. Leasing status is progressing well and majority of the spaces have been leased to major international brand names and food and beverage operators.

China

The success of the Group's repetition of the property repositioning model in China was once again demonstrated through our recent disposal of the International Capital Plaza in Hongkou district, Shanghai. This newly renovated International Capital Plaza was disposed for RMB1.16 billion (equivalent to approximately HK$1.35 billion) with a premium over our book cost. Since we entered the China market in 2006, the Group has been gradually building up its portfolio as well as expertise in Shanghai. Going forward, we aim to achieve an equal splitting of the Group's total investment in Hong Kong and Shanghai in near future.

CHAIRMAN'S STATEMENT

During the year, we have completed the acquisition of 50% interests in The Platinum, No. 233 Tai Cang Road, Luwan District, Shanghai, a Grade A prime commercial property. This superb building situates in Xin Tian Di, the most major business district in Shanghai. Occupancy rate is almost 100% and majority of the tenants are quality multinational corporations. The Group is optimistic on the growth potential in China and we are confident this property would bring in significant capital appreciation to the Group.

Subsequent to the year end date, the Group has completed the acquisition of 50% interest in a land in Qingpu district, Shanghai which can be developed into luxury residential villas. The project marks a forward step for the Group's presence in Shanghai being its first premium residential development project in China.

H8, *8 Hau Fook Street, Hong Kong*

Corporate Activities

During the year, the Group successfully redeemed some of the convertible notes which further strengthen its consolidated statement of financial position.

Subsequent to the year end date, the Company redeemed all of the outstanding HK$78 million 4% 2012 Convertible Note from Templeton Strategic Emerging Markets Fund III, LDC for HK$96.8 million.

Effective from 31 May 2011, the Company has become a constituent stock of MSCI Hong Kong Small Cap Index. This shows recognition of the Group's successful business model in the property sector and this will also enhance our presence amongst global financial investors.

Outlook

The year ahead is faced with both opportunities and challenges. On one hand, we see strong demand for luxury residences from local and overseas buyers with the growing affluence and GDP of China as well as the low interest rate environment. On the other hand, the recent measures by the Government of the HKSAR and the Central Government including additional stamp duties and tightened mortgage requirement for luxury residences in Hong Kong, as well as the tightening of monetary policies in China, have led to a decrease in transaction volume in property sector. The Group will continue to remain progressive yet cautious in making investment decision, and build on our excellence in property repositioning so as to create values for our shareholders.

In Point, *169 Wujiang Road, Shanghai*

CHAIRMAN'S STATEMENT

Final Dividend

The Board has recommended the payment of a final dividend of 1 Hong Kong Cent (2010: 0.5 Hong Kong Cent) per share or an aggregate amount of approximately HK$82.3 million (2010: HK$40.8 million) for 2011, subject to the approval of shareholders of the Company at the 2011 Annual General Meeting, to shareholders whose names appear on the register of members of the Company on 18 August 2011, payable on or around 24 August 2011.

Appreciation

I would like to take this opportunity to express my appreciation to the support of our board members, shareholders, business partners and bankers throughout the years. I would also like to express my sincere thanks to our management team and all staff for their dedication and efforts to the continued success of the Group.

The Platinum, *233 Tai Cang Road, Shanghai*

Chung Cho Yee, Mico
Chairman

Hong Kong, 23 June 2011

CORPORATE GOVERNANCE REPORT

The Company is obliged to comply with the requirements for continuing listing on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and is committed to practice high standard of corporate governance in its daily management and operations. The Company follows and applies the principles of the Code on Corporate Governance Practices (the "Corporate Governance Code") in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") in the year under review, save for exceptions explained in the following relevant paragraphs.

The board of directors of the Company (the "Board") acknowledged in this Corporate Governance Report that it is its responsibility for preparing the accounts for the year ended 31 March 2011 together with the relevant notes. In this Corporate Governance Report, significant matters were discussed with appropriate cross-reference to relevant parts in this annual report.

The Board of Directors

The Board has 4 executive directors and 3 independent non-executive directors ("INED"). Biographies of all current directors are set out on pages 15 to 17 of this annual report. All directors pay sufficient time and attention to the affairs of the Company. Every member of the Board is fully aware of his responsibilities as a director of the Company under the applicable laws and regulations. Non-executive directors provide their skills and expertise and serve different board committees of the Company. The Company provides appropriate cover on directors and officers liabilities insurance and the latest policy was renewed in May 2011.

Bye-laws 102 (A) and 102 (B) are amended by a special resolution passed on 25 August 2005 to the effect that all directors are subject to rotation at least once every three years. No specific term is imposed on the non-executive directors who are required to retire in accordance with the bye-laws of the Company. Additional and new directors filling up casual vacancy are subject to election in the next following general meeting.

The Company does not have the position of Chief Executive Officer. The Board is chaired by the executive director. The roles of chairman were adopted on 21 July 2005.

The Board has resolved to meet regularly 4 times a year. During the year under review, the Board met on 18 June, 14 October and 26 November 2010 and 14 March 2011 and the attendance of each director is set out below:

Name of Director	Number of Attendance
Chung Cho Yee, Mico	4/4
Kan Sze Man	3/4
Chow Hou Man	4/4
Wong Chung Kwong	3/4
Wong Sin Just	4/4
Lam Lee G.	3/4
Cheng Yuk Wo	4/4

CORPORATE GOVERNANCE REPORT

The Board of Directors (Continued)

In addition to the above regular board meetings, there were also various casual meetings and telephone conversations between non-executive directors and executive directors from time to time to discuss the businesses and overall direction of the Company.

Draft board minutes were circulated to all directors for comments after the meetings. The original board minutes are kept by the Company Secretary for inspection of the directors.

Board Committees

The Company has 3 regular board committees to oversee the businesses and corporate governance of the Company and its subsidiaries (the "Group"). All minutes are circulated to committee members and full records are kept by the Company Secretary.

Remuneration Committee, which comprises majority of INED, was established on 21 July 2005. Its written terms of reference, which deal clearly with its authority and duties for a formal and transparent procedure to fix the remuneration package for all directors, were adopted on 21 July 2005. The remuneration paid to the directors for the year ended 31 March 2011 was set out on page 62. During the year under review, the Remuneration Committee met on 18 June 2010 and 14 March 2011.

Audit Committee which comprised of only INED, was established pursuant to the board meeting held on 2 June 1999 with its terms of reference adopted on the same day and revised on 21 July 2005. During the year under review, the Audit Committee met on 18 June and 26 November 2010.

Name of Non-executive Director	Number of Attendance Audit Committee	Number of Attendance Remuneration Committee
Chung Cho Yee, Mico	N/A	2/2
Wong Sin Just	2/2	N/A
Lam Lee G.	2/2	1/2
Cheng Yuk Wo	2/2	2/2

A General Executive Board Committee comprised of the executive directors was formed with terms of reference adopted on 21 June 2005 and revised on 14 March 2011.

The members of the above committees had full access to board minutes, records, materials as well as the management and staff of the Company. The Company provides full supports to the above committees and arranges for professional advisors to give incidental advice whenever necessary.

CORPORATE GOVERNANCE REPORT

Directors' Dealing in Shares of the Company

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix 10 of the Listing Rules relating to dealings in securities. Memorandum was sent to directors twice a year to draw their attention to the Model Code. The Company made specific enquiries to each director and had received their written confirmation of full compliance with the Model Code for the year ended 31 March 2011.

Audit and Internal Control

Deloitte Touche Tohmatsu was appointed as the auditors of the Company in the annual general meeting held on 5 August 2010. The Audit Committee with the mandate given by the shareholders at the general meeting fixed the audit fee of HK$930,000 for the financial year of 2011. The Company also engages Deloitte Touche Tohmatsu on other services during the year at a total fee of HK$330,000.

The Board acknowledged that it has the overall responsibility of the internal control system to enhance the awareness of risk management and assets protection. The internal control system is designed to provide reasonable policies and procedures to manage business risk and to avoid misstatement of the performance of the Group. The Company has a clearly defined organisation chart by functions, an effective filing system to maintain proper records for accounting and business transactions, well established procedures in approving payments and safeguarding the appropriate use of assets. The Group Legal Counsel of the Company also acts as the head of compliance to ensure the Group's compliance with applicable laws and regulations. The Company reviews its internal control system annually with the Audit Committee thereafter, taking effective actions on recommendation, if any, to improve its system.

Communication with Shareholders, General Meetings and Voting by Poll

All company announcements, circulars and notice of general meetings include an update list of directors with their designation. In the year under review, the Company had published 15 announcements and 2 circulars, on the websites of the Company and the Stock Exchange, convened 1 special general meeting and 1 annual general meeting.

All company circulars relating to general meetings contains specific paragraph with reference to Bye-laws to clearly draw the attention of shareholders to procedures and their rights in demanding a poll vote. The chairman of general meetings provided extracts from Company's Bye-laws relating to voting procedures and the Chairman drew the attention of the shareholders to their rights to vote at the beginning of all meetings. With the assistance of the share registrar of the Company, all voting results are counted and recorded clearly. The results and the number of votes (for and against) were published on the websites of the Company and the Stock Exchange as soon as practicable.

DIRECTORS' REPORT

The directors present their annual report and the audited consolidated financial statements of the Company for the year ended 31 March 2011.

Principal Activities

The Company is an investment holding company. The activities of its principal subsidiaries, associates and jointly controlled entities are set out in notes 46, 22 and 21, respectively to the consolidated financial statements.

Results and Appropriations

Details of the Group's results for the year are set out in the consolidated income statement on page 27.

No interim dividend was paid to shareholders during the year. The directors now recommend the payment of a final dividend of 1 Hong Kong Cent (2010: 0.5 Hong Kong Cent) per share to the shareholders on the register of members on 18 August 2011, amounting to approximately HK$82.3 million.

Closure of Register of Members

The register of members of the Company will be closed from Monday, 15 August 2011 to Thursday, 18 August 2011, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the final dividend which, if approved, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Friday, 12 August 2011.

Property, Plant and Equipment

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

Share Capital

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

Borrowings

Details of bank and other borrowings of the Group are set out in note 32 to the consolidated financial statements. No interest was capitalised by the Group during the year.

DIRECTORS' REPORT

Distributable Reserves of the Company

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

(a) it is, or would after payment be, unable to pay it liabilities as they become due; or

(b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium.

In the opinion of the directors, the Company's reserves available for distribution to shareholders as at 31 March 2011 including contributed surplus and accumulated profits amounted to approximately HK$2,189,100,000 (2010: HK$1,839,595,000).

Major Customers and Suppliers

During the year, the aggregate sales attributable to the Group's five largest customers comprised approximately 83.9% of the Group's total sales and the sales attributable to the Group's largest customer were approximately 49.7% of the Group's total sales.

During the year, the aggregate purchases attributable to the Group's five largest suppliers comprised approximately 85% of the Group's total purchases and the purchases attributable to the Group's largest supplier were approximately 30% of the Group's total purchases.

Save as disclosed in Note 44 to the consolidated financial statements, at no time during the year did a director, an associate of a director or a shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) have an interest in any of the Group's five largest customers and suppliers.

DIRECTORS' REPORT

Directors

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

Executive directors:

Mr. Chung Cho Yee, Mico *(Chairman)*	(re-designated from a non-executive director to an executive director on 6 July 2010)
Mr. Kan Sze Man	
Mr. Chow Hou Man	
Mr. Wong Chung Kwong	(appointed on 1 April 2010)
Mr. Hubert Chak	(resigned on 31 May 2010)

Independent non-executive directors:

Dr. Lam Lee G.
Dato' Wong Sin Just
Mr. Cheng Yuk Wo

Pursuant to Bye-law 99(A) of the Bye-Laws, Mr. Chung Cho Yee, Mico, Mr. Kan Sze Man and Mr. Cheng Yuk Wo shall retire by rotation. All retiring directors, being eligible, offer themselves for re-election.

The directors proposed for re-election at the forthcoming annual general meeting do not have any service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

The terms of office of each non-executive director is the period up to the retirement by rotation in accordance with the Company's Bye-laws.

Directors and Senior Management Profile

Chairman and Executive Director

Mr. Chung Cho Yee, Mico, aged 50, Chairman and Executive Director of the Company, joined the Group in 2004, and graduated from University College, University of London in the United Kingdom, with a law degree in 1983 and qualified as a solicitor in Hong Kong in 1986. Mr. Chung is currently a non-executive director of PCCW Limited and an independent non-executive director of HKC (Holdings) Limited, the shares of both of which are listed on the Stock Exchange.

DIRECTORS' REPORT

Directors and Senior Management Profile (Continued)

Executive Director

Mr. Kan Sze Man, aged 39, joined the Company as Group General Counsel in 2001. Mr. Kan is a qualified solicitor by profession. He graduated from Wadham College, Oxford University in the United Kingdom in 1993 and qualified as solicitor in Hong Kong in 1997. He has worked in the commercial department of a Hong Kong law firm and a U.K. City firm, until joining Hikari Tsushin International Limited (now known as China Oil and Gas Group Limited) as its senior vice president and legal counsel in early 2000. Mr. Kan is the brother-in-law of Mr. Chung Cho Yee, Mico, the executive Chairman of the Company and the controlling Shareholder of the Company.

Mr. Chow Hou Man, aged 40, joined the Company as Group Chief Financial Officer in 2001. Mr. Chow graduated from the Baptist University in Hong Kong and holds a Master of Business Administration degree from the Hong Kong Polytechnic University. He has over 10 years of financial experience in various companies listed in Hong Kong and overseas and an international firm of certified public accountants. He is a member of both the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.

Mr. Wong Chung Kwong, aged 60, joined the Company in 2004 as General Manager of the Group Property Division and is responsible for the property related investments of the Group. He is also a director of certain subsidiaries of the Group. Mr. Wong has been working in the local and mainland real estate markets for about 38 years and has solid experience in properties related projects such as sales and marketing, acquisitions, repositioning and asset management. Before joining the Group, Mr. Wong had worked in property development and management companies in Mainland China and Hong Kong.

Independent Non-Executive Director

Dr. Lam Lee G., aged 51, joined the Group in 2001. He holds a Bachelor of Science in Mathematics and Sciences, a Master of Science in Systems Science, and a Master of Business Administration, all from the University of Ottawa in Canada, a Post-graduate Diploma in Public Administration from Carleton University in Canada, a Post-graduate Diploma in English and Hong Kong Law and a Bachelor of Laws (Hons) from Manchester Metropolitan University in the UK, a Postgraduate Certificate in Laws (and has completed the Bar Course) from the City University of Hong Kong, a Master of Laws from the University of Wolverhampton in the UK and a Doctor of Philosophy from the University of Hong Kong. Dr. Lam has over 28 years of multinational general management, corporate governance, investment banking, and direct investment experience. He is Chairman of Monte Jade Science and Technology Association of Hong Kong, and serves as an independent or non-executive director of several publicly-listed companies in the Asia Pacific region. Having served as a Part-time Member of the Central Policy Unit of the Government of the Hong Kong Special Administrative Region for two terms, Dr. Lam is a Member of the Jilin Province Committee of the Chinese People's Political Consultative Committee (CPPCC), a Member of the Hong Kong Institute of Bankers, a Board Member of the East-West Center Foundation, a Member of the Young Presidents' Organization, a Fellow of the Hong Kong Institute of Directors and a Member of its Corporate Governance Committee, a Fellow of the Hong Kong International Arbitration Centre, a Member of the General Council and the Corporate Governance Committee of the Chamber of Hong Kong Listed Companies, and a Visiting Professor at the School of Economics & Management of Tsinghua University in Beijing.

DIRECTORS' REPORT

Directors and Senior Management Profile (Continued)

Independent Non-Executive Director (Continued)

Dr. Lam is an independent non-executive director of Hutchison Harbour Ring Limited, Mingyuan Medicare Development Company Limited, Far East Holdings International Limited, Vongroup Limited, Mei Ah Entertainment Group Limited, Imagi International Holdings Limited (all of which are listed on the main board of the Stock Exchange), China.com Inc. and Finet Group Limited (both are listed on the growth enterprise market of the Stock Exchange), and a non-executive director of Glorious Sun Enterprises Limited and SW Kingsway Capital Holdings Limited (both are listed on the main board of the Stock Exchange). He was an independent non-executive director of Timeless Software Limited (whose shares is listed on the growth enterprise market of the Stock Exchange).

Dato' Wong Sin Just, aged 45, joined the Group in 2001. Dato' Wong possesses over 20 years of accounting, investment banking and venture capital experience. He held senior positions with a number of premier international investment banks prior to joining the Company. Dato' Wong is currently the executive chairman of SBI E2-Capital Asia Securities Pte Ltd. In addition, he is an independent non-executive director of China.com Inc. and China Zenith Chemical Group Limited, the shares of both of which are listed on the Stock Exchange, as well as a non independent non-executive director of Intelligent Edge Technologies Berhad, which shares are listed on the Malaysia MESDAQ. Dato' Wong was also a non-executive director of Suncorp Technologies Limited up to October 2009 and a non-executive director of China Renji Medical Group Limited up to December 2009, the shares of all of which are listed on the Stock Exchange.

Dato' Wong holds a Bachelor degree in Engineering (First Class Honours) from Imperial College, University of London and is an associate of the Institute of Chartered Accountants, England and Wales. He is involved in various social and charitable organisations in Hong Kong and China and is the chairman of the General Donations and Special Events Committee of The Community Chest of Hong Kong.

Mr. Cheng Yuk Wo, aged 50, joined the Group in 2002. Mr. Cheng is a fellow of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants, and a member of the Institute of Chartered Accountants of Ontario, Canada. Mr. Cheng had worked at Coopers and Lybrand (now known as PricewaterhouseCoopers) in London and with Swiss Bank Corporation (now known as UBS AG) in Toronto. He is a executive director of 21 Holdings Limited and an independent non-executive director of Chia Tai Enterprises International Limited, Chong Hing Bank Limited, Goldbond Group Holdings Limited, HKC (Holdings) Limited, Imagi International Holdings Limited, CPMC Holdings Limited, Top Spring International Holdings Limited and South China Land Limited, the shares of both of which are listed on the Stock Exchange. He was a non-executive director of Henry Group Holdings Limited up to August 2008, the shares of which are listed on the Stock Exchange. He is a co-founder of a Hong Kong merchant banking firm and is the proprietor of a certified public accountant practice in Hong Kong.

Mr. Cheng obtained a Master of Science (Economics) degree in Accounting and Finance from the London School of Economics, England and a Bachelor of Arts (Honours) degree in Accounting from the University of Kent, England.

DIRECTORS' REPORT

Directors and Senior Management Profile (Continued)

Senior Management

Hong Kong

Mr. Fong Jimmy, joined the Group in 2011 and is the managing director of Couture Homes Limited, a wholly owned subsidiary of the Group, which focus in developing stylish residential projects. Meanwhile, Mr. Fong is also responsible in identifying and advising on residential development and investment from both acquisition and disposal planning for the Group. Mr. Fong has over 20 years solid experience in luxury residential real estate project development and investment and has in-depth knowledge of the property market. He worked as the Director of Savills Hong Kong Limited (formerly known as First Pacific Davis) since 1993. Mr. Fong has worked in Shanghai, PRC in the 90's and also in the real estate department of Jones Lang Wotton (now known as Jones Lang LaSalle) in 1989.

Mr. Ho Lok Fai, joined the Group in 2005 and is responsible for the sales and leasing of properties of the Group. Mr. Ho possesses more than 15 years' experience in the office and commercial property market in Hong Kong and is specialized in analyzing market data and trends. Mr. Ho had worked in several property agency companies before joining the Group.

Mr. Chiu Sin-young Victor, joined the Group in 2008 and is responsible for design, project management and property improvement. Mr. Chiu is a registered architect and has over 10 year experience with leading architectural firms. His extensive experience in various projects includes master planning, infrastructure design, residential, commercial, civil, fit-out and hotel development in Hong Kong and Macau. Mr. Chiu completed his architectural education and also a MSc degree in Energy Efficient Buildings at Oxford Brookes University in the United Kingdom. He is a member of both the Hong Kong Institute of Architects and the Royal Institute of British Architects.

Mr. Fok Paul Anthony, joined the Group in 2008 and is responsible for the design and project management of the Group's property projects. Prior to joining the Group, Mr Fok worked for almost 5 years at Aedas, an international architecture firm and has participated in various commercial and infrastructure projects involving with design, tendering, foundation and superstructure. Mr Fok is a graduate of Hong Kong University and holds a Master of Architecture degree. He is a member of the Hong Kong Institute of Architects.

Shanghai

Ms. Dong Yan, joined the Group in 2006. Ms. Dong was the deputy general manager of the Shanghai Real Estate Co. Ltd. Group, a large real estate developer in Shanghai for over 10 years and sat on the board of several of its real estate development and project companies. In this capacity, Ms. Dong oversaw development phase master planning and design work, as well as market positioning and sales activities. Before she joined the Group, she was a vice president of H&Q Asia Pacific. Ms. Dong received a post-graduate diploma on urban planning and inner city renewal course from Institute of Housing and Urban Development Studies, Rotterdam, Netherlands in 1993 and a management master degree from Norwegian School of Management (BI), and an EMBA from Antai School of Management, Jiao Tong University.

DIRECTORS' REPORT

Directors' Interests in Shares

Interests and short positions of the Directors in the Company and its associated corporations

As at 31 March 2011, the interests and short positions of the Directors and the chief executive of the Company in shares, underlying shares or debentures of the Company or any its associated corporations (within the meaning of part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO") which were required to be 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 and short positions which they were taken or decided to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register of the Company referred to therein or were required, pursuant to part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), to be notified to the Company and the Stock Exchange:

(i) Long positions in shares:

Name of Director	Nature of interests	Company/ name of associated corporation	Number of shares held (Note 1)	Derivative interests	Approximate percentage of total shareholding (%)
Chung Cho Yee, Mico ("Mr. Chung") (Note 2)	Beneficial owner	The Company	2,836,362,062 (L)		34.74
				194,366,867 (L)	2.38
	Interest of controlled corporation	The Company	2,833,317,062 (L)		34.71
				194,366,867 (L)	2.38

Notes:

(1) The letter "L" denotes a person's long position in such securities.

(2) Mr. Chung is the beneficial owner of 2,836,362,062 shares in the Company (being the aggregate of personal interest of Mr. Chung of 3,045,000 shares and the corporate interest held by Earnest Equity Limited ("Earnest Equity") of 2,833,317,062) and 194,366,867 shares relate to the derivative interests held by Earnest Equity in 2011 Convertible Notes and 2012 Convertible Notes I (as defined in note 31 to the consolidated financial statements). Earnest Equity is a wholly-owned subsidiary of Digisino Assets Limited ("Digisino"). The entire issued share capital of Digisino is held by Mr. Chung and thus both Digisino and Earnest Equity are corporations wholly-owned and controlled by him. Therefore, Mr. Chung is deemed to be interested in any shares or equity derivatives held by Earnest Equity or Digisino.

DIRECTORS' REPORT

Directors' Interests in Shares (Continued)

Interests and short positions of the Directors in the Company and its associated corporations (Continued)

(ii) Long positions in the underlying shares of equity derivatives:

Name of Director	Option scheme type	Capacity	Number of options held	Approximate percentage of total shareholding (%)
Kan Sze Man	2001	Beneficial owner	24,534,562 (L)	0.30
	2002	Beneficial owner	19,785,938 (L)	0.24
Chow Hou Man	2001	Beneficial owner	5,302,631 (L)	0.06
	2002	Beneficial owner	19,785,938 (L)	0.24
Wong Chung Kwong	2002	Beneficial owner	25,326,000 (L) (Note 2)	0.31

Notes:

(1) The letter "L" denotes a person's long position in such securities.

(2) There is a limit on the number of share options under the 2002 Scheme that may be exercised by each grantee during each period of 12 months commencing from date of grant (until five years after the date of grant), namely, the aggregate of (a) 20% of the total number of such share options granted and (b) any unused limits accumulated during previous period(s), subject to the written consent of the executive chairman of the Company to the exercise of share options exceeding such limit.

Save as disclosed above, as at 31 March 2011, none of the Directors and chief executive of the Company had any interest in any securities of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which are required (a) 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 are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of listed companies as set out in the Listing Rules to be notified to the Company and the Stock Exchange.

Arrangements to Purchase Shares or Debentures

Save as disclosed above, at no time during the year, was the Company or its subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' REPORT

Directors' Interests in Contracts of Significance

No contracts of significance, to which the Company or its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Substantial Shareholders

As at 31 March 2011, according to the register kept by the Company pursuant to Section 336 of SFO, and so far as is known to any Directors or the Company, the following persons, in addition to those interests disclosed above in respect of the Directors, had an interest or short position in shares and underlying shares which would fall to be disclosed to the Company under the provisions of the Divisions 2 and 3 of part XV of the SFO:

Long position

Name	Capacity	Number of shares	Derivative interests	Approximate shareholding percentage (%)
Lehman Brothers Holdings Inc.	Interest of controlled corporation (Note 1)	450,820,000	—	5.52
Templeton Asset Management Ltd.	Investment manager	117,000,000	—	1.43
			312,000,000 (Note 2)	3.82

Notes:

1. Lehman Brothers Commercial Corporation Asia Limited (In Liquidation), is a company owned as to 50% by LBCCA Holdings I LCC. and owned as to 50% by LBCCA Holdings II LCC., respectively, which were, in turn wholly-owned subsidiaries of Lehman Brothers Holdings Inc.

2. The derivative interests are held by in name of Templeton Strategic Emerging Markets Fund III, LDC.

Save as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 31 March 2011.

DIRECTORS' REPORT

Appointment of 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 Rules Governing the Listing Rule. The Company considers all of the independent non-executive directors are independent.

Financial Assistance and Guarantee to Affiliated Companies

The Group had provided financial assistance to, and guarantee for, affiliated companies in the aggregate amount of HK$1,164,091,000, which represented approximately 15.1% of the Group's total assets value as at 31 March 2011.

As at 31 March 2011, the advances and guarantees made by the Group to its jointly controlled entities and associates are as follows:

	Advances HK$'000	**Guarantees** HK$'000
Get Wisdom Limited	529,567	447,500
GI Plus Space Limited	5,364	—
Clemenceau Mauritius Holdings	7,457	—
Trend Rainbow Limited	89,403	—
Expert Vision Limited	—	84,800
	631,791	532,300

In accordance with the requirement under Rule 13.22 of the Listing Rules, the pro forma combined balance sheet of those affiliated companies and the Group's attributable interests in those affiliated companies based on their latest financial statements available are presented below:

	Combined balance sheet HK$'000	**Group's attributable interests** HK$'000
Non-current assets	2,789,062	1,217,900
Current assets	810,133	258,431
Current liabilities	(1,950,164)	(785,337)
Non-current liabilities	(1,556,808)	(642,381)
	92,223	48,613

DIRECTORS' REPORT

Emolument Policy

The emolument policy of the employees of the Group is set by the board of directors on the basis of their merit, qualifications and competence with reference to the prevailing market terms. In addition to salaries, discretionary bonuses may be rewarded to employees after assessment of the performance of the Group and the individual employee.

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

The Company has adopted a share option scheme as an incentive to directors and eligible employees, details of the scheme is set out in note 35 to the consolidated financial statements.

Purchase, Sale or Redemption of the Company's Listed Securities

There was no purchase, sale or redemption of shares of the Company by the Company or its subsidiaries during the year.

Pre-Emptive Rights

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

Corporate Governance

The Company is obliged to comply with the requirements for continuing listing on the Stock Exchange and is committed to practice high standard of corporate governance in its daily management and operations. The Company follows and applies the principles of the Code on Corporate Governance Practices in Appendix 14 to the Listing Rules in the year under review with exception of few deviations. Detailed information on the Company's corporate governance practices is set out in the Corporate Governance Report contained in pages 10 to 12 of this Annual Report.

Charitable Donations

During the year, the Group made charitable donations amounting to HK$220,000.

DIRECTORS' REPORT

Sufficiency of Public Float

The Company has maintained a sufficient public float throughout the year ended 31 March 2011.

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 page 110 of the annual report.

Audit Committee

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the consolidated financial statements for the year ended 31 March 2011.

Auditors

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

On behalf of the Board

CHUNG CHO YEE, MICO
CHAIRMAN

23 June 2011

INDEPENDENT AUDITOR'S REPORT

Deloitte.
德勤

TO THE MEMBERS OF CSI PROPERTIES LIMITED

(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of CSI Properties Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 27 to 109, which comprise the consolidated statement of financial position as at 31 March 2011, and the consolidated income statement, 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 information.

Directors' Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

INDEPENDENT AUDITOR'S REPORT

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 March 2011 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
23 June 2011

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
Revenue	*5*	**2,745,292**	1,447,907
Cost of sales		**(1,773,100)**	(1,178,959)
Gross profit		**972,192**	268,948
Income and gains/losses from investments	*7*	**17,311**	64,728
Other income	*8*	**5,609**	48,443
Other gains and losses	*9*	**41,691**	331,396
Administrative expenses		**(98,625)**	(81,106)
Finance costs	*10*	**(79,953)**	(54,951)
Share of results of jointly controlled entities		**55,766**	(6,509)
Share of results of associates		**26,426**	(4,199)
Profit before taxation		**940,417**	566,750
Taxation	*11*	**(84,106)**	(21,765)
Profit for the year	*12*	**856,311**	544,985
Attributable to:			
Owners of the Company		**857,732**	546,271
Non-controlling interests		**(1,421)**	(1,286)
		856,311	544,985
Earnings per share (HK cents)	*16*		
Basic		**10.51**	7.32
Diluted		**9.85**	5.36

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2011

	2011 HK$'000	2010 HK$'000
Profit for the year	**856,311**	544,985
Other comprehensive income (expense)		
Exchange differences arising on translation	**44,788**	(372)
Reclassification of translation reserve upon disposal of subsidiaries	**(39,156)**	—
Share of exchange difference of associates	**(1,704)**	(2,586)
Change in fair value of available-for-sale investments	**3,170**	—
	7,098	(2,958)
Total comprehensive income for the year	**863,409**	542,027
Total comprehensive income (expense) attributable to:		
Owners of the Company	**864,304**	543,313
Non-controlling interests	**(895)**	(1,286)
	863,409	542,027

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2011

	Notes	31 March 2011 HK$'000	31 March 2010 HK$'000 (restated)	1 April 2009 HK$'000 (restated)
Non-Current Assets				
Property, plant and equipment	17	**126,522**	135,872	116,176
Deposit paid for acquisition of property, plant and equipment	18	**—**	—	5,742
Available-for-sale investments	19	**5,005**	29,142	24,669
Conversion options embedded in convertible notes	19	**—**	3,750	3,041
Club memberships	20	**6,860**	6,860	6,860
Interests in jointly controlled entities	21	**182,671**	5,508	31,204
Amounts due from jointly controlled entities	21	**401,396**	5,818	12,222
Interests in associates	22	**11,294**	8,151	7,937
Amounts due from associates	22	**89,360**	99,873	63,738
Deferred tax assets	23	**—**	—	2,698
		823,108	294,974	274,287
Current Assets				
Trade and other receivables	25	**164,511**	20,511	13,967
Deposit paid for acquisition of properties held for sale		**245,430**	48,000	—
Other deposit	26	**—**	1,820,495	—
Available-for-sale investments	19	**21,504**	—	—
Conversion options embedded in convertible notes	19	**20**	—	—
Investments held for trading	27	**412,748**	258,102	212,441
Properties held for sale	28	**4,150,512**	4,724,281	4,329,832
Taxation recoverable		**7,093**	6,542	4,750
Amounts due from jointly controlled entities	21	**—**	—	14,489
Amount due from a non-controlling shareholder of a subsidiary	24	**25**	25	3,440
Cash held by securities brokers	29	**137,568**	35,183	8,375
Bank balances and cash	29	**1,721,786**	581,745	1,197,978
		6,861,197	7,494,884	5,785,272
Current Liabilities				
Other payables and accruals	30	**511,394**	107,025	122,456
Taxation payable		**104,696**	25,050	24,903
Amounts due to jointly controlled entities	21	**439**	5,078	4,759
Amounts due to associates	22	**12,201**	2,000	2,000
Amounts due to non-controlling shareholders of subsidiaries	24	**11,203**	299,128	9,641
Convertible notes — due within one year	31	**78,709**	1,975	3,293
Bank and other borrowings — due within one year	32	**1,007,958**	1,056,582	1,318,995
		1,726,600	1,496,838	1,486,047
Net Current Assets		**5,134,597**	5,998,046	4,299,225
		5,957,705	6,293,020	4,573,512

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2011

	Notes	31 March 2011 HK$'000	31 March 2010 HK$'000 (restated)	1 April 2009 HK$'000 (restated)
Capital and Reserves				
Share capital	33	**65,311**	65,311	39,525
Reserves		**4,172,224**	3,348,124	2,430,246
Equity attributable to owners of the Company		**4,237,535**	3,413,435	2,469,771
Non-controlling interests		**(721)**	174	38,763
Total Equity		**4,236,814**	3,413,609	2,508,534
Non-Current Liabilities				
Convertible notes — due after one year	31	**87,136**	166,964	502,258
Bank and other borrowings — due after one year	32	**1,614,007**	2,682,546	1,545,100
Derivative financial instruments	34	**10,415**	9,194	6,657
Deferred tax liabilities	23	**9,333**	20,707	10,963
		1,720,891	2,879,411	2,064,978
		5,957,705	6,293,020	4,573,512

The consolidated financial statements on pages 27 to 109 were approved and authorised for issue by the Board of Directors on 23 June 2011 and are signed on its behalf by:

Chung Cho Yee, Mico
DIRECTOR

Chow Hou Man
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2011

	Attributable to owners of the Company												
	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Capital reserve HK$'000 *(Note a)*	Contributed surplus HK$'000 *(Note b)*	Translation reserve HK$'000	Investment revaluation reserve HK$'000	Share option reserve HK$'000	Convertible notes equity reserve HK$'000	Accumulated profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2009	39,525	841,269	371	1,698	276,058	21,030	–	5,294	55,811	1,228,715	2,469,771	38,763	2,508,534
Profit for the year	–	–	–	–	–	–	–	–	–	546,271	546,271	(1,286)	544,985
Exchange difference arising on translation	–	–	–	–	–	(372)	–	–	–	–	(372)	–	(372)
Share of other comprehensive expense of associates	–	–	–	–	–	(2,586)	–	–	–	–	(2,586)	–	(2,586)
Total comprehensive income and expense for the year	–	–	–	–	–	(2,958)	–	–	–	546,271	543,313	(1,286)	542,027
Issue of shares upon rights issue	17,786	155,628	–	–	–	–	–	–	–	–	173,414	–	173,414
Issue of shares upon private placement of shares	8,000	237,000	–	–	–	–	–	–	–	–	245,000	–	245,000
Transaction costs attributable to issue of shares	–	(12,438)	–	–	–	–	–	–	–	–	(12,438)	–	(12,438)
Realised on partial redemption of convertible notes (net of tax)	–	–	–	–	–	–	–	–	(45,306)	45,306	–	–	–
Recognition of equity component of convertible notes	–	–	–	–	–	–	–	–	10,668	–	10,668	–	10,668
Deferred taxation arising on recognition of equity component of convertible notes	–	–	–	–	–	–	–	–	(1,760)	–	(1,760)	–	(1,760)
Recognition of equity-settled share-based payments	–	–	–	–	–	–	–	1,227	–	–	1,227	–	1,227
Dividend recognised as distribution *(note 15)*	–	–	–	–	–	–	–	–	–	(15,760)	(15,760)	–	(15,760)
Acquisition of additional interest in a subsidiary *(note 38(ii))*	–	–	–	–	–	–	–	–	–	–	–	(33,703)	(33,703)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(3,600)	(3,600)
At 31 March 2010	65,311	1,221,459	371	1,698	276,058	18,072	–	6,521	19,413	1,804,532	3,413,435	174	3,413,609
Profit for the year	–	–	–	–	–	–	–	–	–	857,732	857,732	(1,421)	856,311
Exchange difference arising on translation	–	–	–	–	–	44,117	–	–	–	–	44,117	671	44,788
Reclassified to profit or loss on disposal of subsidiaries *(note 39)*	–	–	–	–	–	(39,011)	–	–	–	–	(39,011)	(145)	(39,156)
Share of other comprehensive expense of associates	–	–	–	–	–	(1,704)	–	–	–	–	(1,704)	–	(1,704)
Increase in fair value of available-for-sale investments recognised directly in equity	–	–	–	–	–	–	3,170	–	–	–	3,170	–	3,170
Total comprehensive income and expense for the year	–	–	–	–	–	3,402	3,170	–	–	857,732	864,304	(895)	863,409
Realised on partial redemption of convertible notes (net of tax)	–	–	–	–	–	–	–	–	(1,625)	1,625	–	–	–
Recognition of equity-settled share-based payments	–	–	–	–		–	–	615	–	–	615	–	615
Dividend recognised as distribution *(note 15)*	–	–	–	–	–	–	–	–	–	(40,819)	(40,819)	–	(40,819)
At 31 March 2011	**65,311**	**1,221,459**	**371**	**1,698**	**276,058**	**21,474**	**3,170**	**7,136**	**17,788**	**2,623,070**	**4,237,535**	**(721)**	**4,236,814**

Notes:

(a) The capital reserve represents the Group's share of the deemed capital contribution arising from interest free loans granted to an associate by its shareholders.

(b) The contributed surplus of the Group represents the amount arising from capital reorganisation carried out by the Company during the year ended 31 March 2003.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
OPERATING ACTIVITIES			
Profit before taxation		**940,417**	566,750
Adjustments for:			
Finance costs		**79,953**	54,951
Interest income		**(3,548)**	(2,250)
Income from amortisation of financial guarantee contracts		**(379)**	(421)
Depreciation of property, plant and equipment		**10,684**	9,970
Gain on disposal of subsidiaries	*39*	**(624,066)**	—
Increase in fair value of financial instruments		**(5,685)**	(54,509)
Loss (gain) on partial redemption of convertible notes		**1,112**	(124,192)
Gain on redemption of other borrowing		**—**	(197,182)
Reversal of impairment loss on properties held for sale		**—**	(45,678)
Share-based payment expenses		**615**	1,227
Share of results of jointly controlled entities		**(55,766)**	6,509
Share of results of associates		**(26,426)**	4,199
Gain on disposal of property, plant and equipment		**—**	(7,628)
Operating cash flow before movements in working capital		**316,911**	211,746
Increase in trade and other receivables		**(143,172)**	(6,544)
Increase in deposit paid for acquisition of properties held for sale		**(197,430)**	(48,000)
Increase in other deposit		**—**	(1,820,495)
(Increase) decrease in investments held for trading		**(137,538)**	26,490
Increase in properties held for sale		**(776,799)**	(127,575)
Increase in other payables and accruals		**427,747**	64,137
Decrease in derivative financial instruments		**(6,669)**	(5,287)
Net cash used in operations		**(516,950)**	(1,705,528)
Hong Kong Profits Tax paid		**(12,665)**	(12,728)
Interest paid		**(66,187)**	(38,659)
NET CASH USED IN OPERATING ACTIVITIES		**(595,802)**	(1,756,915)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
INVESTING ACTIVITIES			
Net cash inflow on disposals of subsidiaries (net of cash and cash equivalents disposed of)	39	**1,474,699**	—
Net cash inflow (outflow) on acquisition of subsidiaries	38	**138,395**	(37,680)
Repayments from associates		**40,692**	—
Repayments from jointly controlled entities		**19,580**	—
Dividend received from a jointly controlled entity		**6,202**	—
Proceeds from disposal of available-for-sale investments		**6,000**	—
Interest received		**3,548**	2,250
Dividend received from an associate		**1,600**	—
Purchases of property, plant and equipment		**(1,609)**	(25,096)
Advances to associates		**(10,200)**	(43,134)
Advances to jointly controlled entities		**(39,455)**	(16,461)
Increase in cash held by securities brokers		**(102,385)**	(26,808)
Proceeds on disposal of property, plant and equipment		**—**	8,800
Decrease in amount due from a non-controlling shareholder of a subsidiary		**—**	3,415
Increase in conversion options embedded in convertible notes		**—**	(3,750)
Purchases of available-for-sale investments		**—**	(11,250)
Acquisition of additional interest in a subsidiary	38	**—**	(13,950)
NET CASH FROM (USED IN) INVESTING ACTIVITIES		**1,537,067**	(163,664)
FINANCING ACTIVITIES			
New bank borrowings raised		**917,488**	1,529,228
Advance from associates		**10,201**	—
Advance from non-controlling shareholders of subsidiaries		**4,465**	289,487
(Repayments to) advance from jointly controlled entities		**(4,639)**	319
Partial redemption of convertible notes		**(17,972)**	(294,386)
Dividends paid		**(40,819)**	(15,760)
Repayments of bank borrowings		**(669,948)**	(448,418)
Proceeds on issue of shares and exercise of rights issue		**—**	418,414
Proceeds on issue of convertible notes		**—**	78,000
Dividends paid to a non-controlling shareholder of a subsidiary		**—**	(3,600)
Transactions costs paid for issue of shares		**—**	(12,438)
Redemption of other borrowings		**—**	(236,500)
NET CASH FROM FINANCING ACTIVITIES		**198,776**	1,304,346
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**1,140,041**	(616,233)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**581,745**	1,197,978
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash		**1,721,786**	581,745

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

1. General

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

The consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company.

The Company is an investment holding company. The activities of its principal subsidiaries, jointly controlled entities and associates are set out in notes 46, 21 and 22 respectively.

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 ("new and revised HKFRSs") issued by Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are or have become effective.

HKAS 27 (Revised 2008)	Consolidated and Separate Financial Statements
HKAS 32 (Amendment)	Classification of Right Issues
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRS 1 (Amendments)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised 2008)	Business Combinations
HK(IFRIC) — Int 17	Distributions of Non-cash Assets to Owners
HK — Int 5	Presentation of Financial Statements — Classification by the Borrowers of a Term Loan that Contains a Repayment on Demand Clause

Except as described below, the application of the new and revised Standards and Interpretations in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

Amendment to HKAS 17 "Leases"

As part of Improvements to HKFRSs issue in 2009, HKAS 17 has been amended in relation to the classification of leasehold land. Before the amendment to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the consolidated statement of financial position. The amendment to HKAS 17 has removed such a requirement. The amendment requires that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

2. Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (Continued)

Amendment to HKAS 17 "Leases" (Continued)

In accordance with the transitional provisions set out in the amendments to HKAS 17, the Group reassessed the classification of unexpired leasehold land at 1 April 2010 based on information that existed at the inception of leases. Leasehold land that qualified for finance lease classification have been reclassified from prepaid lease payment to property, plant and equipment retrospectively. This resulted in a reclassification of prepaid lease payment with carrying amount of HK$105,137,000 and HK$102,370,000 as at 1 April 2009 and 31 March 2010 respectively to property, plant and equipment that are measured at cost model. Accordingly, the carrying amount of property, plant and equipment was increased from HK$11,039,000 and HK$33,502,000 as at 1 April 2009 and 31 March 2010 to HK$116,176,000 and HK$135,872,000 respectively.

As at 31 March 2011, leasehold land that qualifies for finance lease classification with carrying amount of HK$99,603,000 has been included in property, plant and equipment. The application of the amendments to HKAS 17 has had no impact on the reported profit or loss for the current and prior years.

HKAS 27 (Revised 2008) "Consolidated and Separate Financial Statements" and HKFRS 3 (Revised 2008) "Business Combinations"

The requirements in HKAS 27 (Revised 2008) in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are applied prospectively by the Group on or after 1 April 2010.

During the year, the Group disposed of 20% interest in Get Wisdom Limited ("Get Wisdom"), a subsidiary owned by the Group as to 70% immediately before the transaction. Get Wisdom became a jointly controlled entity following the disposal. In accordance with HKAS 27 (Revised 2008), when control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised standard requires that the Group derecognises all assets, liabilities and non-controlling interests at their carrying amounts. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost, the resulting difference is recognised as a gain or loss in profit or loss. The fair value of the investment retained in Get Wisdom, which approximated to 50% of the previous carrying amounts of assets and liabilities of Get Wisdom amounting to HK$241,000, became the cost on initial recognition of an investment in a jointly controlled entity. There has been no material effect on the financial position and reported result of the Group for the year.

In addition, the impact of the adoption of HKAS 27 (Revised 2008) has been to allow allocation of total comprehensive income and expense of a subsidiary to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. This change in accounting policy has resulted in an increase in profit attributable to owners of the Company by HK$754,000 and an increase in loss for the year attributable to non-controlling interests by the same amount.

The Group also applies HKFRS 3 (Revised 2008) "Business Combinations" prospectively to business combinations for which the acquisition date is on or after 1 April 2010. As there was no transaction during the year in which HKFRS 3 (Revised 2008) is applicable, the application of HKFRS 3 (Revised) and the consequential amendments to other HKFRSs had no effect on the consolidated financial statements of the Group for the current or prior accounting periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

2. Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (Continued)

Hong Kong Interpretation 5 "Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause" ("HK Int 5")

HK Int 5 clarifies that term loans that include a clause that gives the lender the unconditional right to call the loans at any time ("repayment on demand clause") should be classified by the borrower as current liabilities. The Group has applied HK Int 5 for the first time in the current year. HK Int 5 requires retrospective application.

In order to comply with the requirements set out in HK Int 5, the Group has changed its accounting policy on classification of term loans with a repayment on demand clause. In the past, the classification of such term loans were determined based on the agreed scheduled repayment dates set out in the loan agreements. Under HK Int 5, term loans with a repayment on demand clause are classified as current liabilities.

As a result, bank loans that contain a repayment on demand clause with the aggregate carrying amounts of HK$159,893,000 and HK$428,022,000 as at 31 March 2010 and 1 April 2009 respectively have been reclassified from non-current liabilities to current liabilities. As at 31 March 2011, bank loans (that are repayable more than one year after the end of the reporting period but contain a repayment on demand clause) with the aggregate carrying amount of HK$321,846,000 have been classified as current liabilities. The application of HK Int 5 has had no impact on the reported profit or loss for the current and prior years.

Such term loans have been presented in the earliest time band in the maturity analysis for financial liabilities (see note 37 for details).

The effects of the above changes in accounting policies on the financial positions of the Group as at 1 April 2009 and 31 March 2010 are summarised as follows:

	As at 1 April 2009 (originally stated) HK$'000	Adjustments HK$'000	As at 1 April 2009 (restated) HK$'000	**As at 31 March 2010 (originally stated) HK$'000**	**Adjustments HK$'000**	**As at 31 March 2010 (restated) HK$'000**
Property, plant and equipment	11,039	105,137	116,176	**33,502**	**102,370**	**135,872**
Prepaid lease payment	105,137	(105,137)	—	**102,370**	**(102,370)**	**—**
Borrowings — current	(890,973)	(428,022)	(1,318,995)	**(896,689)**	**(159,893)**	**(1,056,582)**
Borrowings — non-current	(1,973,122)	428,022	(1,545,100)	**(2,842,439)**	**159,893**	**(2,682,546)**
Other assets and liabilities	5,256,453	—	5,256,453	**7,016,865**	**—**	**7,016,865**
Net assets	2,508,534	—	2,508,534	**3,413,609**	**—**	**3,413,609**
Total equity	2,508,534	—	2,508,534	**3,413,609**	**—**	**3,413,609**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

2. Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (Continued)

New and revised Standards and Interpretations issued 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.

HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[1]
HKAS 24 (Revised 2009)	Related Party Disclosures[2]
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010 except for the amendments to HKFRS 3 (Revised 2008), HKFRS 7, HKAS 1 and HKAS 28[3]
HKFRS 1 (Amendments)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[4]
HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[5]
HKFRS 7 (Amendments)	Disclosures — Transfers of Financial Assets[6]
HKFRS 9 (Revised 2010)	Financial Instruments[6]
HK(IFRIC) — Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[2]
HK(IFRIC) — Int 19	Extinguishing Financial Liabilities with Equity Instruments[4]

1 Effective for annual periods beginning on or after 1 January 2012
2 Effective for annual periods beginning on or after 1 January 2011
3 Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate
4 Effective for annual periods beginning on or after 1 July 2010
5 Effective for annual periods beginning on or after 1 July 2011
6 Effective for annual periods beginning on or after 1 January 2013

HKFRS 9 "Financial Instruments" issued in November 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 (Revised 2010) adds the requirements for the financial liabilities and for derecognition.

Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at either amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for the annual period beginning 1 April 2013 and that the application of HKFRS 9 might have impact on amounts reported in respect of the Group's financial assets. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

3. Significant accounting policies

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

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

The principal accounting policies are set out below.

Basis of consolidation

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

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

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

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

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

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Prior to 1 April 2010, losses applicable to the non-controlling interests in excess of the non-controlling interests in the subsidiary's equity were allocated against the interests of the Group except to the extent that the non-controlling interests had a binding obligation and were able to make an additional investment to cover the losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

3. Significant accounting policies (Continued)

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries on or after 1 April 2010

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained profits, as appropriate). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

Jointly controlled entities

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

The results and assets and liabilities of jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in jointly controlled entities are initially recognised in the consolidated statement of financial position at cost as adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the jointly controlled entities. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity), the Group discontinues recognising its share of further losses. Additional shares are only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of a jointly controlled entity recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount 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 profit or loss.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a jointly controlled entity. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

3. Significant accounting policies (Continued)

Jointly controlled entities (Continued)

When a group entity transacts with its jointly controlled entity, profits and losses resulting from the transactions with the jointly controlled entity are recognised in the Group's consolidated financial statements only to the extent of interests in the jointly controlled entity that are not related to the Group.

Interests in associates

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

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are initially recognised in the consolidated statement of financial position at cost as adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount 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 profit or loss.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Where a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

3. Significant accounting policies (Continued)

Revenue recognition

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

Revenue from sale of completed properties in the ordinary course of business is recognised when the respective properties have been delivered to the buyers. Deposits and instalments received from purchasers prior to meeting the above criteria for revenue recognition are included as deposits received on sales of properties under current liabilities in the consolidated statement of financial position.

Rental income, including rental invoiced in advance from properties let under operating leases, is recognised on a straight-line basis over the term of the relevant leases.

Management service income is recognised when services are provided.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

Property, plant and equipment

Property, plant and equipment including land and buildings held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress) are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values, over their estimated useful lives, 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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on 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 the profit or loss in the period in which the asset is derecognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

3. Significant accounting policies (Continued)

Properties held for sale

Properties held for sale are stated in the consolidated statement of financial position at the lower of cost and net realisable value on an individual property basis. Cost includes the cost of the properties and other direct attributable expenses. Net realisable value is calculated at the actual or estimated selling price less related costs of marketing and selling.

Properties under development under current assets

Properties under development under current assets are properties held for future sale in the ordinary course of business and are stated at the lower of cost and net realisable value. Cost includes the cost of property interests, development expenditure and other direct attributable expenses.

Upon completion, the properties are transferred to completed properties held for sale. Net realisable value takes into accounts the price ultimately expected to be realised, less applicable variable selling expenses and the anticipated cost to completion.

Leasing

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 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.

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.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

Lease payments is generally classified as a finance lease and accounted for as property, plant and equipment, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease.

Club memberships

Club memberships with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

3. Significant accounting policies (Continued)

Club memberships (Continued)

Gains or losses arising from derecognition of club memberships are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Financial instruments

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

Financial assets

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

Effective interest method

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

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading.

A financial asset is classified as held for trading if:

* it has been acquired principally for the purpose of selling in the near future; or

* it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

* it is a derivative that is not designated and effective as a hedging instrument.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

3. Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including deposit paid for acquisition of property, plant and equipment, trade and other receivables, deposit paid for acquisition of properties held for sale, other deposit, amount(s) due from a non-controlling shareholder of a subsidiary, associates and jointly controlled entities, cash held by securities brokers and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

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, loans and receivables or held-to-maturity investments.

Available-for-sale financial assets are measured at fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in investment revaluation reserve, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see accounting policy on impairment loss on financial assets below).

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

Impairment of financial assets

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

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

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

* significant financial difficulty of the issuer or counterparty; or

* breach of contract, such as default or delinquency in interest and principal payments; or

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

* the disappearance of an active market for that financial asset because of financial difficulties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

3. Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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

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

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

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

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in other comprehensive income and accumulated in investment revaluation reserve. For available-for-sale debt investments, impairment losses are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities and equity

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

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

Effective interest method

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

Interest expense is recognised on an effective interest basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

3. Significant accounting policies (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Convertible notes issued by the Company

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

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

In subsequent periods, the liability component of the convertible notes 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 the convertible notes equity reserve until the embedded option is exercised (in which case the balance stated in convertible notes equity reserve will be transferred to share premium). Where the option remains unexercised at the expiry date, the balance stated in convertible notes equity reserve will be released to the accumulated profits. No gain or loss is recognised in profit or loss 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.

Where the convertible notes are redeemed, the consideration paid and any transactions cost thereof is allocated between the liability and conversion option components of the convertible notes at the date of the redemption. The difference between the consideration paid for the redemption of the liability component, which is determined using the prevailing market interest rate of similar non-convertible debts, and its carrying amount at the date of the redemption is recognised in profit or loss while the difference between the consideration paid for the redemption of the conversion option component and its carrying amount at the date of the transaction is included in equity (accumulated profits).

Other financial liabilities

Other financial liabilities including other payables, amounts due to non-controlling shareholders of subsidiaries, jointly controlled entities and associates and bank and other borrowings are subsequently measured at amortised cost, using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

3. Significant accounting policies (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Equity instruments

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

Redemption of the Company's own equity instruments is recognised and deducted directly in equity (share capital and share premium). No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Derivative financial instruments

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 the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

Embedded derivatives

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

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contact at the higher of: (i) the amount determined in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 Revenue.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

3. Significant accounting policies (Continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Retirement benefit schemes

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

Taxation

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

3. Significant accounting policies (Continued)

Taxation (Continued)

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees and consultants and vested before 1 April 2005

The financial impact of share options granted is not recorded in the consolidated financial statements until such time as the options are exercised, and no charge is recognised in profit or loss in respect of the value of options granted. Upon the exercise of the share options, the resulting shares issued are recorded as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded as share premium. Options which lapse or are cancelled prior to their exercise date are deleted from the register of outstanding options.

Share options granted to employees and vested on or after 1 April 2005

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share option reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognised in profit or loss, with a corresponding adjustment to share option reserve.

At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in equity (share option reserve) will be transferred to accumulated profits.

Foreign currencies

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

3. Significant accounting policies (Continued)

Foreign currencies (Continued)

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Company's net investment in a foreign operation, in which case, such exchange differences are recognised in other comprehensive income and accumulated in equity in the consolidated financial statements and will be reclassified from equity to profit or loss on disposal of foreign operation. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period.

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

From 1 April 2010 onwards, on the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Impairment loss

At the end of the 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 asset is estimated in order to determine the extent of the impairment loss, if any. In addition, intangible assets with indefinite useful lives are tested for impairment annually, and whenever there is an indication that they may be impaired. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

4. Key sources of estimation uncertainty

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

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

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

Estimated impairments and their reversals on properties held for sale and deposits related to acquisition of properties held for sale

Management reviews the recoverability of the Group's property interests held for sale and deposits paid for acquisition of such properties interests with aggregate carrying amount of approximately HK$4,395,942,000 (31 March 2010: HK$6,592,776,000, 1 April 2009: HK$4,329,832,000) with reference to the current market environment whenever events or changes in circumstances indicate that the carrying amount of the assets exceeds its recoverable amount. Impairment for estimated irrecoverable amounts is recognised in profit and loss when there is objective evidence that the asset is impaired.

In determining whether impairment on the properties and the deposits is required, the Group takes into consideration the current market environment, the estimated market value of the properties held and to be acquired and/or the estimated net sale proceeds it expects to receive on disposals of the properties. If the market environment/circumstances changes significantly, resulting in a decrease in the recoverable amount of these property interests held and/or the deposits paid for acquisition of such properties, additional impairment loss may be required.

During the year ended 31 March 2010, the directors determined there is clear evidence of an increase in net realisable value of the Group's property interests held for sale that carried at net realisable value and still on hand at the end of the reporting period because of the booming of property markets in Hong Kong. Reversals of the impairments on properties held for sale amounted to approximately HK$45,678,000 made in previous years have been recognised in the consolidated income statement for the year ended 31 March 2010. No impairments nor reversals of impairments were recognised during the year ended 31 March 2011.

Fair value of derivative financial instruments

Derivative financial instruments of approximately HK$10,415,000 (31 March 2010: HK$9,194,000, 1 April 2009: HK$6,657,000) are carried in the consolidated statement of financial position at fair value, as disclosed in note 34. The best evidence of fair value is quoted prices in an active market, where quoted prices are not available for a particular financial instrument, the Group uses the valuation provided by counterparty financial institution as the basis for fair value. The use of methodologies, models and assumptions in pricing and valuing these financial instruments is subjective and requires varying degrees of judgment by counterparty financial institutions, which may result in significantly different fair values and results.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

5. Revenue

Revenue represents the aggregate of the net amounts received and receivable from third parties for the year. An analysis of the Group's revenue for the year is as follows:

	2011 **HK$'000**	2010 HK$'000
Rental income	**277,558**	189,602
Sales of properties held for sale	**2,467,734**	1,258,305
	2,745,292	1,447,907

6. Segmental information

The Group's operating segments, identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess performance, are summarised as follows:

(a) Property trading segment, which engages in the trading of properties;

(b) Strategic investment segment, which engages in property investment through strategic alliances with the joint venture partners of the jointly controlled entities and associates; and

(c) Securities investment segment, which engages in the securities trading and investment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

6. Segmental information (Continued)

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating segment:

	Property trading HK$'000	Strategic investment HK$'000	Securities investment HK$'000	Consolidated HK$'000
For the year ended 31 March 2011				
Gross proceeds	2,745,292	–	147,311	2,892,603
External Revenue				
Rental income	277,558	–	–	277,558
Sales of properties held for sale	2,467,734	–	–	2,467,734
Revenue of the Group	2,745,292	–	–	2,745,292
Interest income and dividend income	–	–	11,626	11,626
Share of results of jointly controlled entities	–	61,130	–	61,130
Share of results of associates	–	26,426	–	26,426
Segment revenue	2,745,292	87,556	11,626	2,844,474
Result				
Segment profit	981,242	87,935	13,482	1,082,659
Unallocated other income				5,230
Other gains and losses				2,776
Central administration costs				(64,931)
Finance costs				(79,953)
Share of results of a jointly controlled entity				(5,364)
Profit before taxation				940,417

Note: The directors of the Company are not aware of any transactions between the operating segments during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

6. Segmental information (Continued)

Segment revenue and results (Continued)

	Property trading HK$'000	Strategic investment HK$'000	Securities investment HK$'000	Consolidated HK$'000
For the year ended 31 March 2010				
Gross proceeds	1,447,907	—	355,107	1,803,014
External Revenue				
Rental income	189,602	—	—	189,602
Sales of properties held for sale	1,258,305	—	—	1,258,305
Revenue of the Group	1,447,907	—	—	1,447,907
Interest income and dividend income	—	—	10,219	10,219
Share of results of jointly controlled entities	—	(6,531)	—	(6,531)
Share of results of associates	—	(4,199)	—	(4,199)
Segment revenue	1,447,907	(10,730)	10,219	1,447,396
Result				
Segment profit (loss)	279,811	(10,309)	62,396	331,898
Unallocated other income				2,344
Other gains				331,396
Central administration costs				(43,959)
Finance costs				(54,951)
Share of results of a jointly controlled entity				22
Profit before taxation				566,750

Note: The directors of the Company are not aware of any transactions between the operating segments during the year.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment profit (loss) represents profit (loss) earned/incurred by each segment, interest income, dividend income, fair value change of investments and share of results of jointly-controlled entities and associates, without allocation of other income (primarily bank interest income), other gains and losses, central administrative costs, finance costs and income tax expenses. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

6. Segmental information (Continued)

Segment assets and liabilities

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

	31 March 2011 HK$'000	31 March 2010 HK$'000
Segment assets		
Property trading	**4,543,502**	6,609,924
Strategic investment	**681,297**	109,545
Securities investment	**450,690**	297,189
Total segment assets	**5,675,489**	7,016,658
Property, plant and equipment	**126,522**	135,872
Cash held by securities brokers	**137,568**	35,183
Bank balances and cash	**1,721,786**	581,745
Other unallocated assets	**22,940**	20,400
Consolidated assets	**7,684,305**	7,789,858
Segment liabilities		
Property trading	**547,719**	401,074
Strategic investment	**11,791**	—
Securities investment	**1,057**	9,194
Total segment liabilities	**560,567**	410,268
Convertible notes	**165,845**	168,939
Bank and other borrowings	**2,621,965**	3,739,128
Other unallocated liabilities	**99,114**	57,914
Consolidated liabilities	**3,447,491**	4,376,249

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

* all assets are allocated to operating segments other than property, plant and equipment, deferred tax assets, taxation recoverable, certain other receivables, cash held by securities brokers and bank balances and cash; and

* all liabilities are allocated to operating segments other than accruals and other payables of the head office, taxation payable, convertible notes, bank and other borrowings and deferred tax liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

6. Segmental information (Continued)

Other segment information

For the year ended 31 March 2011

	Property trading HK$'000	**Strategic investment HK$'000**	**Securities investment HK$'000**	**Segment total HK$'000**	**Unallocated HK$'000**	**Total HK$'000**
Amounts included in the measure of segment profit (loss) or segment assets and liabilities:						
Interests in associates	**–**	**11,294**	**–**	**11,294**	**–**	**11,294**
Interests in jointly controlled entities	**–**	**182,671**	**–**	**182,671**	**–**	**182,671**
Fair value increase of investment held for trading	**–**	**–**	**17,108**	**17,108**	**–**	**17,108**

For the year ended 31 March 2010

	Property trading HK$'000	Strategic investment HK$'000	Securities investment HK$'000	Segment total HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit (loss) or segment assets and liabilities:						
Interests in associates	–	3,854	–	3,854	4,297	8,151
Interests in jointly controlled entities	–	5,508	–	5,508	–	5,508
Reversals of impairment loss on properties held for sale	45,678	–	–	45,678	–	45,678
Fair value increase of investment held for trading	–	–	62,151	62,151	–	62,151

Geographical information

The Group's operations in property trading, strategic investments and securities investment are mainly located in Hong Kong and the People's Republic of China (the "PRC").

The following table provides an analysis of the Group's revenue and non-current assets by geographical location.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

6. Segmental information (Continued)

Geographical information (Continued)

Revenue from property rentals and sales of properties held for sale are allocated based on the geographical location of the property interests.

Non-current assets are allocated by geographical location of the assets.

	Revenue from external customers Year ended 31 March		Non-current assets (Note) 31 March	31 March
	2011 **HK$'000**	2010 HK$'000	**2011** **HK$'000**	2010 HK$'000
Hong Kong	**1,297,060**	1,415,831	**185,172**	145,495
PRC	**1,448,232**	32,076	**291**	350
Singapore	**—**	—	**6,828**	3,686
	2,745,292	1,447,907	**192,291**	149,531

Note: Non-current assets exclude financial instruments and deferred tax assets.

Information about major tenants and buyers of properties

Revenue from customers, who are buyers of properties held for sale, which individually accounted for more than 10% of the consolidated revenue from external customers are detailed as below.

	2011 **HK$'000**	2010 HK$'000
Buyer A	**1,324,231**	N/A[1]
Buyer B	**413,742**	N/A[1]
Buyer C	**N/A[1]**	350,000
Buyer D	**N/A[1]**	277,000
Buyer E	**N/A[1]**	149,000
	1,737,973	776,000

1 The corresponding revenue did not contribute over 10% of the total revenue of the Group for the relevant year.

Revenue by type of income

The relevant information is set out in note 5.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

7. Income and gains/losses from investments

	2011 HK$'000	2010 HK$'000
Interest income from:		
— investments held for trading	9,358	8,268
— available-for-sale investments	314	395
Dividend income from:		
— investments held for trading	713	727
— available-for-sale investments	1,241	829
Increase (decrease) in fair values of:		
— investments held for trading	17,108	62,151
— conversion options embedded in convertible notes	(3,730)	—
— derivative financial instruments	(7,890)	(7,824)
— others	197	182
	17,311	64,728

The following is the analysis of the investment income and gain (loss) from respective financial instruments:

	2011 HK$'000	2010 HK$'000
— investments held for trading	27,179	71,146
— available-for-sale investments and others	1,752	1,406
— conversion options embedded in convertible notes	(3,730)	—
— derivative financial instruments	(7,890)	(7,824)
	17,311	64,728

8. Other income

	2011 HK$'000	2010 HK$'000
Bank interest income	3,548	2,250
Amortisation of financial guarantee contracts	379	421
Reversal of impairment loss on properties held for sale	—	45,678
Others	1,682	94
	5,609	48,443

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

9. Other gains and losses

Other gains (losses) comprise:

	2011 **HK$'000**	2010 HK$'000
Exchange gain	**3,888**	2,394
(Loss) gain on partial redemption of convertible notes *(Note i)*	**(1,112)**	124,192
Net gain on disposal of subsidiaries *(note 39)*	**38,915**	—
Gain on redemption of other borrowings *(Note ii)*	**—**	197,182
Gain on disposal of property, plant and equipment	**—**	7,628
	41,691	331,396

Notes:

(i) During the year, the Company entered into agreements with certain noteholders, who are independent third parties, pursuant to which the Company redeemed certain of the convertible notes with an aggregate principal amount of HK$15,600,000 (2010: HK$428,900,000) and with an aggregate carrying amount of the liability component of HK$16,860,000 (2010: HK$418,578,000) for an aggregate consideration of HK$17,972,000 (2010: HK$294,386,000), resulting in a loss of HK$1,112,000 (2010: a gain of HK$124,192,000). The details are set out in note 31.

(ii) Pursuant to a loan purchase agreement dated 22 May 2009, the Group bought back the loan from Lehman Brothers Commercial Corporation Asia Limited (In Liquidation) ("Lehman Brothers") with an aggregate principal outstanding balance plus accrued interest of HK$433,682,000 for an aggregate consideration of HK$236,500,000, resulting in a gain of HK$197,182,000 during the year ended 31 March 2010. The details are set out in note 32.

10. Finance costs

	2011 **HK$'000**	2010 HK$'000
Interests on:		
Bank and other borrowings wholly repayable within five years	**42,210**	14,930
Bank and other borrowings not repayable within five years but contain a repayment on demand clause in the loan agreement	**2,965**	2,456
Bank and other borrowings not wholly repayable within five years	**16,518**	20,987
Convertible notes wholly repayable within five years	**18,260**	16,578
	79,953	54,951

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

11. Taxation

	2011 HK$'000	2010 HK$'000
The charge (credit) comprises:		
Hong Kong Profits Tax		
— Current year	**44,529**	8,127
— Underprovision in prior years	**3,540**	2,956
	48,069	11,083
PRC Enterprise Income Tax ("EIT") — current year	**47,411**	—
	95,480	11,083
Deferred taxation *(note 23)*	**(11,374)**	10,682
	84,106	21,765

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards. No provision for PRC EIT for the year ended 31 March 2010 has been made in the consolidated financial statements as all of the PRC subsidiaries had no assessable profits for the year then ended.

According to the Circular on the State Administration of Taxation on Strengthening the Management of EIT Collection of Proceeds from Equity Transfers by Non-Resident Enterprises (Guoshuihan [2009] No. 698) ("Circular No. 698"), a non-PRC Tax Resident Enterprise is subject to the PRC EIT on the gain arising from a sale or transfer of any intermediate offshore company directly or indirectly holds an interest, including any assets, subsidiaries, or other forms of business operations, in the PRC at a rate of 10%, or otherwise stipulated in an applicable tax treaty or arrangement. Circular No. 698 applies to all such transactions conducted on or after 1 January 2008.

Included in the PRC EIT for the year ended 31 March 2011 is an amount of HK$41,800,000 for the gain on disposal of certain property interests in the PRC through disposal of an intermediate offshore company. As set out in note 39, the subsidiaries disposed of were principally engaged in the business of property trading and the consideration allocated to the properties is included in revenue of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

11. Taxation (Continued)

The tax charge for the year can be reconciled to the profit before taxation per the consolidated income statement follows:

	2011 HK$'000	2010 HK$'000
Profit before taxation	**940,417**	566,750
Taxation at Hong Kong Profits Tax rate of 16.5%	**155,169**	93,514
Tax effect of expenses not deductible for tax purpose	**16,485**	14,273
Tax effect of income not taxable for tax purpose	**(41,928)**	(89,916)
Tax effect of share of results of jointly controlled entities	**(9,201)**	1,074
Tax effect of share of results of associates	**(4,360)**	693
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(26,833)**	(1,896)
Tax effect of tax losses not recognised	**241**	4,130
Utilisation of tax loss previously not recognised	**(9,007)**	(3,063)
Underprovision in prior years	**3,540**	2,956
Tax charge for the year	**84,106**	21,765

12. Profit for the year

	2011 HK$'000	2010 HK$'000
Profit for the year has been arrived at after charging:		
Directors' remuneration *(note 13)*:		
Fees	**300**	300
Salaries and other benefits	**12,332**	10,316
Bonus	**22,403**	9,657
Contributions to retirement benefits schemes	**453**	371
Share-based payments	**451**	573
	35,939	21,217
Other staff costs:		
Salaries and other benefits	**13,091**	11,298
Bonus	**4,400**	2,879
Contributions to retirement benefits schemes	**821**	633
Share-based payments	**164**	654
	18,476	15,464
Total staff costs	**54,415**	36,681
Auditor's remuneration	**930**	870
Depreciation of property, plant and equipment	**10,684**	9,970
Cost of properties held for sale recognised as an expense	**1,697,466**	1,136,400

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

13. Directors' remuneration

The emoluments paid or payable to each of eight (2010: seven) directors were as follows:

For the year ended 31 March 2011

	Mr. Chung Cho Yee, Mico HK$'000 (Note i)	Mr. Kan Sze Man HK$'000	Mr. Chow Hou Man HK$'000	Mr. Wong Chung Kwong HK$'000 (Note ii)	Mr. Hubert Chak HK$'000 (Note iii)	Dr. Lam Lee G. HK$'000	Dato' Wong Sin Just HK$'000	Mr. Cheng Yuk Wo HK$'000	Total HK$'000
Directors' remuneration									
Fee	**—**	**—**	**—**	**—**	**—**	**100**	**100**	**100**	**300**
Salaries and other benefits	**6,810**	**2,205**	**1,680**	**1,144**	**493**	**—**	**—**	**—**	**12,332**
Bonus *(Note iv)*	**18,000**	**1,835**	**1,650**	**918**	**—**	**—**	**—**	**—**	**22,403**
Contributions to retirement benefits schemes	**—**	**158**	**167**	**103**	**25**	**—**	**—**	**—**	**453**
Share-based payments	**—**	**—**	**—**	**164**	**287**	**—**	**—**	**—**	**451**
	24,810	**4,198**	**3,497**	**2,329**	**805**	**100**	**100**	**100**	**35,939**

For the year ended 31 March 2010

	Mr. Chung Cho Yee, Mico HK$'000 (Note i)	Mr. Hubert Chak HK$'000 (Note iii)	Mr. Kan Sze Man HK$'000	Mr. Chow Hou Man HK$'000	Dr. Lam Lee G. HK$'000	Dato' Wong Sin Just HK$'000	Mr. Cheng Yuk Wo HK$'000	Total HK$'000
Directors' remuneration								
Fee	—	—	—	—	100	100	100	300
Salaries and other benefits	4,560	2,800	1,845	1,111	—	—	—	10,316
Bonus *(Note iv)*	8,000	547	630	480	—	—	—	9,657
Contributions to retirement benefits schemes	—	167	124	80	—	—	—	371
Share-based payments	—	573	—	—	—	—	—	573
	12,560	4,087	2,599	1,671	100	100	100	21,217

Notes:

(i) Mr. Chung Cho Yee, Mico has been re-designated from a non-executive director to an executive director on 6 July 2010.

(ii) Mr. Wong Chung Kwong has been appointed as executive director on 1 April 2010.

(iii) Mr. Hubert Chak resigned as an executive director on 31 May 2010.

(iv) Bonus is recommended by the Remuneration Committee and is approved by the board of directors, having regard to the Group's operating results, individual performance and comparable market statistics.

No directors waived any emoluments during both years.

During both years, no emoluments were paid by the Group to any director as an inducement to join or upon joining the Group or as compensation for loss of office.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

14. Employees' remuneration

The five individuals with the highest emoluments in the Group included four (2010: four) directors of the Company whose emoluments are set out in note 13. The emoluments of the remaining one (2010: one) individual were as follows:

	2011 HK$'000	2010 HK$'000
Salaries and other benefits	955	1,300
Bonus *(Note)*	420	408
Contribution to retirement benefits schemes	69	70
	1,444	1,778

Their emoluments were within the following bands:

	2011 Number of employees	2010 Number of employees
HK$1,000,001 to HK$1,500,000	1	—
HK$1,500,001 to HK$2,000,000	—	1
	1	1

Note: Bonus is recommended by the Remuneration Committee and is approved by the board of directors, having regard to the Group's operating results, individual performance and comparable market statistics.

15. Dividends

	2011 HK$'000	2010 HK$'000
Dividend recognised as distribution during the year — Final dividend of HK0.5 cent per share in respect of financial year ended 31 March 2010 (2010: Final dividend of HK0.22 cent per share in respect of financial year ended 31 March 2009)	40,819	15,760

A final dividend of HK1 cent per share amounting to approximately HK$82,331,000 has been proposed by the directors and is subject to approval by the shareholders at the forthcoming annual general meeting.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

16. Earnings per share

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

	2011 **HK$'000**	2010 HK$'000
Earnings		
Earnings for the purpose of basic earnings per share: (profit for the year attributable to owners of the Company)	**857,732**	546,271
Effects of dilutive potential ordinary shares:		
Interest on convertible notes (net of tax)	**17,148**	15,900
Loss (gain) on partial redemption of convertible notes (net of tax)	**1,112**	(123,947)
Earnings for the purpose of diluted earnings per share	**875,992**	438,224
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share (in thousands)	**8,163,817**	7,463,869
Effects of dilutive potential ordinary shares (in thousands):		
Share options	**142,409**	139,162
Convertible notes	**582,986**	571,398
Weighted average number of ordinary shares for the purpose of diluted earnings per share (in thousands)	**8,889,212**	8,174,429

For both years ended 31 March 2011 and 2010, the computation of diluted earnings per share does not assume the exercise of certain of the Company's share options because the exercise price of those options was higher than the average market price of the shares for both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

17. Property, plant and equipment

	Land and buildings HK$'000 (restated)	Leasehold improvements HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Vessel HK$'000	Total HK$'000
COST						
At 1 April 2009	116,295	3,459	1,013	4,007	13,997	138,771
Additions	—	—	124	570	30,144	30,838
Disposals	—	—	—	(79)	(13,797)	(13,876)
At 31 March 2010	116,295	3,459	1,137	4,498	30,344	155,733
Additions	970	—	284	355	—	1,609
Disposal of subsidiaries	—	—	(352)	—	—	(352)
At 31 March 2011	117,265	3,459	1,069	4,853	30,344	156,990
DEPRECIATION						
At 1 April 2009	6,579	1,329	489	2,500	11,698	22,595
Provided for the year	2,961	692	37	1,111	5,169	9,970
Eliminated on disposals	—	—	—	(57)	(12,647)	(12,704)
At 31 March 2010	9,540	2,021	526	3,554	4,220	19,861
Provided for the year	3,001	692	74	888	6,029	10,684
Eliminated on disposals of subsidiaries	—	—	(77)	—	—	(77)
At 31 March 2011	12,541	2,713	523	4,442	10,249	30,468
CARRYING VALUES						
At 31 March 2011	104,724	746	546	411	20,095	126,522
At 31 March 2010 (restated)	106,755	1,438	611	944	26,124	135,872
At 1 April 2009 (restated)	109,716	2,130	524	1,507	2,299	116,176

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

Land and buildings	Over the shorter of the terms of the relevant lease of the relevant land on which buildings are erected, or 2.5%
Leasehold improvements	20%
Furniture, fixtures and office equipment	20%
Motor vehicles	33%
Vessel	20%

The Group's buildings comprise properties erected on land held under medium-term leases in Hong Kong.

Certain of the above property, plant and equipment is pledged to secure the general banking facilities granted to the Group. Details are set out in note 41.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

18. Deposit paid for acquisition of property, plant and equipment

The relevant property, plant and equipment has been received by the Group during the year ended 31 March 2010.

19. Available-for-sale investments/conversion options embedded in convertible notes

	31 March 2011 HK$'000	31 March 2010 HK$'000	1 April 2009 HK$'000
Available-for-sale investments comprises:			
Unlisted equity securities, at cost *(Note i)*	**5,005**	5,005	5,005
Unlisted debt securities, at fair value *(Note ii)*	**21,504**	24,137	19,664
	26,509	29,142	24,669
Analysed for reporting purposes as:			
Non-current asset	**5,005**	29,142	24,669
Current asset	**21,504**	—	—
	26,509	29,142	24,669
Convertible options embedded in convertible notes, at fair value and analysed for reporting purpose as *(Note ii)*:			
Non-current asset	**—**	3,750	3,041
Current asset	**20**	—	—
	20	3,750	3,041

Notes:

(i) Unlisted equity securities

The carrying value of unlisted equity securities represents a 8.27% (2010: 8.27%) interest in MC Founder Limited ("MC Founder"). MC Founder is incorporated in Hong Kong and engaged in the trading of mobile phones. The Group's interest in MC Founder is measured at cost less impairment at the end of each reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

19. Available-for-sale investments/conversion options embedded in convertible notes (Continued)

Notes: (Continued)

(ii) Unlisted debt securities/convertible options embedded in convertible notes

The unlisted debt securities as at 31 March 2011 represent the fair value of debt elements of the convertible notes issued by following companies that are independent third parties of the Group, whose shares are listed on the Stock Exchange:

— ITC Properties Group Limited ("ITCP") with a principal amount of HK$24,000,000 carries interest at 1% per annum with maturity on 15 June 2011 at redemption amount of 110% of the principal amount.

During the year ended 31 March 2011, the board of directors of ITCP proposed to extend the maturity of the convertible notes by a period of 30 months upon acceptance by the noteholders for the proposal. The proposed offer is conditional upon, among other conditions, the passing of the relevant ordinary resolutions at a special general meeting of ITCP. The Company resolved to accept the offer during the year. The fair value of the convertible notes as at 31 March 2011 is determined taking into account the effects of the revised maturity date. All condition precedents on the part of ITCP have been satisfied subsequent to 31 March 2011. The new notes carry interest at 3.25% per annum during the extension period and will be redeemable at the redemption amount of 105% of the principal amount on the revised maturity date.

— ITC Corporation Limited with a principal amount of HK$9,000,000 carried interest at 5% per annum with maturity on 2 November 2011 at redemption amount of 100% of the principal amount.

— Hanny Holdings Limited with a principal amount of HK$2,781,000 carries interest at 2% per annum with maturity on 15 June 2011 at redemption amount of 100% of the principal amount.

The Group has designated the debt element of the convertible note as available-for-sale investments on initial recognition.

At the end of the reporting period, the fair value of debt element was calculated based on the present value of contractually determined stream of future cash flows discounted at the required yield, which was determined with reference to the credit rating of the convertible note issuers and remaining time to maturity. No fair value gain or loss has been recognised in profit or loss during the year.

Conversion options embedded in convertible notes at the end of the reporting period was measured at fair value using the binomial option pricing model.

The fair value of each of the debt and conversion option component of the convertible notes on initial recognition and at the end of each reporting period were determined by the directors of the Company with reference to the valuation performed by Greater China Appraisal Limited and Vigers Appraisal & Consulting Limited, firms of independent valuers not connected with the Group.

20. Club memberships

	31 March 2011 HK$'000	31 March 2010 HK$'000	1 April 2009 HK$'000
Club memberships, at cost	**6,860**	6,860	6,860

The directors are of the opinion that there were no impairment on the club memberships since the market prices less cost to sell are higher than its carrying value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

21. Interests in jointly controlled entities/Amounts due from (to) jointly controlled entities

	31 March 2011 HK$'000	31 March 2010 HK$'000	1 April 2009 HK$'000
Cost of unlisted investments in jointly controlled entities	**241**	—	11,226
Share of post-acquisition profits, net of dividend received	**41,285**	5,508	19,886
Exchange difference arising on translation	**10,901**	—	—
Deemed capital contribution — interest-free loans *(Note i)*	**128,196**	—	—
Deemed capital contribution — financial guarantee contracts	**2,048**	—	92
	182,671	5,508	31,204
Amounts due from jointly controlled entities included in			
— non-current assets *(Note i)*	**401,396**	5,818	12,222
— current assets *(Note ii)*	**—**	—	14,489
	401,396	5,818	26,711
Amounts due to jointly controlled entities included in current liabilities *(Note iii)*	**439**	5,078	4,759

Notes:

(i) The amounts with principal amount of HK$529,592,000 are unsecured, non-interest bearing and repayable on demand. In the opinion of the directors, settlement is neither planned nor likely to occur in the foreseeable future. The directors consider that the amounts form part of the net investments in the jointly controlled entities. Accordingly, the amounts were classified as non-current. The carrying amounts as at 31 March 2011 is determined based on the present value of future cash flows discounted using an effective interest rate of 5.7%. The corresponding adjustment is recognised against the interest in the jointly controlled entities. In addition, included in the amounts is share of loss of a jointly controlled entity of HK$4,744,000 (31 March 2010: HK$18,531,000; 1 April 2009: HK$12,000,000) recognised in excess of the cost of investment.

(ii) The amounts are unsecured, non-interest bearing and are expected to be recovered within one year from the end of the reporting period.

(iii) The amounts are unsecured, non-interest bearing and repayable on demand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

21. Interests in jointly controlled entities/Amounts due from (to) jointly controlled entities (Continued)

As at 31 March 2010 and 2011, the Group had interests in the following jointly controlled entities:

Name of entity	Form of business structure	Place of incorporation	Principal place of operation	Class of share held	Proportion of nominal value of issued capital held by the Group *(Note i)* 2011	2010	Principal activity
Favor Win Limited	Incorporated	British Virgin Islands	Hong Kong	Ordinary	**50%**	50%	Inactive
Get Wisdom Limited ("Get Wisdom")	Incorporated	British Virgin Islands	PRC	Ordinary	**50%** *(Note ii)*	–	Property investment
GI Plus Space Limited ("GI Plus")	Incorporated	Hong Kong	Hong Kong	Ordinary	**50%** *(Note iii)*	–	Marketing and management
Singon Holdings Limited	Incorporated	Hong Kong	Macau	Ordinary	**50%**	50%	Property investment
Vast Faith Limited ("Vast Faith")	Incorporated	British Virgin Islands	PRC	Ordinary	**–** *(Note iv)*	50%	Property investment

Notes:

(i) The Group directly held the interest in Vast Faith. All other interests shown are held indirectly by the Group.

(ii) During the year, the Group disposed of 20% interest in Get Wisdom and its subsidiaries to the non-controlling shareholder of Get Wisdom while the Group previously had 70% interest immediately before the transaction. Get Wisdom then became a jointly controlled entity of the Company following the transaction. Under the relevant shareholders' agreement, decisions on operating and financing activities of Get Wisdom require unanimous consent from all joint venture partner. Accordingly, neither the Group nor the other venture partner has the ability to control Get Wisdom unilaterally and it is considered as jointly controlled by the Group and the joint venture partner. Therefore, Get Wisdom is classified as a jointly controlled entity of the Group. Details are set out in note 39.

(iii) This company is acquired by the Group during the year.

(iv) This company has been deregistered during the year.

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For the year ended 31 March 2011

21. Interests in jointly controlled entities/Amounts due from (to) jointly controlled entities (Continued)

The summarised financial information, extracted from relevant management accounts of jointly controlled entities for the year ended 31 March 2011 (which have been prepared based on the respective audited financial statements for the year ended 31 December 2010), in respect of the Group's interests in the jointly controlled entities, is set out below:

	31 March 2011 HK$'000	31 March 2010 HK$'000	1 April 2009 HK$'000
Non-current assets	**1,098,818**	—	116,839
Current assets	**114,126**	30,179	54,866
Current liabilities	**(654,159)**	(24,671)	(12,261)
Non-current liabilities	**(506,358)**	—	(128,332)
	52,427	5,508	31,112
Income/gains recognised in profit or loss	**105,686**	22	
Expenses recognised in profit or loss	**49,920**	6,531	

The Group has discontinued recognition of its share of losses of certain jointly controlled entities. The amounts of unrecognised share of losses of these jointly controlled entities, both for the year and cumulatively, are as follows:

	31 March 2011 HK$'000	31 March 2010 HK$'000	1 April 2009 HK$'000
Unrecognised share of losses of jointly controlled entities for the year	**2**	2	
Accumulated unrecognised share of losses of jointly controlled entities	**582**	580	578

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For the year ended 31 March 2011

22. Interests in associates/Amounts due from (to) associates

	31 March 2011 HK$'000	31 March 2010 HK$'000	1 April 2009 HK$'000
Costs of unlisted investment in associates	**33,552**	33,552	33,552
Share of post-acquisition losses and other comprehensive income, net of dividend received	**(26,275)**	(29,418)	(29,632)
Deemed capital contribution — Financial guarantee contracts	**4,017**	4,017	4,017
	11,294	8,151	7,937
Amounts due from associates included in: — non-current assets *(Note i)*	**89,360**	99,873	63,738
Amounts due to associates included in current liabilities *(Notes ii and iii)*	**12,201**	2,000	2,000

Notes:

(i) The amounts are unsecured, non-interest bearing and repayable on demand. In the opinion of the directors, settlement is neither planned nor likely to occur in the foreseeable future. The directors considered that the amounts form part of the net investments in the relevant associates. Accordingly, the amounts were classified as non-current. The directors of the Company consider that the carrying amounts of these balances approximates to their fair values. Included in the amounts is share of losses of associates of HK$7,500,000 (31 March 2010: HK$27,479,000; 1 April 2009: HK$20,480,000) recognised in excess of respective cost of investments.

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

(iii) Included in the amounts of HK$411,000 (31 March 2010: HK$2,000,000; 1 April 2009: HK$2,000,000) are denominated in Singapore Dollars ("SGD"), which is different from the functional currency of the relevant group entity.

At 31 March 2010 and 2011, the Group had interests in the following associates:

Name of entity	**Place of incorporation**	**Principal place of operation**	**Proportion of nominal value of issued share capital held indirectly by the Group 2011**	2010	**Principal activity**
Clemenceau Mauritius Holdings	Mauritius	Singapore	**25%**	25%	Property investment
Expert Vision Limited	British Virgin Islands	Hong Kong	**25%**	25%	Property investment
Femville Pte. Limited	Singapore	Singapore	**20%**	20%	Inactive
Maxland Management Limited	British Virgin Islands	Hong Kong	**40%**	—	Inactive
Trend Rainbow Limited	Hong Kong	Hong Kong	**40%**	40%	Property investment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

22. Interests in associates/Amounts due from (to) associates (Continued)

The summarised combined financial information, extracted from relevant management accounts of associates for the year ended 31 March 2011 (which have been prepared based on the respective audited financial statements for the year ended 31 December 2010), in respect of the Group's associates, is set out below:

	31 March 2011 HK$'000	31 March 2010 HK$'000	1 April 2009 HK$'000
Total assets	**1,188,718**	759,890	775,948
Total liabilities	**(1,187,141)**	(890,587)	(808,757)
Net assets	**1,577**	(130,697)	(32,809)
Group's share of net assets of associates	**7,277**	4,134	3,920
Revenue	**165,444**	29,393	
Other comprehensive expense	**(18,310)**	(3,289)	
Profit (loss) for the year	**147,134**	(87,903)	
Group's share of profit (loss) and other comprehensive expense of associates for the year	**26,426**	(6,785)	

For the year ended 31 March 2011, the Group has discontinued recognition of its share of loss of an associate. The amount of unrecognised share of loss of the associate, both for the year and cumulatively, are as follows:

	31 March 2011 HK$'000	31 March 2010 HK$'000	1 April 2009 HK$'000
Unrecognised share of loss of the associate for the year	**–**	17,759	
Accumulated unrecognised share of loss of the associate	**–**	17,759	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

23. Deferred taxation

The following are the major deferred tax liabilities (assets) recognised and movements thereon during the current and prior year:

	Accelerated tax depreciation HK$'000	Convertible notes HK$'000	Tax losses HK$'000	Total HK$'000
At 1 April 2009	11,512	1,335	(4,582)	8,265
Charge to equity for the year	—	1,760	—	1,760
Charge (credit) to consolidated income statement for the year	7,379	(923)	4,226	10,682
At 31 March 2010	18,891	2,172	(356)	20,707
Credit to consolidated income statement for the year	(10,204)	(1,113)	(57)	(11,374)
At 31 March 2011	8,687	1,059	(413)	9,333

As at 31 March 2011, the Group had unused tax losses of approximately HK$109,960,000 (31 March 2010: HK$162,738,000; 1 April 2009: HK$181,881,000) available for offset against future profits. A deferred tax asset has been recognised in respect of tax loss of HK$2,504,000 (31 March 2010: HK$2,158,000; 1 April 2009: HK$27,770,000). No deferred tax asset has been recognised in respect of the remaining unused tax losses of HK$107,456,000 (31 March 2010: HK$160,580,000; 1 April 2009: HK$154,110,000) due to unpredictability of future profits streams. Such tax losses can be carried forward indefinitely.

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

	31 March 2011 HK$'000	31 March 2010 HK$'000	1 April 2009 HK$'000
Deferred tax assets	**—**	—	2,698
Deferred tax liabilities	**(9,333)**	(20,707)	(10,963)
	(9,333)	(20,707)	(8,265)

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24. Amount(s) due from (to) non-controlling shareholders of subsidiaries

	31 March 2011 HK$'000	31 March 2010 HK$'000	1 April 2009 HK$'000
Amount due from a non-controlling shareholder of a subsidiary included in current assets *(Note i)*	**25**	25	3,440
Amounts due to non-controlling shareholders of subsidiaries included in current liabilities *(Note ii)*	**11,203**	299,128	9,641

Notes:

(i) The amount is unsecured, non-interest bearing and are expected to be recovered within one year from the end of the reporting period.

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

25. Trade and other receivables

The Group allows its trade customers with a credit period normally ranging from 30 days to 90 days. The aged analysis of the trade receivables, based on the invoice date, at the end of the reporting period are as follows:

	31 March 2011 HK$'000	31 March 2010 HK$'000	1 April 2009 HK$'000
Trade receivables:			
0–30 days	**1,690**	1,583	1,270
31–90 days	**1,734**	1,258	209
	3,424	2,841	1,479
Consideration receivables for sales of properties held for sale *(Note)*	**124,000**	—	—
Prepayments and deposits	**20,027**	10,136	7,919
Other receivables	**17,060**	7,534	4,569
	164,511	20,511	13,967

Note: The amount of consideration receivables for sale of properties held for sales was held under an escrow account, and has been fully settled after the reporting period.

Before accepting new customers, the Group will assess and understand the potential customer's credit quality and defines its credit limit. Credit limit attributed to each customer is reviewed regularly.

The entire trade receivable balance was neither past due nor impaired and had no default record based on historical information.

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For the year ended 31 March 2011

26. Other deposit

The entire balance at 31 March 2010, represented a deposit paid by a non-wholly owned subsidiary of the Company for acquisition of the entire interest in an entity established in the PRC that owned properties held for sale situated in Shanghai, the PRC. As at 31 March 2010, the amount represents an initial deposit of HK$326,917,000 paid to the vendor and the remaining balance of HK$1,493,578,000 was stakeheld under an escrow account, maintained at a bank in Hong Kong, refundable in full, bearing interest at the prevailing deposit rate.

During the year, the transaction has been completed and accounted for as acquisition of assets as the acquisition does not meet the definition of a business combination. Details are set out in note 38.

27. Investments held for trading

Investments held for trading, at fair values, comprise:

	31 March 2011 HK$'000	31 March 2010 HK$'000	1 April 2009 HK$'000
Listed equity securities *(Note i)*	**19,102**	21,676	11,183
Unlisted equity securities *(Note ii)*	**128,862**	161,220	11,794
	147,964	182,896	22,977
Listed debt securities *(Note iii)*	**264,784**	75,206	189,464
	412,748	258,102	212,441
Total and reported as:			
Listed			
Hong Kong	**19,102**	36,214	61,505
Elsewhere	**264,784**	60,668	139,142
Unlisted	**128,862**	161,220	11,794
	412,748	258,102	212,441

Notes:

(i) The fair value was based on the quoted prices of the respective securities in active markets for identical assets.

(ii) Unlisted equity securities represent units in investment funds managed by financial institutions. The underlying assets of the funds comprise unlisted bonds issued by government, central banks, banks and corporate entities in the Asia. The Group has the right to ask the funds to redeem such investment units at the redemption price provided by the investment fund managers on a regular basis. The fair value of the investment fund was determined based on redemption price provided by the investment fund managers, which was determined with reference to the value of the underlying assets of the funds. An increase in fair value of unlisted equity securities of HK$20,553,000 (2010: HK$19,230,000) was recognised in the consolidated income statement for the year ended 31 March 2011.

(iii) The listed debt securities at 31 March 2011 represent non-interest bearing bonds and bonds with fixed interest of 4.9% to 13.00% (2010: 7.30% to 13.00%) per annum. The maturity dates of the listed debt securities range from 9 November 2012 to 31 December 2049 (2010: 26 April 2010 to 31 December 2049). Their fair values are determined based on quoted market bid prices available from the market.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

28. Properties held for sale

The Group's carrying amounts of properties held for sale comprise:

	31 March 2011 HK$'000	31 March 2010 HK$'000	1 April 2009 HK$'000
The Group's carrying amounts of properties held for sale comprise:			
Completed properties	**3,781,321**	4,169,435	3,988,458
Properties under development	**369,191**	554,846	341,374
	4,150,512	4,724,281	4,329,832
Properties held for sale in Hong Kong under:			
Long term lease	**361,124**	179,253	710,294
Medium term lease	**2,807,968**	2,821,544	2,466,254
Short term lease	**369,191**	302,650	374,494
	3,538,283	3,303,447	3,551,042
Properties held for sale outside Hong Kong under:			
Medium term lease	**612,229**	1,420,834	778,790
	4,150,512	4,724,281	4,329,832
Analysed as:			
At cost	**4,150,512**	4,724,281	3,377,832
At net realisable value	**—**	—	952,000
	4,150,512	4,724,281	4,329,832

In the opinion of the directors, all properties held for sale are expected to be realised in the business cycle of two to three years.

Certain of the above properties held for sale are pledged to secure the general facilities granted to the Group. Details are set out in note 41.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

29. Cash held by securities brokers/Bank balances and cash

Cash held by securities brokers are short term deposits which carry variable interest rate ranged from 0.14% to 0.8% per annum (2010: 0.01% to 3.80% per annum).

The amounts of Group's cash held by securities brokers denominated in a currency other than the functional currencies of the relevant group entities are set out below:

	31 March 2011	31 March 2010
	HK$'000	HK$'000
USD	**35,274**	34,641

Bank balances and cash comprises bank balances and cash and short-term bank deposits with an original maturity of three months or less. The bank balances carry variable interest rates ranging from 0.001% to 1.25% (2010: 0.01% to 0.80%) per annum.

The amounts of Group's bank balances and cash denominated in currencies other than functional currencies of the relevant group entities are set out below:

	31 March 2011	31 March 2010
	HK$'000	HK$'000
RMB	**220,020**	—
USD	**67,407**	120,205
Australian Dollar ("AUD")	**4,345**	3,148
SGD	**2,696**	755
	294,468	124,108

30. Other payables and accruals

The following is the breakdown of other payables and accruals at the end of the reporting period:

	31 March 2011	31 March 2010	1 April 2009
	HK$'000	HK$'000	HK$'000
Receipt in advance for sales of properties held for sale	**437,936**	22,000	—
Rental and related deposits received	**50,367**	62,298	34,767
Other tax payables	**7,993**	2,069	—
Other payables	**1,762**	92	509
Accruals	**13,336**	20,566	87,180
	511,394	107,025	122,456

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

31. Convertible notes

1.5% convertible notes due 2011 (2011 Convertible Notes)

On 17 May 2008, the Company entered into nine subscription agreements with eight independent third parties and Earnest Equity Limited ("Earnest Equity"), a private limited company wholly-owned by a director of the Company, whereby each of which agreed to subscribe for an aggregate principal amount of HK$133,000,000 unsecured 1.5% convertible notes due 2011 ("2011 Convertible Notes") issued by the Company. The principal amounts subscribed by the independent third parties and Earnest Equity were HK$118,000,000 and HK$15,000,000, respectively.

The 2011 Convertible Notes bear interest at 1.5% per annum and will mature on 13 June 2011. The holders of the 2011 Convertible Notes have the right to convert their 2011 Convertible Notes into ordinary shares of the Company at a conversion price of HK$0.313 per share (as adjusted to reflect the effect of Rights Issue as defined in note 33 and subject to anti-dilutive adjustments) at any time during the period from the 7th day after the date of the issue of 2011 Convertible Notes up to and including the date which is 7 days prior to 13 June 2011.

Unless previously converted, the Company will redeem the 2011 Convertible Notes on the maturity date at 110% of the principal amount of the 2011 Convertible Notes then outstanding.

The 2011 Convertible Notes contain two components, namely the liability and equity elements. The effective interest rate of the liability element of 2011 Convertible Notes is 6.59% per annum. The equity elements is presented in equity under the heading of "convertible notes equity reserve".

During the year ended 31 March 2010, the Company has entered into agreements with certain independent third parties and completed the redemption of 2011 Convertible Notes with an aggregate carrying amount of HK$63,001,000 of the 2011 Convertible Notes at an aggregate consideration of HK$43,750,000, representing a 30% discount to the outstanding principal amount (inclusive of interest) resulting in a gain on redemption of approximately HK$19,251,000 included in other gains and loses for the year. As at 31 March 2010, the remaining outstanding aggregate principal amount under the 2011 Convertible Notes was HK$70,500,000, which is convertible into 225,239,614 new shares at the adjusted conversion price of HK$0.313. During the year ended 31 March 2011, none of the 2011 Convertible Notes were redeemed.

During each of the two years ended 31 March 2011 and 2010, none of the 2011 Convertible Notes were converted.

Upon full conversion of the 2011 Convertible Notes at the adjusted conversion price of HK$0.313 per ordinary share of the Company, a total of 225,239,614 new ordinary shares, as at 31 March 2011, would be issued by the Company upon the exercise of the conversion rights attached to the 2011 Convertible Notes.

2% convertible notes due 2012 (2012 Convertible Notes I)

On 7 June 2007, the Company entered into seven subscription agreements of which five independent third parties, Lehman Brothers and Centar Investments (Asia) Limited ("Centar Investments"), a fund managed by Stark Investments (Hong Kong) Limited ("Stark Investment"), agreed to subscribe for an aggregate principal amount of HK$390,000,000 unsecured 2% convertible notes due 2012 (the "2012 Convertible Notes I") issued by the Company. The principal amounts subscribed by the independent third parties, Lehman Brothers and Centar Investments were HK$257,400,000, HK$78,000,000 and HK$54,600,000 respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

31. Convertible notes (Continued)

2% convertible notes due 2012 (2012 Convertible Notes I) (Continued)

Lehman Brothers was a substantial shareholder of one of the Company's non-wholly owned subsidiaries. As at 7 June 2007, Lehman Brothers and Stark Investments held 464,200,000 and 511,060,000 ordinary shares of HK0.8 cent each in the share capital of the Company, representing approximately 9.35% and 10.29% of the then total issued share capital of the Company, respectively.

The 2012 Convertible Notes I bear interest at 2% per annum and will mature on 12 July 2012. The holders of the 2012 Convertible Notes I have the right to convert their 2012 Convertible Notes I into shares of the Company at a conversion price of HK$0.429 per share (as adjusted to reflect the effect of Rights Issue as defined in note 33 and subject to anti-dilutive adjustments) at any time during the period from the 7th day after the date of the issue of the 2012 Convertible Notes I up to and including the date which is 7 days prior to 12 July 2012.

At any time after the third anniversary of the 7 day after the issue date, the Company may redeem unexercised 2012 Convertible Notes I at an amount equal to outstanding principal amount of the 2012 Convertible Notes I plus a premium calculated to provide a yield of 5.5% per annum (inclusive of interest of 2% per annum) from the 7 day after the issue date to the date of redemption if the spot price was at least 140% of the conversion price of each convertible note for any 15 trading days out of the 20 consecutive trading days prior to the date of redemption notice.

Unless previously converted, purchased or redeemed, the Company will redeem the 2012 Convertible Notes I on the maturity date at 119.38% of the principal amount of the 2012 Convertible Notes I then outstanding.

The 2012 Convertible Notes I contain two components, namely the liability and equity elements. The effective interest rate of the liability component of 2012 Convertible Notes I is 9.15% per annum. The equity element is presented in equity under the heading of "convertible notes equity reserve".

During the year ended 31 March 2010, the Company has entered into agreements with certain independent third parties and pursuant to which the Company redeemed the 2012 Convertible Notes I with an aggregate carrying amount of HK$355,577,000 of the 2012 Convertible Notes I at an aggregate consideration of HK$250,636,000, representing a 33% discount to the outstanding principal amount (inclusive of interest) resulting in a gain on redemption of approximately HK$104,941,000 included in other gains and losses for the year. As at 31 March 2010, the remaining outstanding aggregate principal amount under the 2012 Convertible Notes I was HK$23,600,000, which is convertible into 55,011,654 new shares at the adjusted conversion price of HK$0.429.

During the year ended 31 March 2011, the Company has entered into another agreement with an independent third party and pursuant to which the Company redeemed the 2012 Convertible Notes I with an aggregate carrying amount of HK$16,860,000 of the 2012 Convertible Notes I at an aggregate consideration of HK$17,972,000, representing a 14% premium to the outstanding principal amount (inclusive of interest) resulting in a loss on redemption of approximately HK$1,112,000 included in other gains and losses for the year. As at 31 March 2011, the remaining outstanding aggregate principal amount under the 2012 Convertible Notes I was HK$8,000,000, which is convertible into 18,648,018 new shares at the adjusted conversion price of HK$0.429.

During each of the two years ended 31 March 2011 and 2010, none of the 2011 convertible Notes I were converted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

31. Convertible notes (Continued)

4% convertible notes due 2012 (2012 Convertible Notes II)

On 16 November 2010, the Company entered into a subscription agreement with an independent third party whereby it agreed to subscribe for a principal amount of HK$78,000,000 unsecured 4% convertible notes due 2012 ("2012 Convertible Notes II") issued by the Company.

The 2012 Convertible Notes II bear interest at 4% per annum and will mature on 2 December 2012. The holder of the 2012 Convertible Notes II has the right to convert their 2012 Convertible Notes II into ordinary shares of the Company at a conversion price of HK$0.25 per share (subject to anti-dilutive adjustments) at any time during the period from the 7th day after the date of the issue of 2012 Convertible Notes II up to and including the date which is 7 days prior to 2 December 2012.

Unless previously converted, the Company will redeem the 2012 Convertible Notes II on the maturity date at 123.1% of the principal amount of the 2012 Convertible Notes II then outstanding.

The 2012 Convertible Notes II contain two components, namely the liability and equity elements. The effective interest rate of the liability element of 2012 Convertible Notes II is 16.84% per annum. The equity element is presented in equity under the heading of "convertible notes equity reserve".

Upon full conversion of the 2012 Convertible Notes II at the conversion price of HK$0.25 per ordinary share of the Company (subject to anti-dilutive adjustments), a total of 312,000,000 new ordinary shares, as at 31 March 2011, would be issued by the Company upon the exercise of the conversion rights attached to the 2012 Convertible Notes II.

None of the 2012 Convertible Notes II were converted nor redeemed from the date of issue to the end of each reporting period.

The movement of the liability component of the convertible notes for the year is set out below:

	2011 **HK$'000**	2010 HK$'000
Carrying amount at the beginning of the year	**168,939**	505,551
Redemption of 2011 Convertible Notes and 2012 Convertible Notes I	**(16,860)**	(418,578)
Issue of 2012 Convertible Notes II	**—**	67,332
Interest charge	**18,260**	16,578
Interest paid	**(4,494)**	(1,944)
Carrying amount at the end of the year	**165,845**	168,939
Analysed for reporting purposes as:		
Current liability	**78,709**	1,975
Non-current liability	**87,136**	166,964
	165,845	168,939

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

32. Bank and other borrowings

	31 March 2011 HK$'000	31 March 2010 HK$'000	1 April 2009 HK$'000
Secured bank borrowings	**2,621,965**	3,739,128	2,511,218
Secured other borrowings	**—**	—	352,877
	2,621,965	3,739,128	2,864,095
The Group's borrowings are repayable based on repayment schedules set out in the loan agreements, as follows:			
within one year	**686,112**	896,689	890,973
More than one year, but not exceeding two years	**102,807**	202,010	94,900
More than two years, but not exceeding three years	**124,527**	271,713	105,575
More than three years, but not exceeding four years	**356,242**	294,008	160,175
More than four years, but not exceeding five years	**136,505**	1,101,391	240,400
More than five years	**893,926**	813,424	944,050
	2,300,119	3,579,235	2,436,073
The Group's borrowings are not repayable within one year from the end of the reporting period but contain a repayment on demand clause in the loan agreements	**321,846**	159,893	428,022
	2,621,965	3,739,128	2,864,095
Less: Amount due within one year shown under current liabilities	**(1,007,958)**	(1,056,582)	(1,318,995)
	1,614,007	2,682,546	1,545,100

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

32. Bank and other borrowings (Continued)

The secured bank and other borrowings were secured by certain of the Group's property, plant and equipment, and properties held for sale. The carrying amount of the assets pledged are disclosed in note 41.

The amounts of Group's bank and other borrowing denominated in a currency other than the functional currency of the relevant group entity are set out below:

	2011 **HK$'000**	2010 HK$'000
Hong Kong dollars	–	117,000

The bank borrowings carried floating rate interest at HIBOR plus 0.5% to 1.4% (2010: HIBOR plus 0.6% to 6.5%) per annum and quoted lending rate of People's Bank of China, as appropriate. At 31 March 2011, the effective interest rates ranged from 0.6% to 5.9% (2010: 0.6% to 5.9%) per annum, which are also equal to contracted interest rates for bank borrowings. Interest is repriced every six months.

As at 1 April 2009, the entire amount of the other borrowings was advanced from Lehman Brothers which was in liquidation. The loan was originally repayable in April 2010. Pursuant to a loan purchase agreement dated 22 May 2009 and a resolution passed at a special general meeting on 2 July 2009, the Company had bought back the loan with accrued interest from Lehman Brothers at an aggregate consideration of HK$236,500,000 during the year ended 31 March 2010.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

33. Share capital

	Number of shares	Amount
		HK$'000
Ordinary shares of HK0.8 cent each		
Authorised:		
At 1 April 2009, 31 March 2010 and 2011	22,500,000,000	180,000
Issued and fully paid:		
At 1 April 2009	4,940,563,500	39,525
Issue of shares pursuant to rights issue *(Note i)*	2,223,253,574	17,786
Issue of shares *(Note ii)*	1,000,000,000	8,000
At 31 March 2010 and 2011	8,163,817,074	65,311

Notes:

(i) In July 2009, the Company issued and allotted 2,223,253,574 ordinary shares of HK0.8 cent each to the then existing qualifying shareholders on the basis of 9 rights shares for every 20 shares held (the "Rights Issue") at a subscription price of HK$0.078 per rights share. The net proceeds of approximately HK$165,540,000 will be used by the Company mainly for the repayment of debt and/or as general working capital of the Company. The new shares issued rank pari passu in all respects with the existing shares. Details of the Rights Issue are set out in a prospectus of the Company dated 18 June 2009.

(ii) On 27 August 2009, a placing agreement was entered into with an independent placing agent ("Placing Agent"), pursuant to which the Company has appointed the Placing Agent to place 1,000,000,000 ordinary shares of HK0.8 cent each ("Placing Shares") in the Company at a price of HK$0.245 per Placing Share. The net proceeds of approximately HK$240,436,000 were used for working capital and possible investment opportunities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

34. Derivative financial instruments

	Liabilities		
	31 March 2011 HK$'000	31 March 2010 HK$'000	1 April 2009 HK$'000
Interest rate collar contract	**10,415**	9,194	6,657

Major terms of the interest rate collar as at 31 March 2011, 31 March 2010 and 1 April 2009 are as follows:

Notional amount	Contract period	Cap rate	Floor rate
HK$400,000,000	From 30 June 2010 to 31 May 2013	4.5% per annum	2.0% per annum

During the contract period, the interest rate collar is settled quarterly on a net basis based on a notional amount of HK$400,000,000.

The Group receives from the counterparty the difference between the cap rate and the Hong Kong dollars Hong Kong Interbank Offer Rate ("HIBOR") if the Hong Kong dollars HIBOR on the payment date during the contract period is higher than the cap rate.

The Group pays the counterparty the difference between HIBOR and the floor rate if Hong Kong dollars HIBOR on the payment date during the contract period is lower than the floor rate.

If the applicable transaction rate on a payment date lies between the floor rate and the cap rate, no exchange of cash flows between the counterparty and the Group is resulted.

The fair value was arrived at on the basis of using valuations provided by the counterparty financial institution as at the end of the reporting period with reference to market data, settlement date, settlement price and interest rates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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35. Share option schemes

2001 Scheme

On 13 June 2001, the Company adopted a share option scheme (the "2001 Scheme"), for the primary purpose of providing incentives to directors and eligible employees. The 2001 Scheme expired on 12 June 2011. Under the 2001 Scheme, the board of directors of the Company may grant options to eligible employees, including executive directors of the Company and its subsidiaries, to subscribe for shares in the Company.

The total number of shares in respect of which options may be granted under the 2001 Scheme is not permitted to exceed the higher of 10% of the shares of the Company in issue at any point in time excluding any shares issued pursuant to the 2001 Scheme or such other limit as may be permitted under the Listing Rules. The number of shares in respect of which options may be granted to any individual is not permitted to exceed the higher of 25% of the number of shares issued and issuable under the 2001 Scheme and any other limit as may be permitted under the Listing Rules.

Options granted must be taken up within 60 days of the date of grant, upon payment of HK$1 per grant. Options may be exercised at any time from the date of grant to the 10th anniversary of the date of grant. In each grant of options, the board of directors may at their discretion determine the specific exercise period. The exercise price is determined by the directors of the Company, and will not be less than the higher of the 80% of average closing price of the Company's shares for the five business days immediately preceding the date of grant, and the nominal value of the Company's shares.

The 2001 Scheme was terminated on 26 August 2002.

2002 Scheme

On 26 August 2002, the Company adopted a new share option scheme (the "2002 Scheme"), for the primary purpose of providing incentives to directors and eligible employees. The 2002 Scheme will expire on 25 August 2012. Under the 2002 Scheme, the board of directors of the Company may grant options to eligible employees, including executive directors of the Company and its subsidiaries, to subscribe for shares in the Company.

The total number of shares which may be issued upon exercise of all options to be granted under the 2002 Scheme (excluding those options that have already been granted by the Company prior to date of approval of the 2002 Scheme) must not in aggregate exceed 10% of the shares in issue at the adoption date unless the Company obtains a fresh approval from its shareholders.

Options granted must be taken up within 60 days of the date of grant, upon payment of HK$1 per grant. Subjected to the limits discussed below, options may be exercised at any time from the date of grant to the 25 August 2012. In each grant of options, the board of directors may at their discretion determine the specific exercise period. The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price, (ii) the average price of the Company's shares for the five business days immediately preceding the date of grant, and (iii) the nominal value of the Company's shares.

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For the year ended 31 March 2011

35. Share option schemes (Continued)

2002 Scheme (Continued)

There is limits on the number of share options under the 2002 Scheme that may be exercised by each grantee during each period of 12 months commencing from date of grant (until five years after the date of grant), namely, the aggregate of (a) 20% of the total number of such share options granted and (b) any unused limits accumulated during previous period(s), subject to the written consent of the executive chairman of the Company to the exercise of share options exceeding such limit.

At each of 31 March 2011, 31 March 2010 and 1 April 2009, the number of shares in respect of which options had been granted and remained outstanding under the 2001 Scheme and the 2002 Scheme were 69,290,352 and 295,997,626, representing 0.8% (31 March 2010: 0.8%, 1 April 2009: 1.1%) and 3.6% (31 March 2010: 3.6%, 1 April 2009: 4.7%) of the issued share capital of the Company at 31 March 2011.

The following tables disclose movements in the Company's share options during the two years ended 31 March 2011 whereas the exercise price and number of options have been adjusted to reflect the effect of Rights Issue (as defined in note 33):

	Option scheme type	Date of grant	Adjusted exercise price HK$	Exercisable period	Number of options outstanding at 1.4.2009 and 31.3.2010	Granted/ exercised lapsed/ reclassified during the year	Number of options outstanding at 31.3.2011
Directors							
Kan Sze Man	2001	30.8.2001	0.1061	30.8.2001–12.6.2011	24,534,562	—	24,534,562
	2002	23.9.2002	0.0884	23.9.2002–25.8.2012	19,785,938	—	19,785,938
Chow Hou Man	2001	30.8.2001	0.1061	30.8.2001–12.6.2011	5,302,631	—	5,302,631
	2002	23.9.2002	0.0884	23.9.2002–25.8.2012	19,785,938	—	19,785,938
Hubert Chak (Note)	2002	3.10.2007	0.3198	3.10.2007–25.8.2012	44,320,500	(44,320,500)	—
Wong Chung Kwong (Note)	2002	3.10.2007	0.3198	3.10.2007–25.8.2012	—	25,326,000	25,326,000
Total for directors					113,729,569	(18,994,500)	94,735,069
Employees and consultants							
	2001	30.8.2001	0.1061	30.8.2001–12.6.2011	39,453,159	—	39,453,159
	2002	23.9.2002	0.0884	23.9.2002–25.8.2012	90,223,875	—	90,223,875
	2002	8.1.2004	0.0884	8.1.2004–25.8.2012	47,486,250	—	47,486,250
	2002	9.1.2004	0.0948	9.1.2004–25.8.2012	23,743,125	—	23,743,125
	2002	3.10.2007	0.3198	3.10.2007–25.8.2012	50,652,000	18,994,500	69,646,500
Total for employees and consultants					251,558,409	18,994,500	270,552,909
Grand total					365,287,978	—	365,287,978
Exercisable as at 31 March 2010 and 2011					365,287,978		365,287,978

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For the year ended 31 March 2011

35. Share option schemes (Continued)

2002 Scheme (Continued)

Note: During the year, re-classification of participants were made according to their latest status with the Group. The total number of options re-classified is 18,994,500.

The Group recognised the total expense of HK$615,000 for the year ended 31 March 2011 (2010: HK$1,227,000) in relation to share option granted by the Company.

36. Capital risk management

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

The capital structure of the Group consists of debt, which includes the convertible notes disclosed in note 31 and bank and other borrowings disclosed in note 32, and equity attributable to equity holders of the Company, comprising issued share capital, various reserves and accumulated profits.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

37. Financial instruments

(a) Categories of financial instruments

	31 March 2011 HK$'000	31 March 2010 HK$'000
Financial assets		
Financial assets at fair value through profit or loss		
Investments held for trading	412,748	258,102
Conversion options embedded in convertible notes	20	3,750
	412,768	261,852
Loans and receivables		
Trade and other receivables	144,484	10,375
Amount due from a non-controlling shareholder of a subsidiary	25	25
Amounts due from jointly controlled entities	401,396	5,818
Amounts due from associates	89,360	99,873
Cash held by securities brokers	137,568	35,183
Bank balances and cash	1,721,786	581,745
	2,494,619	733,019
Available-for-sale financial assets		
Available-for-sale investments	26,509	29,142
Financial liabilities		
At amortised cost		
Other payables	47,622	57,296
Amounts due to non-controlling shareholders of subsidiaries	11,203	299,128
Amounts due to jointly controlled entities	439	5,078
Amounts due to associates	12,201	2,000
Convertible notes	165,845	168,939
Bank and other borrowings	2,621,965	3,739,128
	2,859,275	4,271,569
Derivative financial instruments	10,415	9,194

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For the year ended 31 March 2011

37. Financial instruments (Continued)

(b) Financial risk management objectives and policies

The Group's major financial instruments include investments held for trading, conversion options embedded in convertible notes, trade and other receivables, amount due from a non-controlling shareholder of a subsidiary, jointly controlled entities and associates, cash held by securities brokers, bank balances and cash, available-for-sale investments, other payables, amounts due to non-controlling shareholders of subsidiaries, jointly controlled entities and associates, convertible notes, bank and other borrowings and derivative financial instruments. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risks, interest rate risk and equity and other price risks), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risks

(i) *Currency risk*

The Group operates in Hong Kong with most of the transactions denominated and settled in Hong Kong dollars, the functional currency of relevant group entities.

The Group is mainly exposed to currency risk in relation to RMB, USD, AUD, SGD and Hong Kong dollars arising from foreign currency bank balances and cash, cash held by securities brokers, amount due to an associate and bank and other borrowings as set out in notes 22, 29 and 32.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2011 HK$'000	2010 HK$'000	**2011 HK$'000**	2010 HK$'000
RMB	**220,020**	—	**—**	—
USD	**102,681**	154,846	**—**	—
AUD	**4,345**	3,148	**—**	—
SGD	**2,696**	755	**(411)**	(2,000)
Hong Kong dollars	**—**	—	**—**	(117,000)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

37. Financial instruments (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risks (Continued)

(i) Currency risk (Continued)

Sensitivity analyses for currency risk

The following table details the Group's sensitivity to a 5% (2010: 5%) increase and decrease in the functional currency of each group entity against the above foreign currencies. 5% (2010: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items other than the items denominated in USD as the directors consider that the Group's exposure to USD is insignificant on the ground that HKD is pegged to USD, and adjusts their translation at the year end for a 5% (2010: 5%) change in foreign currency rate. A positive number below indicates an increase in profit where the above foreign currencies strengthen 5% (2010: 5%) against the functional currency of each group entity. For a 5% (2010: 5%) weakening of the above foreign currencies against the functional currency of each group entity, there would be an equal and opposite impact on the profit and the balance below would be opposite.

	2011 **HK$'000**	2010 HK$'000
Profit for the year	**9,463**	(4,805)

In management's opinion, the sensitivity analysis is not necessarily representative of the inherent foreign currency risk as the year end exposure does not reflect the exposure during the year.

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to debt element of convertible notes held (included in available-for-sale investments), investments held for trading, convertible notes liabilities issued by the Company and derivative financial instruments as set out in notes 19, 27, 31 and 34 respectively.

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances, cash held by securities brokers and bank and other borrowings as set out in notes 29 and 32 respectively. It is the Group's policy to keep its borrowings (other than convertible notes issued) at floating rate of interests so as to minimise the fair value interest rate risk.

The Group's exposures to interest rates risk on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR arising from the Group's Hong Kong dollars denominated borrowings and rate determinated by the People's Bank of China arising from the Group's RMB denominated borrowings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

37. Financial instruments (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risks (Continued)

(ii) Interest rate risk (Continued)

Sensitivity analyses for cash flow interest rate risk

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments. For variable rate cash held by securities brokers, bank balances and bank and other borrowings, the analysis is prepared assuming the amounts outstanding at the end of the reporting period were outstanding for the whole year. An increase or decrease of 10 basis points (2010: 10 basis points) for cash held by securities brokers and bank balances and 50 basis points (2010: 50 basis points) for bank and other borrowings is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

For financial assets carried at amortised cost, if interest rates had been 10 (2010: 50) basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2011 would increase/decrease by HK$1,553,000 (2010: HK$515,000).

For financial liabilities carried at amortised cost, if interest rates had been 50 (2010: 50) basis points higher/lower and all variables were held constant, the Group's post-tax profit for the year ended 31 March 2011 would decrease/increase by HK$10,947,000 (2010: HK$15,611,000).

No sensitivity analysis for derivative financial instruments has been presented since the effect of which to the Group's profit for both years is insignificant.

The Group's sensitivity to interest rate has decreased during the year mainly due to decrease in the balances of variable rate bank borrowings as at 31 March 2011. In management's opinion, the sensitivity analysis is unrepresentative of inherent interest rate risk as the year end exposure does not reflect the exposure during the year.

(iii) Equity and other price risks

The Group is exposed to equity and other price risks through its investments in investments held for trading and derivative financial instruments. The management manages this exposure by maintaining a portfolio of investments with different risks. The Group's equity and other price risks are mainly concentrated on listed equity and debt securities quoted in the open markets and those derivative financial instruments linked directly with the listed equity instrument listed in Stock Exchange. The management considers that there is no significant equity and other price risks through conversion options embedded in convertible notes. In addition, the Group has appointed a special team to monitor the price risks and will consider hedging the risk exposure should the need arise.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

37. Financial instruments (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risks (Continued)

(iii) Equity and other price risks (Continued)

Sensitivity analyses

The sensitivity analyses below have been determined based on the exposure to equity and other price risks at the end of reporting period. In management's opinion, the sensitivity analysis is unrepresentative of inherent equity and other price risks as the year end exposure does not reflect the exposure during the year.

If the prices of the respective equity securities had been 5% (2010: 5%) higher/lower, profit for the year ended 31 March 2011 would increase/decrease by HK$6,177,000 (2010: increase/decrease by HK$7,636,000) as a result of the changes in fair value of equity securities held by the Group directly or through the investment funds and derivative financial instruments.

If the prices of the respective debt securities had been 5% (2010: 5%) higher/lower, profit for the year ended 31 March 2011 would increase/decrease by HK$11,055,000 (2010: increase/decrease by HK$3,140,000) as a result of the changes in fair value of debt securities.

The Group's sensitivity to equity and other price risks has increased during the year mainly due to the increase in investments held for trading. In the management's opinion, the sensitivity analysis is unrepresentative of the inherent equity price risk as the year end exposure does not reflect the exposure during the year.

Credit risk

As at 31 March 2011, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arising from:

* the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position; and

* the amount of contingent liabilities in relation to corporate guarantee issued by the Group as disclosed in note 40.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

37. Financial instruments (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk (Continued)

The credit risk on liquid funds is limited because the counterparties are banks and financial institutions with good reputations.

The credit risk on investments in listed debt securities is limited because majority of the counterparties are corporations with good reputations.

The credit quality of the listed debt securities as set out in note 27, determined by external credit-ratings assigned by Moody's and analysed by percentages of the fair value of the debt instruments in each grade of credit-ratings over the total fair value of the listed debt securities at the end of the reporting period, is as follows:

	2011 **%**	2010 %
Aa2 to A3	**10.8**	9.0
Baa1	**19.9**	11.4
Baa2	**1.2**	3.5
Ba3	**12.1**	44.0
Unrated	**56.0**	32.1
	100.0	100.0

Significant concentration of credit risk

The Group does not have significant concentration of credit risk on investment in listed debt securities as counterparties are diversified.

The credit risk on investments in unlisted debt securities is limited as they were issued by reputable companies whose shares are listed on the Stock Exchange.

The Group has concentration of credit risk as 100% (2010: 100%) of the amounts due from jointly controlled entities are due from two (2010: one) jointly controlled entity and 100% (2010: 100%) of the amounts due from associates are due from one (2010: two) associates. The jointly controlled entities and associates are private companies and mainly located in Hong Kong. In order to minimize the credit risk, the management of the Group has monitored the repayment ability of the jointly controlled entities and associates continuously. The counterparties of the entire amounts due from jointly controlled entities and associates that are repayable on demand had no default record based on historical information.

The Group's geographical concentration of credit risk is mainly in the Hong Kong, which accounted for over 90% of the Group's total recognised financial assets as at 31 March 2011 and 2010.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

37. Financial instruments (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk

The Group has sufficient funds to finance its current working capital requirements. In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures the compliance with loan covenants.

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

In addition, the following table details the Group's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted contractual net cash (inflows) and outflows on derivative instruments that settle on a net basis. When the amount payable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the end of the reporting period. The liquidity analysis for the Group's derivative financial instruments are prepared based on the contractual maturities as management consider that the contractual maturities are essential for an understanding of the timing of the cash flows of derivatives.

	Weighted average interest rate %	On demand HK$'000	1–3 months HK$'000	3 months to 1 year HK$'000	1–2 years HK$'000	2–5 years HK$'000	More than 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount at 31 March 2011 HK$'000
31 March 2011									
Other payables	–	47,622	–	–	–	–	–	47,622	47,622
Amounts due to non-controlling shareholders of subsidiaries	–	11,203	–	–	–	–	–	11,203	11,203
Amounts due to jointly controlled entities	–	439	–	–	–	–	–	439	439
Amounts due to associates	–	12,201	–	–	–	–	–	12,201	12,201
Convertible notes — liability component *(Note i)*	1.5/2.0/4.0	–	80,163	1,724	108,794	–	–	190,681	165,845
Bank borrowings	1.77	321,846	–	706,468	131,375	697,518	909,749	2,766,956	2,621,965
		393,311	80,163	708,192	240,169	697,518	909,749	3,029,102	2,859,275
Financial guarantee contracts *(Note ii)*	–	–	–	145,900	48,000	304,000	–	497,900	1,712
Derivative financial instruments — net settled	–	–	–	–	–	10,415	–	10,415	10,415

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

37. Financial instruments (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

	Weighted average interest rate %	On demand HK$'000	1–3 months HK$'000	3 months to 1 year HK$'000	1–2 years HK$'000	2–5 years HK$'000	More than 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount at 31 March 2011 HK$'000
31 March 2010									
Other payables	–	57,296	–	–	–	–	–	57,296	57,296
Amounts due to non-controlling shareholders of subsidiaries	–	299,128	–	–	–	–	–	299,128	299,128
Amounts due to jointly controlled entities	–	5,078	–	–	–	–	–	5,078	5,078
Amount due to an associate	–	2,000	–	–	–	–	–	2,000	2,000
Convertible notes – liability component *(Note i)*	1.5/2.0/4.0	–	–	4,650	82,200	127,573	–	214,423	168,939
Bank borrowings	1.06	159,893	–	901,442	204,150	1,684,783	822,046	3,772,314	3,739,128
		523,395	–	906,092	286,350	1,812,356	822,046	4,350,239	4,271,569
Financial guarantee contracts *(Note ii)*	–	–	–	–	59,050	–	–	59,050	43
Derivative financial instruments – net settled	–	–	–	–	–	9,194	–	9,194	9,194

Notes:

(i) This is categorised based on contractual term of redemption obligation at maturity on the assumption that there are no redemption or conversion of convertible notes.

(ii) The amount is categorised based on contractual term of repayment at maturity for the guaranteed amounts underlying the financial guarantee contracts.

The amounts included above for financial guarantee contracts are the maximum amounts the Group be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amount included above for variable rate bank borrowings is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

37. Financial instruments (Continued)

(c) Fair value

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

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

* the fair values of derivative financial instruments (note 34) are determined based on valuations as at the end of the reporting period with reference to market data such as settlement date, settlement price and interest rates;

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

* for option-based derivatives, the fair value is estimated using option pricing model (binomial option pricing model).

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

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

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

* Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets ("Level 1 measurements");

* 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 2 measurements"); and

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

37. Financial instruments (Continued)

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

	31 March 2011 Level 1 measurements HK$'000	Level 2 measurements HK$'000	Level 3 measurements HK$'000	Total HK$'000
Financial assets				
Investments held for trading				
— Listed equity securities	19,102	—	—	19,102
— Unlisted equity securities	—	—	128,862	128,862
— Listed debt securities	264,784	—	—	264,784
	283,886	—	128,862	412,748
Available-for-sale investments/conversion options in convertible notes				
— Unlisted debt securities	—	21,504	—	21,504
— Conversion options embedded in convertible notes	—	—	20	20
	283,886	21,504	128,882	434,272
Financial liabilities				
Derivative financial instruments	—	10,415	—	10,415

	31 March 2010 Level 1 measurements HK$'000	Level 2 measurements HK$'000	Level 3 measurements HK$'000	Total HK$'000
Financial assets				
Investments held for trading				
— Listed equity securities	21,676	—	—	21,676
— Unlisted equity securities	—	—	161,220	161,220
— Listed debt securities	75,206	—	—	75,206
	96,882	—	161,220	258,102
Available-for-sale investments/conversion options in convertible notes				
— Unlisted debt securities	—	24,137	—	24,137
— Conversion options embedded in convertible notes	—	—	3,750	3,750
	96,882	24,137	164,970	285,989
Financial liabilities				
Derivative financial instruments	—	9,194	—	9,194

There were no transfers between Level 1 measurements and Level 2 measurements in the current year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

37. Financial instruments (Continued)

(e) Reconciliation of Level 3 measurements of financial assets

	Unlisted equity securities HK$'000	Conversion options embedded in convertible notes HK$'000	Total HK$'000
At 1 April 2009	13,708	3,014	16,722
Disposal	(5,855)	(3,014)	(8,869)
Addition	134,127	3,750	137,877
Increase in fair value recognised in profit or loss	19,240	—	19,240
At 31 March 2010	161,220	3,750	164,970
Disposal	(60,827)	—	(60,827)
Addition	7,917	—	7,917
Increase (decrease) in fair value recognised in profit or loss	20,552	(3,730)	16,822
At 31 March 2011	**128,862**	**20**	**128,882**

38. Acquisition of assets through acquisition of subsidiaries/additional interest in a subsidiary

For the year ended 31 March 2011

On 1 April 2010, the Group completed the acquisition of the entire equity interest of Shanghai Xin Mao Property Development Company Limited through a non-wholly owned subsidiary for a consideration of HK$1,820,495,000. This transaction has been accounted for as an acquisition of assets as the acquisition does not meet the definition of a business combination.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

38. Acquisition of assets through acquisition of subsidiaries/additional interest in a subsidiary (Continued)

For the year ended 31 March 2011 (Continued)

The net assets acquired in the transaction are as follows:

	HK$'000
Net assets acquired:	
Properties held for sale	2,105,295
Bank balances and cash	138,395
Other receivables	7,732
Other payables and accruals	(60,990)
Taxation payable	(5,953)
Bank borrowings	(363,984)
	1,820,495
Total consideration satisfied by:	
Cash paid during the year ended 31 March 2010 (included in other deposit in the consolidated statement of financial position as at 31 March 2010)	1,820,495
Net cash inflow arising on acquisition during the year ended 31 March 2011:	
Bank balances and cash acquired	138,395

For the year ended 31 March 2010

(i) Acquisition of assets

On 28 October 2009, the Group acquired the remaining 50% interest in the issued share capital of Winner Ever Limited and its wholly-owned subsidiary, Sky Dragon Limited, for a net cash consideration of HK$38,318,000. This transaction has been accounted for as acquisition of assets as the acquisition does not meet the definition of a business combination.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

38. Acquisition of assets through acquisition of subsidiaries/additional interest in a subsidiary (Continued)

For the year ended 31 March 2011 (Continued)

(i) Acquisition of assets (Continued)

The net assets acquired in the transaction are as follows:

	HK$'000
Net assets acquired:	
Properties held for sale	241,321
Bank balances and cash	638
Amount due to immediate holding company	(30,823)
Bank and other borrowings	(147,100)
	64,036
Less: Interest in a jointly controlled entity	
— previously interest held before acquisition	(25,718)
	38,318
Total consideration satisfied by:	
Cash	38,318
Net cash outflow arising on acquisition:	
Cash consideration paid	(38,318)
Bank balances and cash acquired	638
	(37,680)

(ii) Acquisition of additional interests in a subsidiary

On 2 July 2009, the Group acquired the remaining 24% equity interest in the issued share capital of Lei Fu Real Estate (Shanghai) Co., Ltd. for a cash consideration of HK$13,950,000. The principal assets held by Lei Fu Real Estate (Shanghai) Co., Ltd. are properties held for sale. The acquisition of 24% equity interest is considered as acquisition of assets and the excess of carrying amount of net assets attributable to additional interest acquired over the cash consideration was adjusted to properties held for sale.

39. Disposal of subsidiaries

During the year, the Group disposed of its 20% interest in Get Wisdom, a subsidiary owned by the Group as to 70% immediately before the transaction, to the non-controlling shareholder of Get Wisdom. Get Wisdom and its subsidiaries ("Get Wisdom Group") became jointly controlled entities of the Group following the transaction.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

39. Disposal of subsidiaries (Continued)

In addition, the Group also disposed of, to independent third parties, the entire interests in (i) Ocean Plaza Investments Limited and its subsidiaries; (ii) Stand Success Limited and its subsidiaries; (iii) Favor Rise Group Limited and its subsidiaries; and (iv) Made Success Limited and its subsidiary (collectively referred to as the "Other Disposals Group") for a cash consideration of HK$1,480,071,000. Since all of the subsidiaries of the Other Disposals Group were principally engaged in the business of property trading and the respective properties held for sale represented the single predominant asset of the relevant subsidiaries, the Group is principally selling, and the buyers are principally acquiring, the respective properties held for sale. Accordingly, the Group has accounted for the disposal of the Other Disposals Group in the consolidated profit or loss account as disposal of the underlying properties held for sale. The revenue recognised by the Group therefore consist of the consideration allocated to the sale of properties.

The aggregate amounts of the assets and liabilities attributable to these subsidiaries on the respective dates of disposal were as follows:

	Get Wisdom Group	**Other Disposals Group**	**Total**
	HK$'000	HK$'000	HK$'000
Net assets disposed of:			
Property, plant and equipment	—	275	275
Trade and other receivables	5,229	1,675	6,904
Properties held for sale	2,121,633	1,388,953	3,510,586
Bank balances and cash	169,431	31,118	200,549
Other payables and accruals	(53,363)	(32,674)	(86,037)
Taxation payable	(9,673)	—	(9,673)
Amounts due to group entities	(685,289)	(915,996)	(1,601,285)
Amount due to non-controlling shareholder of a subsidiary	(292,390)	—	(292,390)
Bank borrowings	(1,255,096)	(494,427)	(1,749,523)
	482	(21,076)	(20,594)
Non-controlling interests	(145)	—	(145)
Translation reserve reclassified to profit or loss	—	(39,011)	(39,011)
Assignment of shareholders' loans *(Note i)*	195,177	915,996	1,111,173
Interest in a jointly controlled entity *(Note ii)*	(241)	—	(241)
Gain (loss) on disposal of subsidiaries	(96)	624,162	624,066
	195,177	1,480,071	1,675,248
Total consideration satisfied by:			
Cash	195,177	1,480,071	1,675,248
Net cash inflow (outflow) arising on disposal:			
Cash received	195,177	1,480,071	1,675,248
Bank balances and cash disposed of	(169,431)	(31,118)	(200,549)
	25,746	1,448,953	1,474,699

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

39. Disposal of subsidiaries (Continued)

	Get Wisdom Group HK$'000	Other Disposals Group HK$'000	Total HK$'000
Gain (loss) on disposals of subsidiaries is included in the consolidated income statement as follows:			
Revenue	—	1,974,104	1,974,104
Cost of sales	—	(1,388,953)	(1,388,953)
Other gains and losses	(96)	39,011	38,915
	(96)	624,162	624,066

Notes:

(i) As part of the disposal arrangements, the Group received an aggregate cash amount of HK$1,111,173,000 from the buyers as consideration for the assignment to the purchasers of 20% of the shareholders' loans to Get Wisdom Group and 100% of the shareholders' loans to each of the subsidiaries disposed of within the other Disposals Group.

(ii) The carrying amounts of the assets and liabilities held by Get Wisdom at the date it became the Group's jointly controlled entity approximate the fair value of the interest retained in Get Wisdom.

Net cash inflow (outflow) contributed by the subsidiaries disposed of during the year up to the respective dates of disposals:

	Get Wisdom Group HK$'000	Other Disposals Group HK$'000	Total HK$'000
Net cash outflows from operating activities	(10,548)	(295,310)	(305,858)
Net cash inflows from financing activities	11,544	272,204	283,748
	996	(23,106)	(22,110)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

40. Contingent liabilities

	2011 HK$'000	2010 HK$'000
Corporate guarantee given by the Group for banking facilities granted to a/an:		
Jointly controlled entity	**447,500**	—
Associate	**84,800**	84,800
	532,300	84,800
and utilised by a/an:		
Jointly controlled entity	**413,100**	—
Associate	**84,800**	59,050
	497,900	59,050

The directors assess the risk of default of the jointly controlled entities and associates at the end of each reporting period and consider the risk to be insignificant and it is less likely that any guaranteed amount will be claimed by the counterparties.

	2011 HK$'000	2010 HK$'000
Included in other payables and accruals represents deferred income in respect of financial guarantee contracts given to a/an:		
Jointly controlled entity	**1,712**	—
Associate	**—**	43
	1,712	43

41. Pledge of assets

At the end of the reporting period, the following assets were pledged to secure banking facilities granted to the Group:

	2011 HK$'000	2010 HK$'000
Property, plant and equipment	**87,751**	90,226
Properties held for sale	**3,755,566**	4,622,741
	3,843,317	4,712,967

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For the year ended 31 March 2011

42. Operating lease commitments

The Group as lessee

During the year, the Group incurred HK$422,000 (2010: nil) minimum lease payments in respect of office premises. Leases are negotiated for a term of three months and rentals are fixed for less than one year.

For the year ended 31 March 2010 and 31 March 2011, the Group had no commitment for future minimum lease payments under non-cancellable operating leases.

The Group as lessor

Property rental income earned during the year was HK$277,558,000 (2010: HK$189,602,000). Certain of the properties have committed tenants for the next two to three years.

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

	2011 **HK$'000**	2010 HK$'000
Within one year	**127,770**	139,311
In the second to fifth years inclusive	**142,800**	157,933
Over five years	**12,068**	24,536
	282,638	321,780

For certain properties, the Group has assigned to the banks all its right, title and benefit as lessor of relevant properties and amount receivable from lessees for certain banking facilities granted to the Group.

43. Retirement benefit schemes

The Group participates in a Mandatory Provident Fund Scheme ("MPF Scheme") established under the Mandatory Provident Fund Ordinance in December 2000. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rules of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme. No forfeited contributions are available to reduce the contributions payables in the future years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

43. Retirement benefit schemes (Continued)

The employees employed by the operations in the PRC are members of the state-managed retirement benefit schemes operated by the PRC government. The PRC operations are required to contribute a certain percentage of payroll cost to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make specified contributions.

The retirement benefit scheme contributions relating to the MPF Scheme and stated-managed retirement benefit schemes charged to the consolidated income statement of HK$1,274,000 (2010: HK$1,004,000) represent contributions paid and payable to the scheme by the Group at rates specified in the rules of the schemes.

44. Related party disclosures

(a) The directors are not aware of any significant transactions with related parties during each of the two years ended 31 March 2011.

(b) The remuneration of directors and other members of key management during the year is as follows:

	2011 **HK$'000**	2010 HK$'000
Short-term benefits	**38,177**	21,681
Post-employment benefits	**624**	441
Share-based payments	**615**	1,227
	39,416	23,349

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

45. Information of the statement of financial position of the company

Information of the statement of financial position of the Company as at 31 March 2011 and 2010:

	2011 HK$'000	2010 HK$'000
Non-current assets	**3,505,121**	3,249,689
Current assets	**176,744**	96,530
Current liabilities	**(92,920)**	(24,512)
Non-current liabilities	**(87,780)**	(169,037)
	3,501,165	3,152,670
Share capital	**65,311**	65,311
Reserves (Note)	**3,435,854**	3,087,359
	3,501,165	3,152,670

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

45. Information of the statement of financial position of the company (Continued)

Note:

Reserves

	Share premium HK$'000	**Capital redemption reserve** HK$'000	**Convertible notes equity reserve** HK$'000	**Contributed surplus** HK$'000	**Share option reserve** HK$'000	**Accumulated profits** HK$'000	**Total** HK$'000
At 1 April 2009	841,269	371	55,811	338,410	5,294	1,182,592	2,423,747
Profit and other comprehensive income for the year	—	—	—	—	—	289,047	289,047
Issue of shares upon rights issue	155,628	—	—	—	—	—	155,628
Issue of shares	237,000	—	—	—	—	—	237,000
Transaction costs attributable to issue of shares	(12,438)	—	—	—	—	—	(12,438)
Realised on partial redemption of convertible notes	—	—	(45,306)	—	—	45,306	—
Recognition of equity component of convertible notes	—	—	10,668	—	—	—	10,668
Deferred taxation arising on recognition of equity component of convertible notes	—	—	(1,760)	—	—	—	(1,760)
Recognition of equity-settled share based payment	—	—	—	—	1,227	—	1,227
Dividend recognised as distribution	—	—	—	—	—	(15,760)	(15,760)
At 31 March 2010	1,221,459	371	19,413	338,410	6,521	1,501,185	3,087,359
Profit and other comprehensive income for the year	—	—	—	—	—	388,699	388,699
Realised on partial redemption of convertible notes	—	—	(1,625)	—	—	1,625	—
Recognition of equity-settled share based payment	—	—	—	—	615	—	615
Dividend recognised as distribution	—	—	—	—	—	(40,819)	(40,819)
At 31 March 2011	1,221,459	371	17,788	338,410	7,136	1,850,690	3,435,854

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

46. Particulars of principal subsidiaries of the company

Particulars of the principal subsidiaries at 31 March 2011 and 2010 are as follows:

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid ordinary share capital	Proportion of nominal value of issued share capital held by the Company Directly 2011 %	Directly 2010 %	Indirectly 2011 %	Indirectly 2010 %	Principal activities
Able Market Limited	Hong Kong	HK$1	–	–	100	–	Property holding
Absolute Keen Limited	Hong Kong	HK$1	–	–	100	–	Property holding
Ahead Lucky Limited	Hong Kong	HK$1	–	–	100	100	Property holding and leasing of property
Base Mark Limited	Hong Kong	HK$1	–	–	100	100	Property holding and leasing of property
Capital Strategic Property (Shanghai) Limited *(Note i)*	PRC	Registered and paid-up capital RMB300,000,000	–	–	100	100	Property holding
City Plan Limited	Hong Kong	HK$1	–	–	100	100	Property holding and leasing of property
CSI Financial Holdings Limited	Hong Kong	HK$100	100	100	–	–	Sales of securities and investment holding
CSI Property Services Limited	Hong Kong	HK$2	100	100	–	–	Provision of property management service
Earn Centre Limited	Hong Kong	HK$2	–	–	100	100	Property holding and leasing of property
Far Beyond Limited	Hong Kong	HK$10,000	–	–	90	90	Property holding
Golden United Limited	Hong Kong	HK$1	–	–	100	100	Property holding and leasing of property
Great Level Investments Limited	Hong Kong	HK$1	–	–	100	–	Property holding
Lei Fu Real Estate (Shanghai) Co. Ltd. *(Notes i and ii)*	PRC	Registered and paid-up capital US$46,138,000	–	–	–	100	Property holding
Mark Well Investment Limited	Hong Kong	HK$100	100	100	–	–	Sale of securities and investment holding
Noble Rays Holdings Limited *(Note ii)*	Hong Kong	HK$1	–	–	–	100	Property holding and leasing of property
Plan View Limited	Hong Kong	HK$1	–	–	100	100	Property holding and leasing of property
Shine Wise Limited	Hong Kong	HK$1	–	–	100	100	Property holding and leasing of property
Sky Dragon Limited	Hong Kong	HK$2	–	–	100	100	Property holding and leasing of property

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

46. Particulars of principal subsidiaries of the company (Continued)

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid ordinary share capital	Proportion of nominal value of issued share capital held by the Company — Directly 2011 %	Directly 2010 %	Indirectly 2011 %	Indirectly 2010 %	Principal activities
The Hampton Management Limited	Hong Kong	HK$1	–	–	100	–	Management services
True Advance Limited	Hong Kong	HK$1	–	–	100	–	Property holding
Upper City Limited	British Virgin Islands	US$1	–	–	100	100	Property holding and leasing of property
Vast Asset Limited	Hong Kong	HK$1	–	–	100	100	Property holding and leasing of property
Well Clever International Limited	British Virgin Islands	US$1	–	–	100	100	Sale of securities and investment holding

Notes:

(i) Capital Strategic Property (Shanghai) Limited and Lei Fu Real Estate (Shanghai) Co. Ltd. are wholly foreign owned enterprise established in the PRC.

(ii) These Companies have been disposed of during the year by the Group.

None of the subsidiaries had issued any debt securities subsisting at the end of the year or at any time during the year.

The above table lists the subsidiaries of the Company 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 length.

47. Events after the end of reporting period

Redemption of 2012 Convertible Notes II

Subsequent to the end of the reporting period, the Company entered into an agreement with an independent third party and completed the redemption of all of the then outstanding 2012 Convertible Notes II at a consideration of HK$96,800,000, representing a premium of 22% to the outstanding principal amount (inclusive of interest), resulting in a loss on redemption of HK$9,992,000.

FINANCIAL SUMMARY

Summary of the consolidated results and of the assets and liabilities of the Group for each of the five years ended 31 March 2011 is set out below:

(a) Results

	Year ended 31 March				
	2007 HK$'000	2008 HK$'000	2009 HK$'000	2010 HK$'000	**2011 HK$'000**
Revenue	101,558	402,534	669,426	1,447,907	**2,745,292**
Profit before taxation	321,293	242,573	80,984	566,750	**940,417**
Taxation					
— Current tax and deferred tax	(42,681)	(27,316)	(17,861)	(21,765)	**(84,106)**
— Release of deferred taxation upon disposal of subsidiaries	—	98,529	—	—	**—**
Profit for the year	278,612	313,786	63,123	544,985	**856,311**
Attributable to:					
Owners of the Company	276,644	325,369	62,373	546,271	**857,732**
Non-controlling interests	1,968	(11,583)	750	(1,286)	**(1,421)**
	278,612	313,786	63,123	544,985	**856,311**

(b) Assets and liabilities

	At 31 March				
	2007 HK$'000	2008 HK$'000	2009 HK$'000	2010 HK$'000	**2011 HK$'000**
Total assets	3,600,824	5,164,404	6,059,559	7,789,858	**7,684,305**
Total liabilities	1,498,802	2,643,449	3,551,025	4,376,249	**3,447,491**
	2,102,022	2,520,955	2,508,534	3,413,609	**4,236,814**
Equity attributable to owners of the Company	2,102,022	2,477,795	2,469,771	3,413,435	**4,237,535**
Non-controlling interests	—	43,160	38,763	174	**(721)**
	2,102,022	2,520,955	2,508,534	3,413,609	**4,236,814**

SCHEDULE OF PROPERTIES HELD BY THE GROUP

As at 31 March 2011

Major properties

Particulars of major properties held by the Group at 31 March 2011 as follows:

Properties held for sale

	Location	Use	Group's interest	Approximate site area	Approximate gross floor area	Market Value	Book Cost
				(sq.ft.)	(sq.ft.)	(HK$'000)	(HK$'000)
(i)	Hong Kong						
	Basement, G/F, 7/F–10/F, 12/F–14/F, Unit 1506–1508 17/F–24/F & 98 Carparks, sky-sign on the roof-top in AXA Centre, No. 151 Gloucester Road, Hong Kong	Commercial	100%	N/A	246,601	3,173,000 (a)	1,242,000
	Nos. 23, 25 Ashley Road, Kowloon, Hong Kong	Commercial	100%	N/A	41,310	460,000 (b)	216,400
	No. 27 Ashley Road, Kowloon, Hong Kong	Commercial	100%	N/A	20,218	257,000 (b)	152,400
	Mohan's Building, Nos. 14–16 Hankow Road, Kowloon, Hong Kong	Commercial	100%	N/A	39,958	1,380,000 (c)	619,600
	Ground Floor, 21 Ashley Road, Kowloon, Hong Kong	Commercial	100%	N/A	1,280	59,000 (b)	46,000
	No. 45 Blue Pool Road, Happy Valley, Hong Kong	Residential	90%	N/A	41,120	838,000 (b)	369,200
	H8, No. 8 Hau Fook Street, Tsimshatsui, Kowloon	Commercial	100%	N/A	45,101	500,000 (b)	300,800

SCHEDULE OF PROPERTIES HELD BY THE GROUP

As at 31 March 2011

Location		Use	Group's interest	Approximate site area (sq.ft.)	Approximate gross floor area (sq.ft.)	Market Value (HK$'000)	Book Cost (HK$'000)
	Office Unit 10 of A3, 32 Floor, Bank of America Tower, No. 12 Harcourt Road, Hong Kong	Commercial	100%	N/A	1,465	32,000 (b)	23,400
	Portions A and B of A2, 32 Floor, Bank of America Tower, No. 12 Harcourt Road, Hong Kong	Commercial	100%	N/A	3,857	83,000 (b)	76,100
	No. 47 Barker Road, The Peak, Hong Kong.	Residential	100%	N/A	3,883	203,800 (b)	203,800
	Nos. 2–4 Shelly Street, Central, Hong Kong	Commercial/ Residential	100%	2,305	N/A	285,000 (b)	285,000
(ii)	The PRC						
	Nos. 168/169 Wujiang Road and No. 1 Lane 333 Shimenyi Road Jingan District, Shanghai, PRC	Commercial	100%	N/A	122,444	848,900	612,200

Notes:

(a) Market value as at 31 March 2011 was based on valuation report conducted by independent qualified professional valuers not connected to the Group as well as signed sale and purchase agreements contracted to sell 7 office floors of the property which is expected to complete in second to fourth quarter of 2011.

(b) Market value as at 31 March 2011 was based on valuation report conducted by independent qualified professional valuers not connected to the Group.

(c) Market value as at 31 March 2011 was based on signed sale and purchase agreement contracted to sell the property which is expected to complete in the third quarter of 2011.