NATIONAL ELECTRONICS HOLDINGS LIMITED

(INCORPORATED IN BERMUDA WITH LIMITED LIABILITY)

ANNUAL REPORT 2011

CONTENTS

CORPORATE INFORMATION

Executive Directors

Jimmy Lee Yuen Ching
  Chairman
Loewe Lee Bon Chi
  Managing Director
James Lee Yuen Kui
  Managing Director
Edward Lee Yuen Cheor
Ricky Wai Kwong Yuen

Non-Executive Director

Dorathy Lee Yuen Yu

Independent Non-Executive Directors

Dr. Samson Sun, M.B.E., J.P.
William Chan Chak Cheung
Chan Kwok Wai

Auditors

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

Solicitors

Baker & Mckenzie
JSM
Richards Butler

Company Secretary

Andy Wong Kam Kee

Principal Bankers

The Hongkong and Shanghai Banking
  Corporation Limited
Hang Seng Bank Limited
Industrial and Commercial Bank of China (Asia) Limited
Bank of China (Hong Kong) Limited
Chiyu Banking Corporation Limited
DBS Bank (Hong Kong) Limited
Standard Chartered Bank (Hong Kong) Limited
Chong Hing Bank Limited
Fubon Bank (Hong Kong) Limited

Registered Office

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Principal Office

Suite 3201, Gloucester Tower
The Landmark, 11 Pedder Street
Central
Hong Kong

Registrars

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

Branch Registrars and Transfer Office

Tricor Standard Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Hong Kong

On behalf of the Board (the "Board") of Directors (the "Directors") of National Electronics Holdings Limited (the "Company"), I am pleased to report the results of the Company and its subsidiaries (together, the "Group") for the year ended 31st March, 2011.

RESULTS

The audited consolidated profit attributable to shareholders of the Group for the year ended 31st March, 2011 was HK$283,912,424 (2010: HK$121,716,313). The basic and diluted earnings per share of the Company for the year ended 31st March, 2011 were 29.3 HK cents per share and 29.2 HK cents per share respectively (2010: 12.5 HK cents per share (both basic and diluted)).

FINAL DIVIDEND

The Board recommends the payment of a final dividend of 4.0 HK cents per share for the year ended 31st March, 2011 (2010: 1.5 HK cents per share).

BUSINESS REVIEW

WATCHES AND WATCH COMPONENTS

During the period under review, despite the increase in labour cost in China and the appreciation of the RMB and the Japanese Yen against the US$, the Group's watch manufacturing division was able to maintain its turnover and profit margin. Meanwhile, due to the market's high demand for multi-function analogue quartz movements, the turnover of the Group's watch component trading division enjoyed increased turnover with stable profit margins.

PROPERTY DEVELOPMENT AND INVESTMENT

During the year under review, the Group disposed of the remaining two units at One St Thomas Residences in Toronto, Canada.

In addition, the Group entered into an agreement on 30th March, 2011 with a wholly owned subsidiary of a real estate fund managed by J.P. Morgan Asset Management, to dispose 60.5% of its shares held in Mercato Group Limited which indirectly owned the boutique hotel development at 21 Whitfield Road, Hong Kong for a total consideration of HK$72,600,000.

The construction work for the joint venture grade A office building with Apollo Global Real Estate Management located at 50 Connaught Road Central, Hong Kong was recently completed.

The valuation gain on the Group's investment properties as at 31st March, 2011 was very satisfactory.

PROSPECTS

WATCHES AND WATCH COMPONENTS

Due to the catastrophic earthquake and tsunami that hit eastern Japan on 11th March, 2011, the supply of watch components for our watch component's trading division was temporarily disrupted but started to return to normal in the month of June 2011. As the Group normally maintains a healthy level of inventory, the financial impact on its watch component trading division was relatively small. As regards the Group's watch division, the supply of certain Japan-made integrated circuits (IC) to us was interrupted which in turn caused delay of the delivery of our watch products to some of our customers.

As the outlook of demand from the US and Europe is still expected to be slow for the rest of the financial year ending 31st March, 2012, the Group will continue its strategy in high function watches and watch components to maintain the performance of these divisions.

PROPERTY DEVELOPMENT AND INVESTMENT

Overseas

For the Sultan Street property (Toronto, Canada), the Group is currently applying to the city for rezoning the site's usage to office use.

For the Highway 7 site (Toronto, Canada), the Group is, together with neighboring property owners, negotiating with the local authorities for the construction work to connect services with the city's main trunking lines.

Local

On 27th April, 2011, the Group entered into a provisional agreement (and subsequently on 12th May, 2011 entered into a formal Sale and Purchase Agreement) to dispose of an investment property located at 22nd Floor, Century Tower II, No.1 and 1A Tregunter Path, Hong Kong and a car parking space on Level 1, Century Tower, Nos. 1 and 1A, Tregunter Path, Hong Kong for a total consideration of HK$128,000,000.

The Group entered into two agreements with two wholly owned subsidiaries of a real estate fund managed by J.P. Morgan Asset Management. On 7th June, 2011, the Group disposed 73% of its shares held in Smart Plus Group Limited which indirectly owned the boutique hotel development at 87 - 89 Jervois Street, Hong Kong for a total consideration of HK$110,960,000. On 7th June, 2011, the Group disposed 73% of its shares held in Ally Vantage Limited which indirectly owned the boutique hotel development at 99 - 103 Bonham Street and 127 Wing Lok Street, Hong Kong for a total consideration of HK$140,160,000.

Solar powered rechargeable analogue digital tracking watch with altimeter, compass, temperature, barometer, worldtime, chronograph, alarm and countdown timer functions.

The progress of the Group's joint venture boutique hotel projects with a real estate fund managed by J.P. Morgan Asset Management are as follows:-

1. No. 87 - 89 Jervois Street Hong Kong — Occupancy permit has been issued and the hotel is scheduled to be opened during the fourth quarter of 2011;

2. No. 21 Whitfield Road is scheduled to be completed around the first quarter of 2012; and

3. No. 99 - 103 Bonham Strand and 127 Wing Lok Street is scheduled to be completed during the second quarter of 2012.

As regards the joint venture development with a real estate fund managed by J.P. Morgan Asset Management for luxurious houses at 45 Tai Tam Road, the project is progressing on schedule and the site excavation work has commenced.

The result of the leasing programme for the grade A commercial investment project developed by the Group and Apollo Global Real Estate Management at 50 Connaught Road Central, Hong Kong grade A commercial investment project is very satisfactory.

The Group is maintaining its holding of its boutique hotel development at 194 - 196 Queen's Road Central, Hong Kong which is scheduled to be completed by the third quarter of 2012.

Finally, on behalf of the Board, I would like to thank all the staff of the Group for their loyalty and dedication during the previous year.

Lee Yuen Ching Jimmy
Chairman

Hong Kong, 27th June, 2011

Colorful OLED watch using organic light emitting diodes, which can be programmed by the user to display up to 4 different colors at once (from a selection of 13) with alarm, chrono, timer and heart rate monitor link functions.

Wintech USB features a host of monitors for cyclists including heart rate, speed, cadence and distance, and is compatible with various types of speed sensors. Data, including user settings, ride information and statistics can be uploaded to the computer through the USB adaptor and accessed on the Wintech Manager software.

WINTECH USB

BUSINESS REVIEW

WATCHES AND WATCH COMPONENTS

During the year under review, the turnover of the Group's watch manufacturing division increased slightly by 3% to HK$210 million while the sales revenues generated from the watch component trading division increased by 26% to HK$1,006 million. Due to management's effort on increasing sales of higher margin electronic products, the profit of the Group's watch manufacturing division remained stable.

PROPERTY DEVELOPMENT AND INVESTMENT

Segment profit of the division for the year under review included profits on disposal of a subsidiary, Mercato Group Limited and, the net increase in fair value of investment properties of the Group.

ASSOCIATES

The Group shared a profit of HK$196 million (2010: HK$43 million) from its associates.

FINANCIAL REVIEW

LIQUIDITY AND FINANCIAL RESOURCES

As at 31st March, 2011, the Group's total borrowings were approximately HK$1,151 million, representing an increase of approximately HK$76 million from last year. The maturity profile spreads over a period of 30 years, with approximately HK$545 million repayable within one year, approximately HK$338 million within two to five years and HK$268 million beyond five years.

At the year end date, the Group's gearing ratio was 0.50 (2010: 0.56) which is calculated based on the Group's long-term borrowings of approximately HK$606 million (2010: HK$469 million) and shareholders' funds of approximately HK$1,224 million (2010: HK$836 million).

As at 31st March, 2011, the Group's total bank balances and cash was approximately HK$175 million (2010: HK$135 million).

Similar to the past years, the Group has maintained a reasonable level of cash resources and stand-by credit facilities to provide adequate liquid funds to finance its commitments and working capital requirements.

TREASURY POLICIES

As at 31st March, 2011, 74% of the Group's borrowings was in HK$, 8% in US$, 11% in JPY, 1% in EUR and 6% in CAD. As at 31st March, 2011, 65% of the Group's bank balances and cash was in HK$, 12% in US$, 7% in CAD, 12% in JPY, 3% in EUR and 1% in others.

All the Group's borrowings are variable-rate borrowings. The Group will carefully monitor its foreign exchange and interest rates exposure and utilise financial instruments such as forward contracts and interest rate swaps as necessary.

FUTURE PLANS FOR MATERIAL INVESTMENTS

The Group currently has no other plans for material investments. Any acquisition will be funded by internal resources of the Group and bank borrowings.

CHARGES ON ASSETS

As at 31st March, 2011, certain properties of the Group of approximately HK$1,530 million (2010: HK$1,337 million) were pledged to secure banking facilities for the Group.

EMPLOYEES

As at 31st March, 2011, the Group employed approximately 1,900 employees in Hong Kong, the PRC and other overseas countries. The staff costs for the year including directors' emoluments amounted to HK$135 million (2010: HK$96 million). Remuneration is determined by reference to market terms as well as the qualifications and experiences of the staff concerned. Salaries are reviewed annually and discretionary bonuses may be paid depending on individual performance and the profitability of the Group.

DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY

EXECUTIVE DIRECTORS

Mr. Jimmy Lee Yuen Ching, aged 64, is the Chairman of the Group. He received his university education in the United States and Canada. His initial experience in the watch industry was gained in his family's watch business and he subsequently became a co-founder of the Group. He was responsible for the founding of the Group's property division nineteen years ago and has been responsible for the management of the property division since that time.

Mr. Loewe Lee Bon Chi, aged 31, is the Managing Director of the Group. He graduated from Harvard University and obtained a bachelor of arts degree with honours in economics. He joined the Group in July, 2005 and is responsible for overseeing the overall operations of the watch components trading division as well as the property development and investment division. He is also a director of The Federation of Hong Kong Watch Trades & Industries Limited. Prior to joining the Group, he was an investment banker at JP Morgan in New York.

Mr. James Lee Yuen Kui, aged 57, is the Managing Director of the Group. He joined the Group in 1976 and is currently responsible for administration, trading of watch components and material procurement from foreign suppliers.

Mr. Edward Lee Yuen Cheor, aged 53, is an executive Director of the Group. He joined the Group in 1981 and is currently responsible for the supervision in the properties development in Hong Kong.

Mr. Ricky Wai Kwong Yuen, M.Sc., aged 64, is the President and an executive Director of National Electronics and Watch Company Limited. Mr. Wai joined the Group in 1976 and is responsible for its LCD and LCD hybrid watch business and other electronic products.

NON-EXECUTIVE DIRECTOR

Ms. Dorathy Lee Yuen Yu, aged 51, has not previously held any positions with the Company or its subsidiaries before joining the Group in September, 2004. Ms. Lee is the sister of Mr. James Lee Yuen Kui and Mr. Edward Lee Yuen Cheor, who are also the Managing Director and an executive Directors of the Company. She is also a cousin of Mr. Jimmy Lee Yuen Ching, the Chairman of the Company and an aunt of Mr. Loewe Lee Bon Chi, the Managing Director of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Samson Sun, M.B.E., J.P., aged 86, is the Chairman of the Sun International Group of companies. He was the Deputy Chairman of Gilman & Co., Limited and later of Inchape Hong Kong in each case from 1967 to 1985. Dr. Sun is the Honorary Permanent President of The Federation of Hong Kong Watch Trades & Industries Limited. He has over 55 years' experience in the manufacturing, marketing and distribution of watches and 27 years' experience in the marketing and distribution of consumer and electronic products. Dr. Sun has chaired many voluntary community services and charitable organizations and is the former Vice-Chairman of Business and Professionals Federation of Hong Kong (BPF), and a member of Basic Law Consultative Committee in 80's.

Mr. William Chan Chak Cheung, aged 63, graduated from the University of Toronto and the Schulich School of Business. He is also a member of the Canadian Institute of Chartered Accountants. Mr. Chan is an independent non-executive Director of King Fook Holdings Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited. Mr. Chan is also an independent non-executive Director of The Link Management Limited, Manager of The Link REIT which is listed on the Main Board of The Stock Exchange of Hong Kong Limited. Mr. Chan is a retired partner of PricewaterhouseCoopers (''PwC'') after a career spanning 33 years in Canada, Hong Kong and Mainland China. He was partner in charge of China tax services at PwC and brings experience in solving complex business issues in many different industries.

Mr. Chan Kwok Wai, aged 52, has been an independent non-executive Director of the Company since April, 2005. Mr. Chan is a member of the Hong Kong Securities Institute and an associate member of CPA Australia. Mr. Chan is currently a director of High Progress Consultants Limited. He is also an independent non-executive Director of Junefield Department Store Group Limited, China Investments Holdings Limited, Tern Properties Company Limited, Chinese Estates Holdings Limited and Far East Consortium International Limited, the shares of all of which are listed on the Stock Exchange.

SENIOR MANAGEMENT

Mr. Andrew Lo Kwong Yiu, B.Sc. (Econ.), B.Sc. (Building Surveying), ARICS, AHKIS, aged 57, is an executive Director of National Properties Holdings Limited. Mr. Lo joined the Group in 1992 and is responsible for property development projects.

The directors have pleasure in presenting to shareholders their annual report and the audited consolidated financial statements for the year ended 31st March, 2011.

Principal activities

The Company is an investment holding company and its subsidiaries are principally engaged in the manufacture, assembly and sale of electronic watches and watch parts, trading of watch movements and watch parts, property development and property investment.

Results and appropriations

The results of the Group for the year ended 31st March, 2011 are set out in the consolidated income statement on page 20.

The directors now recommend the payment of a dividend of 4.0 HK cents per share to the shareholders of the Company whose names appear on the register of members on Monday, 22nd August, 2011, amounting to approximately HK$38,697,197.

Investment properties and property, plant and equipment

Details of movements during the year in the investment properties and property, plant and equipment of the Group are set out in notes 15 and 16 to the consolidated financial statements, respectively.

Major properties

Details of the major properties of the Group at 31st March, 2011 are set out on page 97.

Subsidiaries, associates and jointly controlled entities

Details of the Company's subsidiaries, associates and jointly controlled entities at 31st March, 2011 are set out in notes 43, 19 and 20 to the consolidated financial statements, respectively.

Share capital

Details of movements during the year in the share capital of the Company are set out in note 31 to the consolidated financial statements.

Pre-emptive rights

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

Reserves

Details of movements in reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity on page 25 and in note 32 to the financial statements, respectively.

Purchase, sale or redemption of shares

During the year, the Company repurchased certain of its own shares on The Stock Exchange of Hong Kong Limited, details of which are set out in note 31 to the consolidated financial statements.

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

Directors

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

Mr. Jimmy Lee Yuen Ching
Mr. Loewe Lee Bon Chi
Mr. James Lee Yuen Kui
Mr. Edward Lee Yuen Cheor
Mr. Ricky Wai Kwong Yuen
Ms. Dorathy Lee Yuen Yu**
Dr. Samson Sun, M.B.E., J.P.*
Mr. William Chan Chak Cheung*
Mr. Chan Kwok Wai*

* Independent non-executive directors

** Non-executive director

In accordance with the Bye-laws 99 of the Company, Mr. Jimmy Lee Yuen Ching, Mr. Edward Lee Yuen Cheor and Mr. Chan Kwok Wai, shall retire by rotation and, being eligible, offer themselves for re-election.

Each non-executive and independent non-executive directors was appointed for a term of period up to his retirement and re-election by rotation under the Bye-laws of the Company.

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 Securities on The Stock Exchange of Hong Kong Limited. The Company considers all of the independent non-executive directors are independent.

Service contracts

Save as disclosed above, none of the directors has entered into any service agreement with any member of the Group nor are there any other service agreements proposed which will not expire or be determinable by the Company within one year without payment of compensation (other than statutory compensation).

Directors' interests in contracts of significance

No contracts of significance to which the Company or any of 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.

Arrangements to purchase shares or debentures

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

Directors' interests in shares and share options

At 31st March, 2011, the interests of the directors, chief executives and their associates in the shares and share options of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by the Directors of Listed Companies, were as follows:

(a) Ordinary shares of HK$0.10 each

Name of director	Capacity	Personal interests	Corporate interests	Other interests	Total interests	Percentage of the issued share capital of the Company
Mr. Jimmy Lee Yuen Ching	Chairman	—	—	245,606,873 *(note a)*	245,606,873	25.388%
Mr. Loewe Lee Bon Chi	Managing Director	15,000,000	—	245,606,873 *(note a)*	260,606,873	26.938%
Mr. James Lee Yuen Kui	Managing Director	5,940	—	244,602,979 *(note b)*	244,608,919	25.284%
Mr. Edward Lee Yuen Cheor	Director	—	—	244,602,979 *(note b)*	244,602,979	25.284%
Mr. Ricky Wai Kwong Yuen	Director	—	37,267,767 *(note d)*	—	37,267,767	3.852%
Dr. Samson Sun, M.B.E., J.P.	Director	—	4,988,968 *(note c)*	—	4,988,968	0.516%

(b) Share options

Name of director	Capacity	Number of options held	Number of underlying shares
Mr. Loewe Lee Bon Chi	Managing Director (Beneficial owner)	15,200,000	15,200,000
Dr. Samson Sun, M.B.E., J.P.	Independent Non-executive Director (Beneficial owner)	300,000	300,000
Mr. William Chan Chak Cheung	Independent Non-executive Director (Beneficial owner)	300,000	300,000
Mr. Chan Kwok Wai	Independent Non-executive Director (Beneficial owner)	300,000	300,000

Notes:

(a) The 245,606,873 shares are part of the property of a discretionary trust of which Mr. Jimmy Lee Yuen Ching and his family members including Mr. Loewe Lee Bon Chi are named beneficiaries.

(b) The 244,602,979 shares are part of the property of a discretionary trust of which each of Mr. James Lee Yuen Kui and Mr. Edward Lee Yuen Cheor are named beneficiaries.

(c) The 4,988,968 shares are held by a company controlled by Dr. Samson Sun, M.B.E., J.P.

(d) The 37,267,767 shares are held by two companies controlled by Mr. Ricky Wai Kwong Yuen.

Saved as disclosed above, at 31st March, 2011, none of the director or chief executive or any of their associates had any interests, or short positions in any shares, underlying shares or debentures of the Company or its associated corporations as defined in the SFO.

Share options

Particulars of the Company's share option scheme are set out in note 40 to the consolidated financial statements.

The following table disclosed movements in the Company's share options during the year:

Name of director	Date of grant	Exercise period	Exercise price per share HK$	Balance at 1.4.2010	Granted during the year	Exercised during the year	Forfeited during the year	Expired during the year	Balance at 31.3.2011
Mr. Loewe Lee Bon Chi	18.3.2010	18.3.2010 – 17.3.2018	0.542	9,200,000	—	—	—	—	9,200,000
	23.3.2011	23.3.2011 – 22.3.2018	0.760	—	6,000,000	—	—	—	6,000,000
Dr. Samson Sun, M.B.E., J.P.	23.3.2011	23.3.2011 – 22.3.2018	0.760	—	300,000	—	—	—	300,000
Mr. William Chan Chak Cheung	23.3.2011	23.3.2011 – 22.3.2018	0.760	—	300,000	—	—	—	300,000
Mr. Chan Kwok Wai	23.3.2011	23.3.2011 – 22.3.2018	0.760	—	300,000	—	—	—	300,000

The closing price of the Company's share immediately before 18th March, 2010, the date of grant of the options, was HK$0.542 and before 23rd March, 2011, the date of grant of the options, was HK$0.760.

Substantial shareholders

Other than the interests of certain directors disclosed under the heading "Directors' interests in shares and share options" above, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO discloses no other person as having a notifiable interest or short position in the issued share capital of the Company as at 31st March, 2011.

Major suppliers and customers

For the year ended 31st March, 2011, the Group's five largest suppliers accounted for approximately 91.34% of the Group's purchases of which 88.73% was attributable to the largest supplier. The Group's five largest customers accounted for approximately 62.57% of the Group's turnover of which 26.66% was attributable to the largest customer.

None of the directors, their associates or any shareholders (which to the knowledge of the directors owns more than 5% of the Company's share capital) has any interest in the Group's five largest suppliers or customers during the year.

Corporate governance

The Company has complied throughout the year ended 31st March, 2011 with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Emolument policy

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

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

Public float

Based on the information that is publicly available to the Company and within the knowledge of the Company, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules throughout the year ended 31st March, 2011.

Donations

During the year, the Group made charitable donations amounting to HK$70,499.

Events after the reporting period

Details of significant events occurring after the reporting period are set out in note 42 to the consolidated financial statements.

Auditors

The consolidated financial statements for the year were audited by Messrs. HLB Hodgson Impey Cheng who will retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming Annual General Meeting.

On behalf of the Board

LEE YUEN CHING JIMMY
Chairman

Hong Kong, 27th June, 2011

For the year ended 31st March, 2011 (the ''Year''), in the opinion of the Board, the Group applied the principles in the Code on Corporate Governance Practices (the ''CG Code'') set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the ''Listing Rules'') and complied with the code provisions in the CG Code.

Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the ''Model Code'') as set out in Appendix 10 of the Listing Rules. The Company has made specific enquiries to all Directors who have confirmed that, during the Year, they have complied with the required standard set out in the Model Code.

The Board

As at 31st March, 2011, the Board consisted of 9 directors including 5 executive directors, 1 non-executive director and 3 independent non-executive directors (the ''INEDs'').

During the Year, the Board held 4 meetings. Attendance of each director at the Board meetings held in the Year is set out below:

Directors	**Meetings Attended/Held**
Executive Directors:	
Mr. Jimmy Lee Yuen Ching (Chairman)	4/4
Mr. Loewe Lee Bon Chi (Managing Director)	4/4
Mr. James Lee Yuen Kui (Managing Director)	4/4
Mr. Edward Lee Yuen Cheor	4/4
Mr. Ricky Wai Kwong Yuen	4/4
Non-Executive Director:	
Ms. Dorathy Lee Yuen Yu	4/4
Independent Non-Executive Directors:	
Dr. Samson Sun, M.B.E., J.P.	4/4
Mr.William Chan Chak Cheung	4/4
Mr. Chan Kwok Wai	4/4

The Board is responsible for leadership and control of the Group. The Board reviews and approves the objectives, strategies, directions and policies of the Group. The Board also reviews the Group's performance and monitored the activities of the Group. The Board has appointed several Board committees to oversee different areas of the Company's affairs. Details of these Board committees are given below.

The Board has delegated the responsibility of the day-to-day operations of the Group to the management of the Group.

Mr. James Lee Yuen Kui, Mr. Edward Lee Yuen Cheor and Ms. Dorathy Lee Yuen Yu are brothers and sister and they are cousins of Mr. Jimmy Lee Yuen Ching, who is the father of Mr. Loewe Lee Bon Chi.

The Company has received annual confirmations of independence from each of the INEDs and considers all INEDs are independent in accordance with the guidelines set out in Rule 3.13 of the Listing Rules.

In accordance with the Bye-laws of the Company, at each annual general meeting (the "AGM") one-third of the Directors shall retire from office by rotation save any Director holdings office as Chairman or Managing Director. The Directors to retire in every year shall be those who have been longest in office since their last election. The retiring Directors shall be eligible for re-election.

Each non-executive and independent non-executive director was appointed for a term of period up to his retirement by rotation and re-election in accordance with the Bye-laws of the Company.

With the introduction of the CG Code and to comply with code provision A.4.2 of the CG Code, all Directors (including the Chairman and the Managing Directors of the Group) voluntarily retire at the AGM at least once every three years.

Chairman and Managing Directors

The Chairman of the Board is Mr. Jimmy Lee Yuen Ching and the Managing Directors of the Group are Mr. Loewe Lee Bon Chi and Mr. James Lee Yuen Kui. The roles of the Chairman and the Managing Directors were segregated. The Chairman is primarily responsible for the management and effective performance of the Board as well as the high-level strategies determination. The Managing Directors are primarily responsible for the day-to-day management of the business of the Group.

Remuneration Committee

The Board has established a remuneration committee (the "RC") and its principal roles and functions are:

(i) to make recommendations to the Board on the Company's policy and structure of remuneration of the Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration;

(ii) to determine the remuneration packages of the directors and senior management; and

(iii) to review and approve performance based remuneration by reference to corporate goals and objectives resolved by the Board from time to time.

The RC consists of 5 members. They are Dr. Samson Sun M.B.E., J.P. who is the Chairperson of the RC, Mr. Chan Kwok Wai, Mr. William Chan Chak Cheung, Mr. Jimmy Lee Yuen Ching and Mr. James Lee Yuen Kui.

During the Year, the RC held two meetings with full attendance. The RC reviewed the remuneration policy of the Group and the remuneration packages of the Directors and the senior management.

Nomination Committee

The Board has established a nomination committee (the "NC"). The NC is responsible for developing criteria to identify, assess the qualifications of and evaluate candidates for the Board. They identify individuals suitably qualified in terms of skill, knowledge and experience to become members of the Board, taking into account of the then existing composition of the Board in terms of skill, knowledge and experience and make recommendation to the Board for approval.

The NC consists of 5 members. They are Mr. William Chan Chak Cheung who is the Chairperson of the NC, Dr. Samson Sun M.B.E., J.P., Mr. Chan Kwok Wai, Mr. Jimmy Lee Yuen Ching and Mr. James Lee Yuen Kui.

During the Year, the NC held one meeting with full attendance. The NC reviewed the policy on nomination and appointment of Directors and the structure, size and composition (including skill, knowledge and experience) of the Board. The NC also assessed the independence of the INEDs.

Audit Committee

The Board has established an audit committee (the "AC") and its principal roles and functions are:

(i) to make recommendation to the Board on the appointment, reappointment and removal of the Company's auditors and to review and monitor their independence and objectivity and the effectiveness of the audit process in accordance with applicable standard;

(ii) to oversee the Group's relation with the Company's auditors;

(iii) to review the financial information of the Group including monitoring the integrity of the Group's financial statements, annual reports and accounts, and interim reports and reviewing significant accounting policies; and

(iv) to oversee the Group's financial reporting system and internal control procedures.

The AC comprised 3 members and all of them are INEDs. Attendance of each member at the AC meetings held in the Year is set out below:

Members	Meetings Attended/Held
Dr. Samson Sun M.B.E., J.P. (Chairman)	4/4
Mr.William Chan Chak Cheung	4/4
Mr. Chan Kwok Wai	4/4

The following is a summary of the work performed by the AC during the Year:

– Reviewed the audited annual results of the Group for the year ended 31st March, 2010;

– Reviewed the interim results of the Group for the six months ended 30th September, 2010;

– Reviewed the internal audit reports covering the evaluation of internal controls of the Group; and

– Reviewed the auditors' remuneration and their performance and confirmed their independence.

Auditors' Remuneration

During the Year, the remunerations payable to the Company's external auditors for audit and non-audit services performed by HLB Hodgson Impey Cheng are set out below:

Services rendered	Fees payable HK$'000
Audit services	1,080
Non-audit services	355
Total	1,435

The non-audit services are relating to taxation services.

The remuneration payable to other auditors of the Group in respect of audit services for the year ended 31st March, 2011 amounted to HK$753,000.

Accountability and Audit

The Directors acknowledge their responsibility for preparing the financial statements of the Group for each financial year which give a true and fair view of the state of affairs of the Group. The reporting responsibilities of the Company's auditors are set out in this annual report on page 19.

The Board has conducted a review of the effectiveness of the system of internal control of the Group. The Board considered the Group has effective internal control system. Nevertheless, the Board will continue to improve the Group's internal control system through periodic review and recommendation from external auditors identified during their audit.

HLB 國衛會計師事務所
Hodgson Impey Cheng

Chartered Accountants
Certified Public Accountants

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

TO THE SHAREHOLDERS OF
NATIONAL ELECTRONICS HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of National Electronics Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 20 to 96, which comprise the consolidated and Company's statements of financial position as at 31st 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

Opinion

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

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants
Hong Kong, 27th June, 2011

CONSOLIDATED INCOME STATEMENT

For the year ended 31st March, 2011 (in HK Dollars)

	Notes	**Year ended 31/03/2011**	Year ended 31/03/2010
Revenue	7	**1,265,369,127**	1,113,703,911
Cost of sales		**(1,114,201,591)**	(982,172,996)
Gross profit		**151,167,536**	131,530,915
Other income and gains	8	**6,901,507**	27,717,264
Increase in fair value of investment properties	15	**140,103,509**	57,000,846
Gain on disposal of subsidiaries	41	**20,746,914**	—
Gain on disposal of property, plant and equipment		**—**	22,389,292
Distribution costs		**(8,276,849)**	(7,247,855)
Administrative expenses		**(173,307,681)**	(124,781,955)
Finance costs	9	**(20,380,190)**	(15,321,717)
Share of results of associates	19	**195,919,785**	43,184,139
Share of results of jointly controlled entities		**—**	(398)
Profit before taxation	10	**312,874,531**	134,470,531
Income tax expenses	12	**(28,962,107)**	(12,754,218)
Profit for the year		**283,912,424**	121,716,313
Earnings per share	14		
Basic		**29.3 HK cents**	12.5 HK cents
Diluted		**29.2 HK cents**	12.5 HK cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March, 2011 (in HK Dollars)

	Year ended 31/03/2011	Year ended 31/03/2010
Profit for the year	**283,912,424**	121,716,313
Other comprehensive income		
Exchange differences arising on translating foreign operations	**2,282,658**	9,836,182
Gain on revaluation of properties	**145,054,119**	—
Deferred taxation arising on revaluation of properties	**(23,933,930)**	—
Net gain/(loss) on available-for-sale investments	**620,000**	(30,000)
Reserve released on disposal of available-for-sale investments	**—**	(290,000)
Other comprehensive income for the year	**124,022,847**	9,516,182
Total comprehensive income for the year	**407,935,271**	131,232,495

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st March, 2011 (in HK Dollars)

	Notes	**31/03/2011**	31/03/2010 (restated)	01/04/2009 (restated)
Non-current assets				
Investment properties	15	**1,201,272,361**	881,108,320	1,045,505,000
Property, plant and equipment	16	**256,730,518**	343,742,935	344,585,076
Prepaid lease payments	17	**14,459,432**	13,991,058	29,562,781
Interests in associates	19	**340,232,644**	96,912,859	53,728,720
Interests in jointly controlled entities	20	**—**	—	—
Available-for-sale investments	21	**15,670,000**	15,050,000	16,000,000
		1,828,364,955	1,350,805,172	1,489,381,577
Current assets				
Inventories	22	**146,509,132**	113,148,116	98,946,597
Prepaid lease payments	17	**328,209**	644,710	643,483
Investment held for trading	23	**4,108,333**	4,118,611	4,071,034
Inventory of unsold properties		**195,138,020**	230,077,423	170,767,133
Bills receivables	25	**7,778,724**	8,100,000	9,000,000
Trade receivables, deposits and prepayments	25	**88,180,850**	66,608,260	61,212,391
Amounts due from associates	19	**143,489,370**	143,489,370	142,049,370
Amounts due from jointly controlled entities	20	**120,386,628**	107,499,602	—
Tax recoverable		**3,764,323**	1,335,043	1,126,683
Bank balances and cash	26	**174,642,837**	134,840,700	139,549,296
		884,326,426	809,861,835	627,365,987
Current liabilities				
Trade payables, customers' deposits and accrued expenses	27	**140,869,796**	80,762,351	109,188,218
Bills payables	27	**86,656,200**	95,509,146	37,733,076
Amount due to an associate	19	**7,020**	—	—
Tax payable		**1,731,784**	4,384,960	16,674,191
Derivative financial instruments	28	**8,293,491**	6,073,845	5,695,010
Obligations under finance leases	29	**2,932,849**	3,533,304	3,494,980
Bank loans	30	**544,568,485**	606,121,292	444,464,657
		785,059,625	796,384,898	617,250,132
Net current assets		**99,266,801**	13,476,937	10,115,855
Total assets less current liabilities		**1,927,631,756**	1,364,282,109	1,499,497,432

At 31st March, 2011 (in HK Dollars)

	Notes	31/03/2011	31/03/2010 (restated)	01/04/2009 (restated)
Capital and reserves				
Share capital	31	**96,742,993**	97,212,993	97,260,193
Reserves		**1,126,809,897**	739,117,817	626,106,853
Total equity		**1,223,552,890**	836,330,810	723,367,046
Non-current liabilities				
Provision for long service payments	33	**4,074,193**	3,750,100	3,571,179
Derivative financial instruments	28	**8,178,138**	11,626,837	11,347,375
Obligations under finance leases	29	**2,660,661**	2,359,938	3,492,691
Bank loans	30	**606,420,674**	468,720,771	726,883,327
Deferred tax liabilities	34	**82,745,200**	41,493,653	30,835,814
		704,078,866	527,951,299	776,130,386
		1,927,631,756	1,364,282,109	1,499,497,432

The consolidated financial statements on pages 20 to 96 were approved and authorised for issue by the Board of Directors on 27th June, 2011 and are signed on its behalf by:

JIMMY LEE YUEN CHING
Director

JAMES LEE YUEN KUI
Director

STATEMENT OF FINANCIAL POSITION

At 31st March, 2011 (in HK Dollars)

	Notes	31/03/2011	31/03/2010
Non-current assets			
Interests in subsidiaries	18	**400,896,174**	387,955,526
Available-for-sale investments	21	**2,000,000**	2,000,000
		402,896,174	389,955,526
Current assets			
Other receivables		**5**	—
Amount due from a subsidiary	24	**705,692**	628,893
Bank balances		**2,802,596**	2,674,835
		3,508,293	3,303,728
Current liabilities			
Accrued expenses		**3,602,747**	3,662,440
Financial guarantee contracts		**12,940,648**	28,009,558
Amount due to a subsidiary	24	**97,114,404**	73,759,254
		113,657,799	105,431,252
Net current liabilities		**(110,149,506)**	(102,127,524)
Net assets		**292,746,668**	287,828,002
Capital and reserves			
Share capital	31	**96,742,993**	97,212,993
Reserves	32	**196,003,675**	190,615,009
Total equity		**292,746,668**	287,828,002

The financial statements on pages 20 to 96 were approved and authorised for issue by the Board of Directors on 27th June, 2011 and are signed on its behalf by:

JIMMY LEE YUEN CHING
Director

JAMES LEE YUEN KUI
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March, 2011 (in HK Dollars)

	Share capital	Share premium	Exchange reserve	Revaluation reserve	Share options reserve	Contributed surplus	Capital redemption reserve	Retained profits	Total
At 1st April, 2009	97,260,193	22,785,730	(22,044,141)	4,937,500	—	66,141,751	32,060,640	522,225,373	723,367,046
Profit for the year	—	—	—	—	—	—	—	121,716,313	121,716,313
Other comprehensive income for the year	—	—	9,836,182	(320,000)	—	—	—	—	9,516,182
Total comprehensive income for the year	—	—	9,836,182	(320,000)	—	—	—	121,716,313	131,232,495
Recognition of equity-settled share-based payments	—	—	—	—	1,365,000	—	—	—	1,365,000
Dividend paid	—	—	—	—	—	—	—	(19,449,453)	(19,449,453)
Repurchase of own shares	(47,200)	—	—	—	—	—	47,200	(184,278)	(184,278)
At 31st March, 2010	97,212,993	22,785,730	(12,207,959)	4,617,500	1,365,000	66,141,751	32,107,840	624,307,955	836,330,810
Profit for the year	—	—	—	—	—	—	—	283,912,424	283,912,424
Other comprehensive income for the year	—	—	2,282,658	121,740,189	—	—	—	—	124,022,847
Total comprehensive income for the year	—	—	2,282,658	121,740,189	—	—	—	283,912,424	407,935,271
Recognition of equity-settled share-based payments	—	—	—	—	1,535,000	—	—	—	1,535,000
Dividend paid	—	—	—	—	—	—	—	(19,418,814)	(19,418,814)
Repurchase of own shares	(470,000)	—	—	—	—	—	470,000	(2,829,377)	(2,829,377)
At 31st March, 2011	**96,742,993**	**22,785,730**	**(9,925,301)**	**126,357,689**	**2,900,000**	**66,141,751**	**32,577,840**	**885,972,188**	**1,223,552,890**

The contributed surplus represents the difference between the nominal amount of the shares issued by the Company and the shareholders' funds of the subsidiaries acquired pursuant to the Group reorganisation undertaken prior to the listing of the Company's shares.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31st March, 2011 (in HK Dollars)

	Year ended 31/03/2011	Year ended 31/03/2010
Operating activities		
Profit before taxation	**312,874,531**	134,470,531
Adjustments for:		
Finance costs	**20,380,190**	15,321,717
Share of results of associates	**(195,919,785)**	(43,184,139)
Share of results of jointly controlled entities	**—**	398
Impairment loss recognised in respect of trade receivables	**7,435,192**	826
Impairment loss recognised in respect of other receivables	**211,004**	645,893
Reversals of inventories	**(5,376,558)**	(1,427,102)
Provision for long service payments	**356,285**	586,521
Amortisation of prepaid lease payments	**309,717**	414,732
Depreciation of property, plant and equipment	**32,866,579**	30,120,074
Bank interest income	**(106,681)**	(265,292)
Share option expenses	**1,535,000**	1,365,000
Increase in fair value of investment properties	**(140,103,509)**	(57,000,846)
Loss/(gain) on disposal of property, plant and equipment	**239,931**	(22,389,292)
Gain on disposal of available-for-sale investments	**—**	(37,643)
Loss on disposal of investment properties	**—**	1,690,209
Gain on disposal of subsidiaries	**(20,746,914)**	—
Loss on fair value changes of derivative financial instruments	**8,576,032**	8,108,365
Operating cash flows before movements in working capital	**22,531,014**	68,419,952
Increase in inventories	**(27,984,458)**	(12,774,417)
Decrease in inventory of unsold properties	**34,939,403**	93,858,306
Decrease in bills receivables	**321,276**	900,000
Increase in trade receivables, deposits and prepayments	**(406,786)**	(6,042,588)
Increase/(decrease) in trade payables, customers' deposits and accrued expenses	**44,104,404**	(28,344,926)
Decrease in derivative financial instruments	**(9,805,085)**	(7,450,068)
(Decrease)/increase in bills payables	**(8,852,946)**	57,776,070
Increase in amount due to an associate	**7,020**	—
Utilisation of provision for long service payments	**(32,192)**	(407,600)
Cash generated from operations	**54,821,650**	165,934,729
Hong Kong Profits Tax paid	**(7,346,024)**	(2,689,029)
Overseas tax paid	**(4,455,058)**	(15,401,399)
Net cash generated from operating activities	**43,020,568**	147,844,301

For the year ended 31st March, 2011 (in HK Dollars)

	Note	**Year ended 31/03/2011**	Year ended 31/03/2010
Investing activities			
Capital contribution to jointly controlled entities		**—**	(398)
Additions to investment properties		**(148,046,041)**	(158,489,012)
Purchase of property, plant and equipment		**(40,742,801)**	(45,675,796)
Advance to associates		**—**	(1,440,000)
Advance to jointly controlled entities		**(12,887,026)**	(107,499,602)
Proceeds from disposal of available-for-sale investments		**—**	667,643
Proceeds from disposal of investment properties		**—**	294,309,791
Proceeds from disposal of property, plant and equipment		**—**	26,672,725
Proceeds from disposal of subsidiaries	41	**42,903,288**	—
Interest received		**106,681**	265,292
Net cash (used in)/generated from investing activities		**(158,665,899)**	8,810,643
Financing activities			
New bank loans raised		**279,910,526**	199,256,524
Interest paid		**(24,513,382)**	(19,569,536)
Dividend paid		**(19,418,814)**	(19,449,453)
Repayment of bank loans		**(77,615,793)**	(325,418,279)
Repayment of obligations under finance leases		**(299,732)**	(1,094,429)
Repurchase of own shares		**(2,829,377)**	(184,278)
Net cash generated from/(used in) financing activities		**155,233,428**	(166,459,451)
Net increase/(decrease) in cash and cash equivalents		**39,588,097**	(9,804,507)
Cash and cash equivalents at 1st April		**134,840,700**	139,549,296
Effect of foreign exchange rate changes		**214,040**	5,095,911
Cash and cash equivalents at 31st March		**174,642,837**	134,840,700
Analysis of the balances of cash and cash equivalents:			
Bank balances and cash		**174,642,837**	134,840,700

1. GENERAL

The Company is 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 Corporate Information to the annual report.

The principal activities of the Company and its subsidiaries (the "Group") are the manufacture, assembly and sale of electronic watches and watch parts, trading of watch movements and watch parts, property development and property investment.

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

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 and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (as revised in 2008)	Business Combinations
HKAS 27 (as revised in 2008)	Consolidated and Separate Financial Statements
HKAS 32 (Amendments)	Classification of Rights Issues
HKAS 39 (Amendments)	Eligible Hedged Items
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners
HK – Int 5	Presentation of Financial Statements – Classification by the Borrower 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.

HKAS 27 (as revised in 2008) Consolidated and Separate Financial Statements

The application of HKAS 27 (as revised in 2008) has resulted in changes in the Group's accounting policies for changes in ownership interests in subsidiaries of the Group.

Specifically, when control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised Standard requires the Group to derecognise all assets, liabilities and non-controlling interests at their carrying amounts and to recognise the fair value of the consideration received. 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.

These changes have been applied prospectively from 1st April, 2010 in accordance with the relevant transitional provisions.

The application of the revised standard has affected the accounting for the Group's losing control of Mercato Group Limited in the current year. The change in policy has resulted in the difference of HK$41,346,914 between the consideration received of HK$72,600,000, the fair value of the retained interest of Mercato Group Limited at the date control is lost of HK$47,400,000 and the decognised assets and liabilities of Mercato Group Limited with carrying amounts of HK$78,653,086 being recognised directly in profit or loss. Therefore, the change in accounting policy has resulted in an increase in the profit for the year of HK$20,746,914 (including the cost of disposal amounting to HK$20,600,000).

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

Amendments to HKAS 17 Leases

As part of Improvements to HKFRSs issued in 2009, HKAS 17 *Leases* has been amended in relation to the classification of leasehold land. Before the amendments 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 amendments to HKAS 17 have removed such a requirement. The amendments require 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.

In accordance with the transitional provisions set out in the amendments to HKAS 17, the Group reassessed the classification of unexpired leasehold land as at 1st April, 2010 based on information that existed at the inception of the leases. Leasehold land that qualifies for finance lease classification has been reclassified from prepaid lease payments to property, plant and equipment retrospectively. This resulted in prepaid lease payments with the carrying amounts of HK$226,318,376 and HK$212,191,512 as at 1st April, 2009 and 31st March, 2010 respectively being reclassified to property, plant and equipment.

As at 31st March, 2011, leasehold land that qualifies for finance lease classification with the carrying amount of HK$133,533,704 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.

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

Summary of the effects of the above changes in accounting policies

The effects of changes in accounting policies described above on the results for the current and prior years by line items are as follows:

	Year ended 31/03/2011	Year ended 31/03/2010
Increase in depreciation of property, plant and equipment	**3,599,750**	3,646,668
Decrease in amortisation of prepaid lease payments	**(3,599,750)**	(3,646,668)
Increase in gain on losing control of subsidiaries	**20,746,914**	—
Increase in profit for the year	**20,746,914**	—

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

	As at 01/04/2009 (originally stated)	Adjustments	As at 01/04/2009 (restated)	As at 31/03/2010 (originally stated)	Adjustments	As at 31/03/2010 (restated)
Property, plant and equipment	118,266,700	226,318,376	344,585,076	131,551,423	212,191,512	343,742,935
Prepaid lease payments	256,524,640	(226,318,376)	30,206,264	226,827,280	(212,191,512)	14,635,768
Total effects on net assets	374,791,340	—	374,791,340	358,378,703	—	358,378,703

The effects of the above changes in accounting policies on the Group's basic and diluted earnings per share for the current and prior year are as follows:

Impact on basic and diluted earnings per share

	Impact on basic earnings per share		**Impact on diluted earnings per share**	
	Year ended 31/03/2011	Year ended 31/03/2010	**Year ended 31/03/2011**	Year ended 31/03/2010
Figures before adjustments	**27.2 HK cents**	12.5 HK cents	**27.1 HK cents**	12.5 HK cents
Adjustments arising from changes in the Group's accounting policies in relation to:				
– depreciation of property, plant and equipment	**3,599,750**	3,646,688	**3,599,750**	3,646,688
– amortisation of prepaid lease payments	**(3,599,750)**	(3,646,688)	**(3,599,750)**	(3,646,688)
– gain on losing control of subsidiaries	**20,746,914**	—	**20,746,914**	—
Figures after adjustments	**29.3 HK cents**	12.5 HK cents	**29.2 HK cents**	12.5 HK cents

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

New and revised Standards and Interpretations issued but not yet effective

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

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010[1]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[3]
HKFRS 9	Financial Instruments[4]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[5]
HKAS 24 (as revised in 2009)	Related Party Disclosures[6]
HK (IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[6]
HK (IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[2]

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

HKFRS 9 *Financial Instruments* (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 *Financial Instruments* (as revised in November 2010) adds requirements for 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 amortised 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 values at the end of subsequent accounting periods.

In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

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

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

New and revised Standards and Interpretations issued but not yet effective (Cont'd)

The directors anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for financial year ending 31st March, 2014 and that the application of the new standard may have a significant impact on amounts reported in respect of the Groups' financial assets and financial liabilities.

The amendments to HKAS 12 titled *Deferred Tax: Recovery of Underlying Assets* mainly deal with the measurement of deferred tax for investment properties that are measured using the fair value model in accordance with HKAS 40 *Investment Property*. Based on the amendments, for the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties measured using the fair value model, the carrying amounts of the investment properties are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances. The directors anticipate that the application of the amendments to HKAS 12 may have a significant impact on deferred tax recognised for investment properties that are measured using the fair value model.

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

The 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 and 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 in full on consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Basis of consolidation (Cont'd)

Changes in the Group's ownership interests in existing subsidiaries

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 earnings). 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 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

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 and 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.

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 *Impairment of Assets* 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.

When 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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 and 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 losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

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 *Impairment of Assets* 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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.

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

Revenue arising from the sale of completed properties are recognised upon the execution of the sale and purchase agreement.

When a development property is sold in advance of completion, revenue is only recognised upon the completion of the sale and purchase agreement. Deposits and installments received from purchasers prior to this stage are included in the consolidated statement of financial position under current liabilities.

Rental income, including rentals invoiced in advance from properties let under operating leases, is recognised on a straight line basis over the terms of the relevant leases. Initial direct costs incurred in negotiating and arranging an operating leases are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

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).

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.

Management fee income is recognised when services are rendered.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including properties under construction for such purposes). Investment properties include land held for undetermined future use, which is regarded as held for capital appreciation purpose.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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 properties under construction as described below) 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 other than properties under construction 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.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

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 the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

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 lessor

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

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Leasing (Cont'd)

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's policy on borrowing costs (see the accounting policy below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

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

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

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.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease 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.

Properties under development for sale

Properties under development for sale are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

The cost of properties under development for sale includes land cost, construction cost, borrowing costs capitalised and other direct development expenditure.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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.

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 four categories, including financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments 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 other than those financial assets classified as at fair value through profit or loss, of which interest income is included in net gains or losses.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial instruments (Cont'd)

Financial assets (Cont'd)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss has two subcategories, including financial assets held for trading and those designated as at fair value through profit or loss on initial recognition.

A financial asset is classified as held for trading if:

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

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition if:

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

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 includes any dividend or interest earned on the financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade receivables, bills receivables, deposits, amounts due from associates, amounts due from jointly controlled entities and bank balances) 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).

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial instruments (Cont'd)

Financial assets (Cont'd)

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 and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at the end of the reporting period (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

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

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

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

- significant financial difficulty of the issuer or counterparty; or
- 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.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 to 60 days, observable changes in national or local economic conditions that correlate with default on receivables.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial instruments (Cont'd)

Financial assets (Cont'd)

Impairment of financial assets (Cont'd)

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 instruments

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 financial liabilities at fair value through profit or loss and other financial liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial instruments (Cont'd)

Financial liabilities and equity instruments (Cont'd)

Effective interest method

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

Interest expense is recognised on an effective interest basis other than those financial liability classified as at fair value through profit or loss, of which the interest expense is included in net gains or losses.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss has two subcategories, including financial liabilities held for trading and those designated at fair value through profit or loss on initial recognition.

A financial liability is classified as held for trading if:

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

A financial liability other than a financial liability held for trading may be designated as at fair value through profit or loss upon initial recognition if:

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

Financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value arising on remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes any interest paid on the financial liabilities.

Other financial liabilities

Other financial liabilities (including trade payables, bills payables, accrued expenses, amount due to an associate, obligations under finance leases and bank loans) are subsequently measured at amortised cost, using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial instruments (Cont'd)

Financial liabilities and equity instruments (Cont'd)

Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. 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

The Group's derivative financial instrument does not qualify for hedge accounting. Derivatives that do not qualify for hedge accounting are deemed as financial assets held for trading or financial liabilities held for trading. Changes in fair value of such derivatives are recognised directly in profit or loss.

Derecognition

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

On derecognition of a financial asset in its entirety, 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.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset or retains a residual interest that does not result in the retention of substantially all the risks and rewards of ownership and the Group retains control), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

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.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

Unsold completed properties are stated at the lower of cost and net realisable value.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Impairment losses on tangible assets other than goodwill

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

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, 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.

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, 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 and will be reclassified from equity to profit or loss on disposal of the 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 except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. 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).

Provisions

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

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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 difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

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

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

Retirement benefit costs

The contributions payable to the retirement benefits schemes are charged as an expense when employees have rendered service entitling them to the contributions.

For provision for long service payments, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of the reporting period. Actuarial gains and losses which exceed 10 per cent of the defined benefit obligations at the end of the previous reporting period are amortised over the expected average remaining working lives of the participating employees. The retirement benefit obligation recognised in the consolidated statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service cost.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees

For grants of share options that are conditional upon satisfying specified vesting conditions, 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 options 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 options reserve.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When the share options are exercised, the amount previously recognised in share options 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 share options reserve will be transferred to retained profits.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies, which are described in note 3, management has made the following estimations that have effect on the amounts recognised in the consolidated financial statements.

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 giving a rise to a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Allowance of doubtful debts

In determining whether there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. At 31st March, 2011, the carrying amount of trade receivables is approximately HK$30,821,000.

Fair value of derivative financial instruments

The Group relies on bank valuations to determine the fair value of derivatives financial instruments which in turn are determined using various valuation techniques, including discounted cash flow models and option pricing models. Judgement is required in the calculation of such valuations. Changes in the underlying assumptions could materially impact profit or loss.

5. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of debt (which includes bank loans) and equity attributable to owners of the Company, comprising issued share capital, reserves and retained profits.

Debt to equity ratio

The Group's senior management reviews the capital structure on a semi-annual basis. As part of this review, the senior management considers the cost of capital and the risks associated with each class of capital.

The debt to equity ratio at the end of the reporting period was as follows:

	31/03/2011	31/03/2010
Debt (i)	**606,420,674**	468,720,771
Equity (ii)	**1,223,552,890**	836,330,810
Debt to equity ratio	**50%**	56%

(i) Debt is defined as non-current bank loans as detailed in note 30.

(ii) Equity includes all capital and reserves of the Group.

6. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

31/03/2011

Financial assets

	Held for trading	Loans and receivables	Available for sale financial assets	Total
Available-for-sale investments	—	—	15,670,000	15,670,000
Investment held for trading	4,108,333	—	—	4,108,333
Bills receivables	—	7,778,724	—	7,778,724
Trade receivables and deposits	—	80,700,579	—	80,700,579
Amounts due from associates	—	143,489,370	—	143,489,370
Amounts due from jointly controlled entities	—	120,386,628	—	120,386,628
Bank balances	—	174,642,837	—	174,642,837
	4,108,333	526,998,138	15,670,000	546,776,471

Financial liabilities

	Held for trading	Financial liabilities at amortised cost	Total
Trade payables and accrued expenses	—	117,210,758	117,210,758
Bills payables	—	86,656,200	86,656,200
Derivative financial instruments	16,471,629	—	16,471,629
Obligations under finance leases	—	5,593,510	5,593,510
Bank loans	—	1,150,989,159	1,150,989,159
	16,471,629	1,360,449,627	1,376,921,256

6. FINANCIAL INSTRUMENTS (Cont'd)

a. Categories of financial instruments (Cont'd)

31/03/2010

Financial assets

	Held for trading	Loans and receivables	Available for sale financial assets	Total
Available-for-sale investments	—	—	15,050,000	15,050,000
Investment held for trading	4,118,611	—	—	4,118,611
Bills receivables	—	8,100,000	—	8,100,000
Trade receivables and deposits	—	62,568,927	—	62,568,927
Amounts due from associates	—	143,489,370	—	143,489,370
Amounts due from jointly controlled entities	—	107,499,602	—	107,499,602
Bank balances	—	134,749,754	—	134,749,754
	4,118,611	456,407,653	15,050,000	475,576,264

Financial liabilities

	Held for trading	Financial liabilities at amortised cost	Total
Trade payables and accrued expenses	—	80,762,351	80,762,351
Bills payables	—	95,509,146	95,509,146
Derivative financial instruments	17,700,682	—	17,700,682
Obligations under finance leases	—	5,893,242	5,893,242
Bank loans	—	1,074,842,063	1,074,842,063
	17,700,682	1,257,006,802	1,274,707,484

6. FINANCIAL INSTRUMENTS (Cont'd)

b. Financial risk management objectives and policies

The Group's senior management monitors and manages the financial risks relating to the operations of the Group through internal analysis which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group seeks to minimise the effects of these risks by using derivative financial instruments to mitigate these risk exposures. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors in relation to the use of financial derivatives and non-derivative financial instruments and the investment of excess liquidity.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and equity prices. The Group enters into a variety of derivative financial instruments to manage its exposure to foreign currency and interest rate risks, including:

- foreign currency forward contracts to minimise the exchange rate risk in relation to foreign currency transactions; and
- interest rate swaps to mitigate the cash flow interest rate risk.

(i) Foreign currency risk

Several subsidiaries of the Group have foreign currency sales and purchases, which expose the Group to foreign currency risk. Approximately 17% (Year ended 31st March, 2010: 18%) of the Group's sales are denominated in currencies other than the functional currency of the group entity making the sale, whilst almost 7% (Year ended 31st March, 2010: 18%) of costs are denominated in the group entity's respective functional currencies.

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

	Liabilities		**Assets**	
	31/03/2011	31/03/2010	**31/03/2011**	31/03/2010
CAD	**74,303,000**	79,498,000	**20,065,000**	63,148,000
JPY	**179,465,000**	156,554,000	**21,254,000**	26,147,000
USD	**160,985,000**	141,333,000	**62,005,000**	60,234,000
RMB	**16,840,000**	10,809,000	**10,800,000**	9,819,000

6. FINANCIAL INSTRUMENTS (Cont'd)

b. Financial risk management objectives and policies (Cont'd)

Market risk (Cont'd)

(i) Foreign currency risk (Cont'd)

Sensitivity analysis

As USD is pegged with Hong Kong dollars, the Group's currency risk in relation to the monetary assets and monetary liabilities denominated in USD is expected to be minimal. The Group is mainly exposed to the effects of fluctuation in JPY and CAD.

The following table details the Group's sensitivity to a 5% (Year ended 31st March, 2010: 5%) increase and decrease in the Hong Kong dollars against the relevant foreign currencies. 5% (Year ended 31st March, 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 outstanding foreign currency denominated monetary items and adjusts its translation at the period end for a 5% (Year ended 31st March, 2010: 5%) change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number below indicates an increase in profit where the Hong Kong dollars strengthen 5% (Year ended 31st March, 2010: 5%) against the relevant currency. For a 5% (Year ended 31st March, 2010: 5%) weakening of the Hong Kong dollars against the relevant currency, there would be an equal and opposite impact on the profit and the balances below would be negative.

	Impact of JPY (i)		**Impact of CAD (ii)**	
	Year ended 31/03/2011	Year ended 31/03/2010	**Year ended 31/03/2011**	Year ended 31/03/2010
Profit or loss	**8,933,000**	7,819,000	**5,574,000**	5,570,000

(i) This is as a result of the purchase of inventories denominated in JPY.

(ii) This is mainly attributable to the exposure outstanding on loans to foreign operation within the Group denominated in CAD.

6. FINANCIAL INSTRUMENTS (Cont'd)

b. Financial risk management objectives and policies (Cont'd)

Market risk (Cont'd)

(ii) Interest rate risk

The Group's fair value interest rate risk relates primarily to fixed-rate short term bank deposits and fixed-rate debt securities, while the Group's cash flow interest rate risk relates primarily to variable-rate borrowings (see note 30 for details of these borrowings).

In relation to these variable-rate bank loans, the Group enters into interest rate swaps to minimise against its exposures to changes in interest rate of those bank loans.

The Group's exposures to interest rates on financial assets and 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 or LIBOR arising from the Group's Hong Kong dollar denominated borrowings.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for variable-rate bank loans at the end of the reporting period. For variable-rate bank loans, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. 50 basis points (Year ended 31st March, 2010: 50 basis points) increase or decrease in HIBOR or LIBOR is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points (Year ended 31st March, 2010: 50 basis points) higher/lower and all other variables were held constant, the Group's profit for the year ended 31st March, 2011 would decrease/increase by approximately HK$4,068,000 (Year ended 31st March, 2010: HK$2,880,000).

(iii) Other price risks

The Group's is exposed to price risk through its available-for-sale investments and investment held for trading. The management will monitor the price risk and take appropriate actions should the need arise.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to price risk at the reporting date.

If prices had been 5% (Year ended 31st March, 2010: 5%) higher/lower, net profit for the year ended 31st March, 2011 would increase/decrease by HK$205,417 (Year ended 31st March, 2010: HK$205,931). This is mainly due to the changes in fair value of investment held for trading.

If prices had been 5% (Year ended 31st March, 2010: 5%) higher/lower, revaluation reserves would increase/decrease by HK$783,500 (Year ended 31st March, 2010: by HK$752,500) as a result of the changes in fair value of available-for-sale investments.

6. FINANCIAL INSTRUMENTS (Cont'd)

b. Financial risk management objectives and policies (Cont'd)

Credit risk

At 31st 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 counterparts is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

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

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group does not have any other significant concentration of credit risk. Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas.

The table below shows the balance of two major counterparties (including liquid funds) at the end of the reporting date using the Moody's credit rating symbols.

Counterparty	Location	Rating	**31/03/2011 Carrying amount**	31/03/2010 Carrying amount
The Hongkong and Shanghai Banking Corporation Limited	Hong Kong	Aa2	**33,249,081**	30,832,379
Industrial and Commercial Bank of China (Asia) Limited	Hong Kong	A1	**35,014,789**	25,347,463

6. FINANCIAL INSTRUMENTS (Cont'd)

b. Financial risk management objectives and policies (Cont'd)

Liquidity risk

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring cash flows and matching the maturity profiles of financial assets and liabilities.

At 31st March, 2011, the Group has available unutilised overdrafts and short, medium and long term bank loan facilities of approximately HK$19,000,000 (31st March, 2010: HK$16,000,000) and HK$340,000,000 (31st March, 2010: HK$414,000,000) respectively.

The following table details the Group's remaining contractual maturity for its 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 maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting 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, and the undiscounted gross (inflows) and outflows on those derivatives that require gross settlement. 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 the management consider that the contractual maturities are essential for an understanding of the timing of the cash flows of derivatives.

Liquidity tables

31/03/2011	On demand or less than 1 year	Over 1 year to 2 years	Over 2 years to 5 years	Over 5 years	Total undiscounted cash flows	Total carrying amount as at 31/03/2011
Non-derivative financial liabilities						
Trade payables and accrued expenses	117,210,758	—	—	—	117,210,758	117,210,758
Bills payables	86,656,200	—	—	—	86,656,200	86,656,200
Obligations under finance leases	3,197,249	1,526,736	1,260,581	—	5,984,566	5,593,510
Bank loans	554,932,276	291,552,719	85,911,762	312,898,969	1,245,295,726	1,150,989,159
Derivative financial liabilities						
Foreign currency forward contracts	115,354	—	—	—	115,354	115,354
Interest rate swaps	8,178,137	8,412,222	—	—	16,590,359	16,356,275

6. FINANCIAL INSTRUMENTS (Cont'd)

b. Financial risk management objectives and policies (Cont'd)

Liquidity risk (Cont'd)

31/03/2010	On demand or less than 1 year	Over 1 year to 2 years	Over 2 years to 5 years	Over 5 years	Total undiscounted cash flows	Total carrying amount as at 31/03/2010
Non-derivative financial liabilities						
Trade payables and accrued expenses	80,762,351	—	—	—	80,762,351	80,762,351
Bills payables	95,509,146	—	—	—	95,509,146	95,509,146
Obligations under finance leases	3,838,447	2,092,469	485,692	—	6,416,608	5,893,242
Bank loans	628,991,039	160,706,994	151,279,854	213,345,382	1,154,323,269	1,074,842,063
Derivative financial liabilities						
Foreign currency forward contracts	260,426	—	—	—	260,426	260,426
Interest rate swaps	5,813,419	6,111,854	6,347,795	—	18,273,068	17,440,256

c. Fair value

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

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

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

- the fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived form quoted interest rates.

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

6. FINANCIAL INSTRUMENTS (Cont'd)

c. Fair value (Cont'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 markets for identical assets or liabilities;

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

	31/03/2011			
	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Club debentures, unlisted	15,670,000	—	—	15,670,000
Financial assets at fair value through profit or loss				
Listed debt securities	4,108,333	—	—	4,108,333
Total	19,778,333	—	—	19,778,333
Financial liabilities at fair value through profit or loss				
Foreign currency forward contracts	—	—	115,354	115,354
Interest rate swaps	—	—	16,356,275	16,356,275
Total	—	—	16,471,629	16,471,629

6. FINANCIAL INSTRUMENTS (Cont'd)

c. Fair value (Cont'd)

	31/03/2010			
	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Club debentures, unlisted	15,050,000	—	—	15,050,000
Financial assets at fair value through profit or loss				
Listed debt securities	4,118,611	—	—	4,118,611
Total	19,168,611	—	—	19,168,611
Financial liabilities at fair value through profit or loss				
Foreign currency forward contracts	—	—	260,426	260,426
Interest rate swaps	—	—	17,440,256	17,440,256
Total	—	—	17,700,682	17,700,682

There were no transfers between Level 1 and 2 in the current and prior years.

Reconciliation of Level 3 fair value measurements of financial liabilities

	Foreign currency forward contracts	Interest rate swaps	Total
At 1st April, 2009	21,574	17,020,811	17,042,385
Total gains or losses recognised in profit or loss	238,852	7,869,513	8,108,365
Settlements	—	(7,450,068)	(7,450,068)
At 31st March, 2010	260,426	17,440,256	17,700,682
Total gains or losses recognised in profit or loss	(324,472)	8,900,504	8,576,032
Settlements	179,400	(9,984,485)	(9,805,085)
At 31st March, 2011	**115,354**	**16,356,275**	**16,471,629**

Of the total gains or losses for the year included in profit or loss, HK$8,576,032 (Year ended 31st March, 2010: HK$8,108,365) relates to foreign currency forward contracts and interest rate swaps held at the end of the reporting period.

7. SEGMENT INFORMATION

Information reported to the Board of Directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

Specifically, the Group's reportable segments under HKFRS 8 are as follows:

1. Manufacture of watches - manufacture, assembly and sale of electronic watches and watch parts
2. Trading of watch movements - trading of watch movements and watch parts
3. Property development - development and sale of properties
4. Property investment - holding of properties for investment and leasing purposes

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment.

For the year ended 31st March, 2011

	Manufacture of watches	Trading of watch movements	Property development	Property investment	Eliminations	Consolidated
REVENUE						
External sales	209,981,260	1,005,506,028	48,136,421	1,745,418	—	1,265,369,127
Inter-segment sales	—	672,787	—	—	(672,787)	—
Total revenue	209,981,260	1,006,178,815	48,136,421	1,745,418	(672,787)	1,265,369,127
RESULT						
Segment result	9,926,891	25,400,690	(28,305,476)	148,403,002	—	155,425,107
Interest income						106,681
Unallocated other income						10,833,517
Unallocated other expenses						(29,030,369)
Finance costs						(20,380,190)
Share of results of associates						195,919,785
Profit before taxation						312,874,531
Income tax expenses						(28,962,107)
Profit for the year						283,912,424

7. SEGMENT INFORMATION (Cont'd)

Segment revenues and results (Cont'd)

For the year ended 31st March, 2010

	Manufacture of watches	Trading of watch movements	Property development	Property investment	Eliminations	Consolidated
REVENUE						
External sales	203,712,125	798,570,694	51,994,555	59,426,537	—	1,113,703,911
Inter-segment sales	—	2,190,703	—	—	(2,190,703)	—
Total revenue	203,712,125	800,761,397	51,994,555	59,426,537	(2,190,703)	1,113,703,911
RESULT						
Segment result	10,173,023	19,967,323	(12,755,324)	60,494,745	—	77,879,767
Interest income						265,292
Unallocated other income						49,864,408
Unallocated other expenses						(21,400,960)
Finance costs						(15,321,717)
Share of results of associates						43,184,139
Share of results of jointly controlled entities						(398)
Profit before taxation						134,470,531
Income tax expenses						(12,754,218)
Profit for the year						121,716,313

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment result represents the profit earned by/loss from each segment without allocation of central administration costs, share of results of associates and jointly controlled entities, other income and finance costs. This is the measure reported to the Board of Directors for the purpose of resource allocation and performance assessment.

Inter-segment sales are charged at cost.

7. SEGMENT INFORMATION (Cont'd)

Segment assets and liabilities

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

Segment assets

	31/03/2011	31/03/2010	01/04/2009
Manufacture of watches	**145,939,888**	130,284,453	105,228,983
Trading of watch movements	**113,167,794**	108,386,332	91,143,324
Property development	**77,243,175**	119,807,852	133,542,505
Property investment	**1,213,807,212**	986,936,491	1,081,658,402
Total segment assets	**1,550,158,069**	1,345,415,128	1,411,573,214
Interests in associates	**340,232,644**	96,912,859	53,728,720
Amounts due from associates	**143,489,370**	143,489,370	142,049,370
Amounts due from jointly controlled entities	**120,386,628**	107,499,602	—
Unallocated	**558,424,670**	467,350,048	509,396,260
Consolidated assets	**2,712,691,381**	2,160,667,007	2,116,747,564

Segment liabilities

	31/03/2011	31/03/2010	01/04/2009
Manufacture of watches	**55,049,597**	49,756,181	51,734,574
Trading of watch movements	**112,278,194**	109,740,822	51,058,576
Property development	**3,898,998**	10,213,060	37,252,574
Property investment	**41,807,195**	15,953,246	17,367,793
Total segment liabilities	**213,033,984**	185,663,309	157,413,517
Amount due to an associate	**7,020**	—	—
Unallocated	**1,276,097,487**	1,138,672,888	1,235,967,001
Consolidated liabilities	**1,489,138,491**	1,324,336,197	1,393,380,518

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

- all assets are allocated to reportable segments other than interests in associates, amounts due from associates and jointly controlled entities, available-for-sale investments, bank balances and cash, and other unallocated corporate assets; and

- all liabilities are allocated to reportable segments other than bank loans, tax payable, deferred tax liabilities and other unallocated corporate liabilities.

7. SEGMENT INFORMATION (Cont'd)

Other segment information

For the year ended 31st March, 2011

	Manufacture of watches	Trading of watch movements	Property development	Property investment	Unallocated	Consolidated
Capital additions	**27,784,798**	**9,269,116**	**12,273**	**141,511,496**	**14,344,351**	**192,922,034**
Depreciation of property, plant and equipment	**11,102,567**	**8,436,968**	**506,105**	**4,321,446**	**8,499,493**	**32,866,579**
Amortisation of prepaid lease payments	**309,717**	**—**	**—**	**—**	**—**	**309,717**
Impairment loss recognised in respect of trade receivables	**7,435,192**	**—**	**—**	**—**	**—**	**7,435,192**
Impairment loss recognised in respect of other receivables	**211,004**	**—**	**—**	**—**	**—**	**211,004**
Reversals of inventories	**5,376,558**	**—**	**—**	**—**	**—**	**5,376,558**
Increase in fair value of investment properties	**—**	**—**	**—**	**140,103,509**	**—**	**140,103,509**
Gain on disposal of subsidiaries	**—**	**—**	**—**	**20,746,914**	**—**	**20,746,914**
Loss on disposal of property, plant and equipment	**—**	**239,931**	**—**	**—**	**—**	**239,931**

For the year ended 31st March, 2010

	Manufacture of watches	Trading of watch movements	Property development	Property investment	Unallocated	Consolidated
Capital additions	23,412,133	13,494,410	1,184,220	162,736,831	7,585,033	208,412,627
Depreciation of property, plant and equipment	6,809,899	11,101,493	452,865	15,315	11,740,502	30,120,074
Amortisation of prepaid lease payments	414,732	—	—	—	—	414,732
Impairment loss recognised in respect of trade receivables	826	—	—	—	—	826
Impairment loss recognised in respect of other receivables	22,800	—	—	623,093	—	645,893
Loss on disposal of investment properties	—	—	—	1,690,209	—	1,690,209
Reversals of inventories	1,427,102	—	—	—	—	1,427,102
Increase in fair value of investment properties	—	—	—	57,000,846	—	57,000,846
Gain on disposal of property, plant and equipment	90,000	1,332,714	53,012	—	20,913,566	22,389,292

7. SEGMENT INFORMATION (Cont'd)

Revenue from major products and services

The following is an analysis of the Group's revenue from its major products and services:

	Year ended 31/03/2011	Year ended 31/03/2010
Manufacture of watches	**209,981,260**	203,712,125
Trading of watch movements	**1,005,506,028**	798,570,694
Property development	**48,136,421**	51,994,555
Property investment	**1,745,418**	59,426,537
	1,265,369,127	1,113,703,911

Geographical information

The Group's main operations are located in Hong Kong and other regions in the People's Republic of China (the "PRC"), North America and Europe.

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

	Revenue from external customers		**Non-current assets**	
	Year ended 31/03/2011	Year ended 31/03/2010	**31/03/2011**	31/03/2010
Hong Kong and the PRC	**1,043,337,152**	817,071,865	**1,806,684,902**	1,329,579,845
North America	**82,483,484**	149,783,105	**6,010,053**	6,175,327
Europe	**124,922,057**	136,489,554	**—**	—
Others	**14,626,434**	10,359,387	**—**	—
	1,265,369,127	1,113,703,911	**1,812,694,955**	1,335,755,172

Note: Non-current assets excluded available-for-sale investments.

Information about major customers

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

	Year ended 31/03/2011	Year ended 31/03/2010
Customer A	**323,992,827**	297,507,243
Customer B	**N/A[1]**	112,704,065
Customer C	**163,589,951**	N/A[1]

[1] The corresponding revenue did not contribute over 10% of the total sales of the Group.

All of the revenue above is generated from trading of watch movements.

8. OTHER INCOME AND GAINS

	Year ended 31/03/2011	Year ended 31/03/2010
Bank interest income	**106,681**	265,292
Gain on disposal of available-for-sale investments	**—**	37,643
Management fee income received from associates and jointly controlled entities	**4,280,660**	1,825,210
Net foreign exchange gain	**—**	22,746,780
Sundry income	**2,514,166**	2,842,339
	6,901,507	27,717,264

9. FINANCE COSTS

	Year ended 31/03/2011	Year ended 31/03/2010
Interest on:		
Bank loans and overdrafts		
– wholly repayable within five years	**18,530,001**	15,980,066
– not wholly repayable within five years	**5,567,372**	3,232,038
Obligations under finance leases	**416,009**	357,432
Total borrowing costs	**24,513,382**	19,569,536
Less: Amount capitalised to investment properties	**(4,133,192)**	(4,247,819)
	20,380,190	15,321,717

Borrowing costs capitalised during the year are calculated by applying a capitalisation rate of 1.54% (Year ended 31st March, 2010: 1.35%) to expenditure on investment properties.

10. PROFIT BEFORE TAXATION

	Year ended 31/03/2011	Year ended 31/03/2010
Profit before taxation has been arrived at after charging:		
Staff costs including directors' emoluments	**135,081,005**	95,883,772
Less: Amount capitalised to investment properties	**(17,211,680)**	(18,540,250)
	117,869,325	77,343,522
Depreciation of property, plant and equipment	**32,866,579**	30,120,074
Amortisation of prepaid lease payments	**309,717**	414,732
Auditors' remuneration	**1,833,202**	1,509,900
Cost of inventories recognised as an expense	**997,122,458**	876,836,095
Impairment loss recognised in respect of other receivables (included in administrative expenses on consolidated income statement)	**211,004**	645,893
Impairment loss recognised in respect of trade receivables (included in administrative expenses on consolidated income statement)	**7,435,192**	826
Loss on disposal of investment properties	**—**	1,690,209
Loss on disposal of property, plant and equipment	**239,931**	—
Loss on fair value changes of derivative financial instruments	**8,576,032**	8,108,365
Minimum lease payments for operating leases in respect of land and buildings	**7,945,208**	9,906,128
Net foreign exchange loss	**6,267,842**	—
Reversals of inventories	**(5,376,558)**	(1,427,102)
and after crediting:		
Gross rental income from investment properties	**1,745,418**	1,648,239
Less: Outgoings	**(595,866)**	(787,314)
Net rental income from investment properties	**1,149,552**	860,925

Minimum lease payments for operating leases in respect of staff quarters amounting to HK$5,163,142 (Year ended 31st March, 2010: HK$1,474,784) are included in staff costs.

11. DIRECTORS' AND EMPLOYEES' REMUNERATION

(a) Directors' remuneration

	Mr. Jimmy Lee Yuen Ching	Mr. Loewe Lee Bon Chi	Mr. James Lee Yuen Kui	Mr. Edward Lee Yuen Cheor	Dr. Samson Sun, M.B.E.,J.P.	Mr. William Chan Chak Cheung	Ms. Dorathy Lee Yuen Yu	Mr. Chan Kwok Wai	Mr. Ricky Wai Kwong Yuen	Total
For the year ended 31st March, 2011										
Fees	**50,000**	**50,000**	**50,000**	**50,000**	**380,000**	**285,000**	**50,000**	**285,000**	**50,000**	**1,250,000**
Other emoluments										
Salaries and other benefits	**16,328,900**	**10,880,000**	**8,654,000**	**4,822,142**	**—**	**—**	**—**	**—**	**3,052,500**	**43,737,542**
Retirement benefit scheme contributions	**12,000**	**12,000**	**12,000**	**12,000**	**—**	**—**	**—**	**—**	**12,000**	**60,000**
Share-based payments	**—**	**1,334,783**	**—**	**—**	**66,739**	**66,739**	**—**	**66,739**	**—**	**1,535,000**
	16,390,900	**12,276,783**	**8,716,000**	**4,884,142**	**446,739**	**351,739**	**50,000**	**351,739**	**3,114,500**	**46,582,542**
For the year ended 31st March, 2010										
Fees	50,000	50,000	50,000	50,000	300,000	225,000	50,000	225,000	50,000	1,050,000
Other emoluments										
Salaries and other benefits	6,881,286	4,670,000	4,300,000	2,412,498	—	—	—	—	3,036,000	21,299,784
Retirement benefit scheme contributions	12,000	12,000	12,000	12,000	—	—	—	—	12,000	60,000
Share-based payments	—	1,365,000	—	—	—	—	—	—	—	1,365,000
	6,943,286	6,097,000	4,362,000	2,474,498	300,000	225,000	50,000	225,000	3,098,000	23,774,784

Included in salaries and other benefits is an amount of HK$5,163,142 (Year ended 31st March, 2010: HK$1,474,784) in respect of accommodation provided to the directors of the Company.

Besides above remuneration, four (Year ended 31st March, 2010: four) of the Group's properties are provided to the directors as an accommodation. The rateable value of the property is amounting to HK$2,049,451 (Year ended 31st March, 2010: HK$3,853,535).

(b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, all (Year ended 31st March, 2010: all) are directors of the Company whose emoluments are included in the disclosures in note (a) above.

12. INCOME TAX EXPENSES

	Year ended 31/03/2011	Year ended 31/03/2010
The charge comprises:		
Hong Kong Profits Tax		
Current year	**2,567,000**	1,750,000
Underprovision in prior years	**5,937,994**	350,959
	8,504,994	2,100,959
Other jurisdictions		
Current year	**17,404**	493,030
Overprovision in prior years	**(2,591,198)**	(497,610)
	5,931,200	2,096,379
Deferred tax liabilities (note 34)		
Current year	**23,030,907**	10,657,839
	28,962,107	12,754,218

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

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1st January, 2008 onwards.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

12. INCOME TAX EXPENSES (Cont'd)

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

	Year ended 31/03/2011	Year ended 31/03/2010
Profit before taxation	**312,874,531**	134,470,531
Tax at Hong Kong Profits Tax rate of 16.5%	**51,624,298**	22,187,623
Tax effect of share of results of associates	**(32,326,765)**	(7,125,384)
Tax effect of share of results of jointly controlled entities	**—**	65
Tax effect of expenses not deductible for tax purpose	**9,000,697**	5,527,629
Tax effect of income not taxable for tax purpose	**(5,055,407)**	(10,034,992)
Tax effect of deductible temporary differences not recognised	**(1,162,886)**	(994,718)
Tax effect of tax losses not recognised	**5,560,894**	3,001,691
Tax effect on different tax rate of operations in other jurisdictions	**(52,655)**	1,849,269
Utilisation of tax losses previously not recognised	**(187,233)**	(1,698,751)
Overprovision in prior years	**3,346,796**	(146,651)
Effect of tax exemption (note)	**(988,230)**	(693,539)
Others	**(797,402)**	881,976
Taxation charge for the year	**28,962,107**	12,754,218

Note: The assessable profits of certain subsidiaries are subject to Hong Kong Profits Tax on a 50: 50 apportionment basis.

13. DIVIDEND

The final dividend of 4.0 HK cents for the year ended 31st March, 2011 (Year ended 31st March, 2010: 1.5 HK cents) per share has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

14. 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:

	Year ended 31/03/2011	Year ended 31/03/2010
Earnings		
Earnings for the purpose of basic and diluted earnings per share (Profit for the year attributable to owners of the Company)	**283,912,424**	121,716,313

	Year ended 31/03/2011	Year ended 31/03/2010
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**969,079,079**	972,312,706
Effect of dilutive potential ordinary shares:		
Share options	**1,949,636**	—
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**971,028,715**	972,312,706

The computation of diluted earnings per share for the year ended 31st March, 2010 does not assume the exercise of the Company's share options as the exercise price of those options was higher than the average market price for shares.

15. INVESTMENT PROPERTIES

The Group

FAIR VALUE	
At 1st April, 2009	1,045,505,000
Additions	162,736,831
Increase in fair value recognised in profit or loss	57,000,846
Transfer to inventory of unsold properties	(110,490,357)
Disposals	(296,000,000)
Exchange realignment	22,356,000
At 31st March, 2010 and 1st April, 2010	881,108,320
Additions	152,179,233
Increase in fair value recognised in profit or loss	140,103,509
Transfer from property, plant and equipment	240,000,000
Disposal of subsidiaries	(212,975,501)
Exchange realignment	856,800
At 31st March, 2011	**1,201,272,361**

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

15. INVESTMENT PROPERTIES (Cont'd)

The fair value of the Group's investment properties situated in Hong Kong and the PRC at 31st March, 2011 and 2010 have been arrived at on the basis of a valuation carried out on that date by DTZ Debenham Tie Leung Limited and Knight Frank Petty Limited, independent qualified professional valuers not connected with the Group. DTZ Debenham Tie Leung Limited and Knight Frank Petty Limited are members of the Hong Kong Institute of Surveyors and they have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation was arrived at by reference to market evidence of recent transaction prices for similar properties in the same locations and conditions.

The carrying amount of investment properties shown above are situated on:

	31/03/2011	31/03/2010
Land in Hong Kong:		
Long-term lease	**1,180,000,000**	573,000,000
Medium-term lease	**—**	289,000,000
Land outside Hong Kong:		
Medium-term lease	**21,272,361**	19,108,320
	1,201,272,361	881,108,320

16. PROPERTY, PLANT AND EQUIPMENT

The Group

	Leasehold land in Hong Kong	Buildings in Hong Kong	Freehold land and buildings outside Hong Kong	Buildings outside Hong Kong	Construction in progress	Leasehold improvements	Plant and machinery	Motor vehicles	Furniture, fixtures and office equipment	Antiques and pictures	Tools and moulds	Total
COST												
At 1st April, 2009	234,505,260	42,566,595	5,128,352	15,752,310	1,030,816	44,811,541	82,684,121	26,760,914	74,908,589	12,007,043	65,205,084	605,360,625
Exchange realignment	—	—	12,182	10,880	3,091	139,865	11,883	2,202	913,653	—	—	1,093,756
Additions	—	—	—	11,568,606	—	872,096	1,585,045	4,051,220	15,011,540	3,034,517	9,552,772	45,675,796
Transfer to inventory of unsold properties	—	—	—	(2,155,385)	—	—	—	—	—	—	—	(2,155,385)
Disposals	(12,200,000)	(7,239,251)	—	—	—	(605,942)	—	(3,636,774)	—	(223,000)	—	(23,904,967)
At 31st March, 2010	222,305,260	35,327,344	5,140,534	25,176,411	1,033,907	45,217,560	84,281,049	27,177,562	90,833,782	14,818,560	74,757,856	626,069,825
Exchange realignment	—	—	11,519	163,200	46,359	106,884	65,154	33,022	185,952	—	—	612,090
Additions	—	—	—	11,923,324	—	1,281,021	2,380,102	4,960,054	9,008,387	239,568	10,950,345	40,742,801
Transfer to investment properties	(85,030,000)	(156,404,448)	—	—	—	(15,517,043)	—	—	—	—	—	(256,951,491)
Surplus on revaluation	—	143,665,532	—	—	—	—	—	—	—	—	—	143,665,532
Disposals	—	—	—	—	—	(510,998)	—	—	(2,309,940)	—	—	(2,820,938)
At 31st March, 2011	**137,275,260**	**22,588,428**	**5,152,053**	**37,262,935**	**1,080,266**	**30,577,424**	**86,726,305**	**32,170,638**	**97,718,181**	**15,058,128**	**85,708,201**	**551,317,819**
DEPRECIATION												
At 1st April, 2009	8,186,884	8,373,815	1,561,587	2,198,363	—	30,643,999	78,476,199	16,768,606	54,671,628	3,525,323	56,369,145	260,775,549
Exchange realignment	—	—	3,710	110	—	115,981	1,769	1,561	449,474	—	—	572,605
Provided for the year	3,646,668	756,935	131,800	179,030	—	3,662,414	2,088,562	4,708,952	6,939,842	1,028,557	6,977,314	30,120,074
Eliminated on disposals	(1,719,804)	(3,522,414)	—	—	—	(336,620)	—	(3,529,786)	—	(32,714)	—	(9,141,338)
At 31st March, 2010	10,113,748	5,608,336	1,697,097	2,377,503	—	34,085,774	80,566,530	17,949,333	62,060,944	4,521,166	63,346,459	282,326,890
Exchange realignment	—	—	3,803	10,600	—	97,159	46,302	33,006	124,047	—	—	314,917
Provided for the year	3,599,750	664,025	132,088	180,409	—	3,367,258	1,632,414	5,111,724	9,101,187	1,204,687	7,873,037	32,866,579
Transfer to investment properties	(9,971,942)	—	—	—	—	(6,979,549)	—	—	—	—	—	(16,951,491)
Eliminated on revaluation	—	(1,388,587)	—	—	—	—	—	—	—	—	—	(1,388,587)
Eliminated on disposals	—	—	—	—	—	(510,998)	—	—	(2,070,009)	—	—	(2,581,007)
At 31st March, 2011	**3,741,556**	**4,883,774**	**1,832,988**	**2,568,512**	**—**	**30,059,644**	**82,245,246**	**23,094,063**	**69,216,169**	**5,725,853**	**71,219,496**	**294,587,301**
CARRYING VALUES												
At 31st March, 2011	**133,533,704**	**17,704,654**	**3,319,065**	**34,694,423**	**1,080,266**	**517,780**	**4,481,059**	**9,076,575**	**28,502,012**	**9,332,275**	**14,488,705**	**256,730,518**
At 31st March, 2010	212,191,512	29,719,008	3,443,437	22,798,908	1,033,907	11,131,786	3,714,519	9,228,229	28,772,838	10,297,394	11,411,397	343,742,935
At 1st April, 2009	226,318,376	34,192,780	3,566,765	13,553,947	1,030,816	14,167,542	4,207,922	9,992,308	20,236,961	8,481,720	8,835,939	344,585,076

16. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

The above items of property, plant and equipment, other than construction in progress, are depreciated on a straight-line basis after taking into account of their estimated residual values at the following rates per annum:

Category of assets	Estimated useful lives
Freehold land	Indefinite
Leasehold land and buildings	Over the shorter of the terms of leases, or 50 years
Leasehold improvements	$14^1/_3$% - $33^1/_3$%
Plant and machinery	25%
Motor vehicles	25%
Furniture, fixtures and office equipment	$14^1/_3$% - 25%
Antiques and pictures	10%
Tools and moulds	15% - $33^1/_3$%

The carrying value of leasehold land comprises:

	31/03/2011	31/03/2010
Leasehold land in Hong Kong:		
Long-term lease	**12,918,276**	209,542,030
Medium-term lease	**120,615,428**	2,649,482
	133,533,704	212,191,512

The carrying values of property, plant and equipment held under finance leases are as follows:

	31/03/2011	31/03/2010
Plant and machinery	**—**	170,833
Motor vehicles	**7,532,284**	7,078,060
Furniture, fixtures and office equipment	**22,630**	31,390
	7,554,914	7,280,283

17. PREPAID LEASE PAYMENTS

	31/03/2011	31/03/2010	01/04/2009
The Group's prepaid lease payments comprise:			
Leasehold land in PRC held under:			
Medium-term lease	**14,787,641**	14,635,768	30,206,264
Analysed for reporting purposes as:			
– Non-current assets	**14,459,432**	13,991,058	29,562,781
– Current assets	**328,209**	644,710	643,483
	14,787,641	14,635,768	30,206,264

18. INTERESTS IN SUBSIDIARIES

The Company

	31/03/2011	31/03/2010
Unlisted, at cost	**400,896,174**	387,955,526

Particulars of the Company's principal subsidiaries at 31st March, 2011 are shown in note 43.

19. INTERESTS IN ASSOCIATES

The Group

	31/03/2011	31/03/2010	01/04/2009
Cost of investment in unlisted associates	**50,413,700**	3,013,700	3,013,700
Share of post-acquisition profits and other comprehensive income	**289,818,944**	93,899,159	50,715,020
	340,232,644	96,912,859	53,728,720
Amounts due from associates	**143,489,370**	143,489,370	142,049,370
Amount due to an associate	**7,020**	—	—

The amounts due from / to associates are unsecured, interest-free and repayable on demand.

19. INTERESTS IN ASSOCIATES (Cont'd)

Particulars of the associates at 31st March, 2011 are as follows:

Name of associate	Form of business structure	Place of incorporation/ operation	Proportion of nominal value of issued share capital held by the Group	Principal activity
Eden Bay Corporation	Incorporated	British Virgin Islands	20%	Investment holding
Roebuck Investments Limited	Incorporated	British Virgin Islands	20%	Investment holding
Roebuck II Investments Limited	Incorporated	British Virgin Islands	20%	Investment holding
Mercato Group Limited	Incorporated	British Virgin Islands	39.5%	Investment holding

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

	31/03/2011	31/03/2010
Total assets	**4,393,904,435**	2,823,852,046
Total liabilities	**(2,912,186,208)**	(2,385,293,307)
Net assets	**1,481,718,227**	438,558,739
Group's share of net assets of associates	**340,232,644**	96,912,859

	Year ended 31/03/2011	Year ended 31/03/2010
Revenue	**34,299,600**	17,675,109
Profit for the year	**965,828,738**	215,920,700
Other comprehensive income	**—**	—
Group's share of results of associates for the year	**195,919,785**	43,184,139

20. INTERESTS IN JOINTLY CONTROLLED ENTITIES

The Group

	31/03/2011	31/03/2010	01/04/2009
Cost of unlisted investments	**398**	398	—
Share of post-acquisition losses and other comprehensive income	**(398)**	(398)	—
	—	—	—
Amounts due from jointly controlled entities	**120,386,628**	107,499,602	—

The amounts due from jointly controlled entities are unsecured, interest-free and repayable on demand.

Particulars of the jointly controlled entities at 31st March, 2011 are as follows:

Name of entity	Form of business structure	Place of incorporation/ operation	Proportion of nominal value of issued share capital held by the Group	Principal activity
Tania Investments Holdings Limited	Incorporated	British Virgin Islands	50%	Investment holding
Harvest Sun Holdings Limited	Incorporated	British Virgin Islands	50%	Investment holding

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

	31/03/2011	31/03/2010
Current assets	**511,767,705**	505,993,461
Non-current assets	**51,216,112**	465,756
Current liabilities	**240,444,724**	218,773,706
Non-current liabilities	**328,623,390**	288,000,000

	Year ended 31/03/2011	Year ended 31/03/2010
Income recognised in profit or loss	**729,273**	—
Expenses recognised in profit or loss	**6,410,796**	315,285
Other comprehensive income	**(88,286)**	—

20. INTERESTS IN JOINTLY CONTROLLED ENTITIES (Cont'd)

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

	Year ended 31/03/2011	Year ended 31/03/2010
Unrecognised share of losses of jointly controlled entities for the year	**2,840,762**	157,245
Accumulative unrecognised share of losses of jointly controlled entities	**2,998,007**	157,245

21. AVAILABLE-FOR-SALE INVESTMENTS

The Group

	31/03/2011	31/03/2010	01/04/2009
Club debentures, unlisted	**15,670,000**	15,050,000	16,000,000
Unlisted equity securities, at cost	**1,000,000**	1,000,000	1,000,000
Less: impairment loss recognised	**(1,000,000)**	(1,000,000)	(1,000,000)
	—	—	—
Total	**15,670,000**	15,050,000	16,000,000
Analysed for reporting purposes as:			
Current assets	**—**	—	—
Non-current assets	**15,670,000**	15,050,000	16,000,000
	15,670,000	15,050,000	16,000,000

The Company

	31/03/2011	31/03/2010
Club debentures, unlisted	**2,000,000**	2,000,000

At the end of the reporting period, all available-for-sale investments are stated at fair value, except for those unlisted equity investments of which their fair values cannot be measured reliably. Fair values of those investments have been determined by reference to market prices in secondary markets.

The unlisted equity securities issued by private entities are measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of opinion that their fair values cannot be measured reliably.

22. INVENTORIES

The Group

	31/03/2011	31/03/2010	01/04/2009
Raw materials and consumables	**12,132,260**	36,380,570	22,641,409
Work in progress	**28,134,902**	4,122,708	11,938,172
Finished goods	**106,241,970**	72,644,838	64,367,016
	146,509,132	113,148,116	98,946,597

23. INVESTMENT HELD FOR TRADING

The amount represents investment in the debt securities listed in Austria with fixed interest rate of 5% and maturity date on 19th May, 2014. The fair value of the held for trading investment is determined based on quoted market bid price available on the relevant stock exchange.

24. AMOUNT DUE FROM/TO A SUBSIDIARY

The amount due is unsecured, interest-free and has no fixed terms of repayment.

25. BILLS RECEIVABLES, TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS

Bills receivables with full recourse of HK$7,778,724 (31st March, 2010: HK$8,100,000, 1st April, 2009: HK$9,000,000) are aged within 30 days.

The Group has a policy of allowing an average credit period of 30 – 60 days to its trade customers.

Included in trade receivables, deposits and prepayments are trade receivables net of allowance of doubtful debts of HK$30,820,714 (31st March, 2010: HK$37,485,105, 1st April, 2009: HK$35,144,489) with an aged analysis as follows:

The Group

	31/03/2011	31/03/2010	01/04/2009
Within 30 days	**21,318,112**	28,650,067	29,991,792
31 to 90 days	**2,302,537**	3,318,925	3,485,585
91 to 180 days	**3,197,544**	2,847,348	1,661,753
Over 180 days	**4,002,521**	2,668,765	5,359
	30,820,714	37,485,105	35,144,489

25. BILLS RECEIVABLES, TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS (Cont'd)

Included in the Group's trade receivable balance are debtors with a carrying amount of HK$9,502,390 (31st March, 2010: HK$7,600,395) which are past due as at the reporting date for which the Group has not provided for impairment loss as the balances are still considered recoverable. The Group does not hold any collateral over these balances. The average age of these receivables is 193 days (31st March, 2010: 175 days).

Ageing of trade receivables which are past due but not impaired

The Group

	31/03/2011	31/03/2010
31 to 90 days	**2,302,325**	2,084,282
91 to 180 days	**3,197,544**	2,847,348
Over 180 days	**4,002,521**	2,668,765
	9,502,390	7,600,395

Movement in the allowance for doubtful debts

The Group

	2011	2010
Balance at beginning of the year	**3,652,116**	3,651,258
Impairment losses recognised on receivables	**7,435,192**	826
Exchange realignment	**—**	32
Balance at end of the year	**11,087,308**	3,652,116

Included in the allowance for doubtful debts are individually impaired trade receivables with a balance of HK$11,087,308 (31st March, 2010: HK$3,652,116) which were past due and generally not recoverable. The impairment recognised represents the carrying amount of these trade receivables. The Group does not hold any collateral over these balances.

Ageing of impaired trade receivables

The Group

	31/03/2011	31/03/2010
91 to 180 days	**2,933,000**	—
Over 180 days	**8,154,308**	3,652,116
	11,087,308	3,652,116

26. BANK BALANCES AND CASH

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The bank balances carry interest rates ranging from 0.01% to 0.97% (31st March, 2010: 0.001% to 0.35%) per annum.

27. BILLS PAYABLES, TRADE PAYABLES, CUSTOMERS' DEPOSITS AND ACCRUED EXPENSES

Included in bills payables, trade payables, customers' deposits and accrued expenses are trade payables of HK$116,937,871 (31st March, 2010: HK$123,308,380, 1st April, 2009: HK$59,539,237) with an aged analysis as follows:

The Group

	31/03/2011	31/03/2010	01/04/2009
Within 30 days	**66,898,990**	89,950,677	35,280,928
31 to 90 days	**43,637,224**	32,054,137	18,505,497
91 to 180 days	**4,795,941**	968,422	1,397,844
Over 180 days	**1,605,716**	335,144	4,354,968
	116,937,871	123,308,380	59,539,237

The average credit period on purchases is 3 months. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

28. DERIVATIVE FINANCIAL INSTRUMENTS

The Group

	Current			Non-current		
	31/03/2011	31/03/2010	01/04/2009	**31/03/2011**	31/03/2010	01/04/2009
Derivative financial liabilities						
Foreign currency forward contracts	**115,354**	260,426	21,574	**—**	—	—
Interest rate swaps	**8,178,137**	5,813,419	5,673,436	**8,178,138**	11,626,837	11,347,375
	8,293,491	6,073,845	5,695,010	**8,178,138**	11,626,837	11,347,375

At 31st March, 2011, the Group uses interest rate swaps to minimise its exposure to changes of interest rate of its floating rate borrowings by swapping a proportion of the floating rate borrowings from floating rates to fixed rates. The Group does not currently designate any hedging relationship on the interest rate swaps for the purpose of hedge accounting, therefore, the interest rate swaps are deemed as financial liabilities held for trading. Major terms of the interest rate swaps are set out below:

Notional amount	Maturity	Swaps
HK$50,000,000	14th April, 2013	From 3 month HIBOR to 3.47%
HK$30,000,000	16th April, 2013	From 3 month HIBOR to 3.10%
HK$30,000,000	20th April, 2013	From 3 month HIBOR to 3.68%
HK$50,000,000	29th April, 2013	From 3 month HIBOR to 3.62%
HK$50,000,000	06th May, 2013	From 3 month HIBOR to 3.92%
HK$75,000,000	05th June, 2013	From 3 month HIBOR to specific rate of 4.00%*

* If floating rate is less than specific rate, fixed at 2.95%; or
If floating rate is greater than or equal to specific rate, fixed at floating rate – 0.30%

The interest rate swaps are measured at fair value at the end of the reporting period. Its fair values are determined based on market prices quoted by banks at the end of the reporting period.

28. DERIVATIVE FINANCIAL INSTRUMENTS (Cont'd)

The Group has entered into a variety of foreign currency forward contracts to manage its exchange rate exposures. The instruments purchased are primarily purchasing Japanese Yen and selling Hong Kong dollar. The Group does not currently designate any hedging relationship on the foreign currency forward contracts for the purpose of hedge accounting, therefore, the foreign currency forward contracts are deemed as financial liabilities held for trading. Major terms of the foreign currency forward contracts are set out below:

31/03/2011

Notional amount	**Maturity**	**Exchange rate**
Buy JPY26,446,830	**08th April, 2011**	**JPY 1 = HKD0.09471**
Buy JPY60,000,000	**08th April, 2011**	**JPY 1 = HKD0.09416**
Buy JPY55,000,000	**18th April, 2011**	**JPY 1 = HKD0.09570**

31/03/2010

Notional amount	Maturity	Exchange rate
Buy JPY66,885,000	19th April, 2010	JPY 1 = HKD 0.084530
Buy JPY47,783,500	28th April, 2010	JPY 1 = HKD 0.084500
Buy JPY34,160,950	10th May, 2010	JPY 1 = HKD 0.083933

01/04/2009

Notional amount	Maturity	Exchange rate
Buy USD1,000,000	09th June, 2009	USD 1 = HKD 7.712
Buy USD500,000	25th March, 2010	USD 1 = HKD 7.739

The foreign currency forward contracts are measured at fair value at the end of the reporting period. Its fair values are determined based on market prices quoted by banks at the end of the reporting period.

29. OBLIGATIONS UNDER FINANCE LEASES

The Group

	31/03/2011	31/03/2010	01/04/2009
Analysed for reporting purposes as:			
Current liabilities	**2,932,849**	3,533,304	3,494,980
Non-current liabilities	**2,660,661**	2,359,938	3,492,691
	5,593,510	5,893,242	6,987,671

	Minimum lease payments		**Present value of minimum lease payments**	
	31/03/2011	31/03/2010	**31/03/2011**	31/03/2010
Amounts payable under finance leases				
Within one year	**3,197,249**	3,838,447	**2,932,849**	3,533,304
In the second to fifth years inclusive	**2,787,317**	2,578,161	**2,660,661**	2,359,938
	5,984,566	6,416,608	**5,593,510**	5,893,242
Less: Future finance charges	**(391,056)**	(523,366)	**—**	—
Present value of lease obligations	**5,593,510**	5,893,242	**5,593,510**	5,893,242
Less: Amount due within one year (shown under current liabilities)			**(2,932,849)**	(3,533,304)
Amount due after one year			**2,660,661**	2,359,938

It is the Group's policy to lease certain of its plant and machinery, and motor vehicles under finance leases. The leases term are for 3 to 4 years (31st March, 2010: 3 to 5 years). Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 1.75% to 3.50% (31st March, 2010: 2.20% to 5.00%) per annum. All the leases were denominated in Hong Kong dollars. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's obligations under finance leases are secured by the lessors' charge over the leased assets.

30. BANK LOANS

The Group

	31/03/2011	31/03/2010	01/04/2009
Secured bank loans	**722,230,763**	728,302,751	922,407,551
Unsecured bank loans	**428,758,396**	346,539,312	248,940,433
	1,150,989,159	1,074,842,063	1,171,347,984

Bank loans denominated in currencies other than the functional currency of the relevant group companies analysed as:

	31/03/2011	31/03/2010	01/04/2009
United States dollars	**97,346,246**	82,097,386	75,202,041
Japanese Yen	**131,457,819**	104,133,142	60,611,182
Euro	**1,198,802**	—	—

Carrying amount repayable:

	31/03/2011	31/03/2010	01/04/2009
On demand or within one year	**544,568,485**	606,121,292	444,464,657
More than one year, but not exceeding two years	**273,679,773**	152,859,841	163,079,580
More than two years, but not exceeding five years	**64,411,135**	138,544,659	267,041,935
More than five years	**268,329,766**	177,316,271	296,761,812
	1,150,989,159	1,074,842,063	1,171,347,984
Less: Amount shown under current liabilities	**(544,568,485)**	(606,121,292)	(444,464,657)
Amount shown under non-current liabilities	**606,420,674**	468,720,771	726,883,327

All the Group's borrowings are variable-rate borrowings which carry interest at HIBOR or LIBOR plus certain basis points and subject to cash flow interest rate risk. Interest is repricing every three months and the range of interest rates is at 1.23% to 3.96% (31st March, 2010: 1.22% to 3.77%) per annum.

31. SHARE CAPITAL

	Number of ordinary shares		Nominal value	
	2011	2010	**2011**	2010
Ordinary shares of HK$0.1 each				
Authorised:				
At beginning of the year and at end of the year	**1,500,000,000**	1,500,000,000	**150,000,000**	150,000,000
Issued and fully paid:				
At beginning of the year	**972,129,928**	972,601,928	**97,212,993**	97,260,193
Cancelled on repurchase of shares	**(4,700,000)**	(472,000)	**(470,000)**	(47,200)
At end of the year	**967,429,928**	972,129,928	**96,742,993**	97,212,993

During the year, the Company repurchased certain of its own shares on The Stock Exchange of Hong Kong Limited.

These repurchased shares were cancelled upon repurchase and, accordingly, the issued share capital of the Company was reduced by the nominal value of these shares with a corresponding increase in the capital redemption reserve. The premium paid on repurchase was charged to retained profits.

Month of repurchase	Number of ordinary shares of HK$0.1 each	Price per share Highest	Price per share Lowest	Aggregate consideration paid
April, 2010	20,000	0.550	0.550	11,112
August, 2010	4,680,000	0.610	0.590	2,818,265
	4,700,000			2,829,377

32. RESERVES

The Company

	Share premium	Contributed surplus	Capital redemption reserve	Share option reserve	Retained profits	Total
At 1st April, 2009	22,785,730	90,854,039	32,060,640	—	23,914,704	169,615,113
Profit for the year	—	—	—	—	39,221,427	39,221,427
Recognition of equity-settled share-based payments	—	—	—	1,365,000	—	1,365,000
Dividend paid	—	—	—	—	(19,449,453)	(19,449,453)
Repurchase of own shares	—	—	47,200	—	(184,278)	(137,078)
At 31st March, 2010	22,785,730	90,854,039	32,107,840	1,365,000	43,502,400	190,615,009
Profit for the year	—	—	—	—	25,631,857	25,631,857
Recognition of equity-settled share-based payments	—	—	—	1,535,000	—	1,535,000
Dividend paid	—	—	—	—	(19,418,814)	(19,418,814)
Repurchase of own shares	—	—	470,000	—	(2,829,377)	(2,359,377)
At 31st March, 2011	**22,785,730**	**90,854,039**	**32,577,840**	**2,900,000**	**46,886,066**	**196,003,675**

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

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

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

At 31st March, 2011, the Company has distributable reserves by considering the aggregate balance of reserve available for distribution of HK$137,740,105, including contributed surplus of HK$90,854,039 and retained profits of HK$46,886,066.

33. PROVISION FOR LONG SERVICE PAYMENTS

Under the Hong Kong Employment Ordinance, the Group is obliged to make lump sum payments on cessation of employment in certain circumstances to certain employees who have completed at least five years of service with the Group. The amount payable is dependent on the employee's final salary and years of service, and is reduced by entitlements accrued under the Group's retirement plan that are attributable to contributions made by the Group. The Group does not set aside any assets to fund any remaining obligations.

The amount recognised in the consolidated statement of financial position is as follows:

	2011	2010
At beginning of the year	**3,750,100**	3,571,179
Additional provision for the year	**356,285**	586,521
Utilisation of provision	**(32,192)**	(407,600)
At end of the year	**4,074,193**	3,750,100

The most recent actuarial valuation of the present value of the obligations under long service payments was carried out at 31st March, 2011 by Mr. Joseph Yip of Towers Watson Hong Kong Limited, who is a Fellow of the Society of Actuaries. The present value of the obligations under long service payments and the related current service cost were measured using the projected unit credit method.

The principal actuarial assumptions as at the end of the reporting period used are as follows:

	31/03/2011	31/03/2010
Discount rate	**1.5%**	2.0%
Expected rate of salary increase	**3.0%**	3.0%

Amounts recognised in profit or loss for the year in respect of the obligations under long service payments are as follows:

	Year ended 31/03/2011	Year ended 31/03/2010
Current service cost	**11,134**	9,419
Interest cost	**130,654**	166,856
Net actuarial losses recognised in current year	**214,497**	410,246
Net amount charged to profit or loss as staff costs	**356,285**	586,521

33. PROVISION FOR LONG SERVICE PAYMENTS (Cont'd)

The amounts included in the consolidated statement of financial position arising from the Group's obligations under long service payments are as follows:

	31/03/2011	31/03/2010
Present value of the obligations under long service payments	**6,724,820**	7,168,573
Unrecognised actuarial losses	**(2,650,627)**	(3,418,473)
Obligations under long service payments included in the consolidated statement of financial position	**4,074,193**	3,750,100

Movements in the present value of the defined benefit obligations in the current year were as follows:

	2011	2010
At beginning of the year	**7,168,573**	9,981,355
Current service cost	**11,134**	9,419
Interest cost	**130,654**	166,856
Actuarial gains	**(553,349)**	(2,581,457)
Benefits paid	**(32,192)**	(345,989)
Reduction of obligation due to transferred out members	**—**	(61,611)
At end of the year	**6,724,820**	7,168,573

The Group expects to make a contribution of HK$1,003,506 (31st March, 2010: HK$952,552) to the defined benefit plans during the next financial year.

34. DEFERRED TAX LIABILITIES

The Group

	Accelerated tax depreciation	Revaluation of properties	Revaluation of investment properties	Tax losses	Total
At 1st April, 2009	4,417,049	—	32,399,980	(5,981,215)	30,835,814
Charge/(credit) to profit or loss for the year	(1,056,000)	—	8,652,464	3,061,375	10,657,839
At 31st March, 2010	3,361,049	—	41,052,444	(2,919,840)	41,493,653
Charge to profit or loss for the year	—	—	23,030,907	—	23,030,907
Charge to other comprehensive income for the year	—	23,933,930	—	—	23,933,930
Disposal of subsidiaies	—	—	(6,870,140)	1,156,850	(5,713,290)
At 31st March, 2011	**3,361,049**	**23,933,930**	**57,213,211**	**(1,762,990)**	**82,745,200**

At the end of the reporting period, the Group has unused tax losses of approximately HK$426,945,000 (31st March, 2010: HK$444,180,000) available for offset against future profits. A deferred tax asset of approximately HK$1,763,000 (31st March, 2010: HK$2,920,000) has been recognised in respect of approximately HK$10,685,000 (31st March, 2010: HK$17,696,000) of such losses.

No deferred tax asset has been recognised in respect of the remaining HK$416,260,000 (31st March, 2010: HK$426,484,000) of such losses due to the unpredictability of future profit streams. The losses may be carried forward indefinitely.

At the end of the reporting period, the Group has deductible temporary differences of HK$4,359,000 (31st March, 2010: HK$11,929,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that sufficient taxable profit will be available against which the deductible temporary differences can be utilised.

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of the PRC subsidiaries for which deferred tax liabilities have not been recognised was approximately HK$6,786,000 (31st March, 2010: HK$9,355,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reserve in the foreseeable future.

35. CONTINGENT LIABILITIES AND COMMITMENTS

The Group

	31/03/2011	31/03/2010	01/04/2009
Contingent liabilities:			
Other guarantees	**559,000**	559,000	247,000
Capital commitments:			
Contracted for but not provided:			
Construction of properties	**93,170,502**	108,291,250	38,060,805

36. OPERATING LEASE ARRANGEMENTS

The Group as lessee

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

	31/03/2011	31/03/2010	01/04/2009
Within one year	**13,485,218**	13,608,226	11,704,152
In the second to fifth years inclusive	**25,630,125**	30,932,828	38,846,708
Over five years	**19,008,261**	6,704,572	9,753,710
	58,123,604	51,245,626	60,304,570

Operating lease payments represent rental payable by the Group for certain of its office premises, staff quarters and factories. Leases for office premises and staff quarters are negotiated for terms of 2 to 6 years with fixed rentals.

The Group as lessor

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

	31/03/2011	31/03/2010	01/04/2009
Within one year	**4,328,347**	12,284	2,571,000
In the second to fifth years inclusive	**3,152,964**	—	1,090,000
	7,481,311	12,284	3,661,000

Leases are negotiated for terms ranging from 1 to 3 years.

37. RETIREMENT BENEFIT SCHEME

Commencing from 1st December, 2000, the Group's employees are required to join the Mandatory Provident Fund Scheme. Under the Mandatory Provident Fund Scheme, both the Group and the employees contribute 5% of the employee's monthly remunerations or HK$1,000 per month whichever is the smaller to the scheme. The Group's total contribution to the scheme for the year ended 31st March, 2011 is HK$974,278 (Year ended 31st March, 2010: HK$924,808). There is no forfeiture of employer's contribution from leaving scheme members under the Mandatory Provident Fund Scheme.

The employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefit plan operated by the government of the PRC. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

38. PLEDGE OF ASSETS

At 31st March, 2011, the Group has pledged the following assets and assigned rental income from letting of properties in favour of banks to secure the banking facilities:

	31/03/2011	31/03/2010	01/04/2009
Investment properties	**1,180,000,000**	862,000,000	1,045,505,000
Buildings in Hong Kong	**17,704,654**	29,719,008	34,192,780
Freehold land and buildings outside Hong Kong	**3,319,065**	3,443,437	3,566,765
Inventory of unsold properties	**195,138,020**	230,077,423	170,767,133
Leasehold land in Hong Kong	**133,533,704**	212,191,512	226,318,376

39. SIGNIFICANT RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the financial statements, the Group and the Company had entered into the following significant related party transactions:

(1) Transactions with associates

	Year ended 31/03/2011	Year ended 31/03/2010
Nature of transaction		
Management fee income received by the Group	**1,947,800**	1,825,210

39. SIGNIFICANT RELATED PARTY TRANSACTIONS (Cont'd)

(2) Transactions with jointly controlled entities

	Year ended 31/03/2011	Year ended 31/03/2010
Nature of transaction		
Management fee income received by the Group	**2,332,860**	—

(3) The Group's balances with related parties are set out in notes 19 and 20.

(4) Key management compensation is disclosed in note 11.

(5) The Company provided corporate guarantees of banking facilities to its subsidiaries to the extent of approximately HK$1,524,000,000 at 31st March, 2011 (31st March, 2010: HK$1,366,000,000).

40. SHARE-BASED PAYMENT TRANSACTIONS

The Company's share option scheme (the "Scheme"), was adopted pursuant to a resolution passed on 20th August, 2008 for the primary purpose of providing incentives to directors and eligible employees, and will expire on 19th August, 2018. Under the Scheme, the Board of Directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

At 31st March, 2011, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 16,100,000 (31st March, 2010: 9,200,000), representing 1.66% (31st March, 2010: 0.95%) of the shares of the Company in issue at that date. The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to independent non-executive directors in excess of 0.1% of the Company's share capital or with a value in excess of HK$5 million must be approved in advance by the Company's shareholders.

Consideration at HK$1 is payable on the grant of an option. Options may be exercised at any time from the date of grant of the share option to the tenth anniversary of the date of grant. The exercise price is determined by the directors of the Company, and will be the highest of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares.

The following table discloses movements of the Company's share options held by directors during the year.

40. SHARE-BASED PAYMENT TRANSACTIONS (Cont'd)

	Outstanding at 01/04/2010	Granted during the year	Exercised during the year	Forfeited during the year	Expired during the year	**Outstanding at 31/03/2011**
Directors of the Company	9,200,000	6,900,000	—	—	—	**16,100,000**
Exercisable at the end of the year						**16,100,000**
Weighted average exercise price	HK$0.542	HK$0.760	—	—	—	**HK$0.635**

	Outstanding at 01/04/2009	Granted during the year	Exercised during the year	Forfeited during the year	Expired during the year	Outstanding at 31/03/2010
Director of the Company	—	9,200,000	—	—	—	9,200,000
Exercisable at the end of the year						9,200,000
Weighted average exercise price	—	HK$0.542	—	—	—	HK$0.542

During the year ended 31st March, 2011, options were granted on 23rd March, 2011. The estimated fair value of the options granted on that date is HK$1,535,000. During the year ended 31st March, 2010, options were granted on 18th March, 2010. The estimated fair value of the options granted on that date is HK$1,365,000.

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

	Year ended 31/03/2011	Year ended 31/03/2010
Share price	**HK$0.760**	HK$0.540
Exercise price	**HK$0.760**	HK$0.542
Expected volatility	**35.49%**	37.53%
Expected life	**7 years**	8 years
Risk-free interest rate	**2.314%**	2.405%
Expected dividend yield	**2.63%**	3.70%

Expected volatility was determined by using the historical volatility of the Company's share price over the previous seven years (Year ended 31st March, 2010: eight years). The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non transferability, exercise restrictions and behavioural considerations.

The Group recognised the total expense of HK$1,535,000 for the year ended 31st March, 2011 (Year ended 31st March, 2010: HK$1,365,000) in relation to share options granted by the Company.

The Black-Scholes option pricing model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

41. DISPOSAL OF SUBSIDIARIES

On 30th March, 2011, the Group disposed of its subsidiary, Mercato Group Limited. The net assets of Mercato Group Limited and its subsidiary at the date of disposal were as follows:

Consideration received:

Cash received	**43,560,000**
Deferred cash consideration	**29,040,000**
Total consideration received	**72,600,000**

Analysis of assets and liabilities over which control was lost:

Investment property	**212,975,501**
Deposits	**228,000**
Bank balances	**656,712**
Accrued expenses	**(32,712)**
Bank loans	**(129,461,125)**
Deferred tax liabilities	**(5,713,290)**
Net assets disposal of	**78,653,086**

Gain on disposal of subsidiaries:

Consideration received and receivable	**72,600,000**
Cost of disposal	**(20,600,000)**
Net assets disposal of	**(78,653,086)**
Reclassified as interests in associates at fair value	**47,400,000**
Gain on disposal	**20,746,914**

Net cash inflow arising on disposal:

Cash consideration	**43,560,000**
Less: bank balances disposed of	**(656,712)**
	42,903,288

42. EVENTS AFTER THE REPORTING PERIOD

(a) On 27th April, 2011, Champian Limited ("Champian"), a wholly owned subsidiary of the Company, entered into a provision agreement (and subsequently on 12th May, 2011 entered into a formal Sale and Purchase Agreement) with Easy Jet Corporation Limited for the disposal of an investment property located at 22nd Floor including the roof thereof of Century Tower II and Car Parking Space No. 9 on Level 1, Century Tower, Nos. 1 and 1A, Tregunter Path Hong Kong (the "Property"). The consideration for the disposal of the Property to be received by Champian is HK$128,000,000 with a gain on disposal of HK$54,000,000.

(b) On 7th June, 2011, Verde Group Limited ("Verde"), a wholly owned subsidiary of the Company, entered into the agreement with GCPF Cayman Holding 10 Corp for the disposal of the 73% of the entire issued share capital of Smart Plus Group Limited, a company incorporated in the British Virgin Islands (the "Sale Shares"). The consideration for the disposal of the Sale Shares be received by Verde is HK$110,960,000.

(c) On 7th June, 2011, Seafield Capital Limited ("Seafield"), a wholly owned subsidiary of the Company, entered into the agreement with GCPF Cayman Holding 11 Corp for the disposal of the 73% of the entire issued share capital of Ally Vantage Limited, a company incorporated in the British Virgin Islands (the "Sale Shares"). The consideration for the disposal of the Sale Shares be received by Seafield is HK$140,160,000.

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the principal subsidiaries at 31st March, 2011 are as follows:

Name of subsidiary	Place/country of incorporation or registration/ operations	Issued share capital	Percentage of nominal value of issued share capital held directly /indirectly by the Company	Principal activities
Direct subsidiary				
National Electronics (Consolidated) Limited	Hong Kong	4,000 ordinary shares of HK$0.25 each	100%	Investment holding and trading of electronic products
National Properties Holdings Limited	Hong Kong	100 ordinary shares of HK$1 each	100%	Investment holding and property management
Indirect subsidiary				
Asiatic Limited	Hong Kong	100 ordinary shares of HK$1 each	100%	Property investment and development
Baccarat Investments Limited	British Virgin Islands/ Hong Kong	1 ordinary share of US$1 each	100%	Investment holding
Banyan Villas Holdings Limited	British Virgin Islands/ Hong Kong	2 ordinary shares of US$1 each	100%	Investment holding
Batilone Limited	Hong Kong	100 ordinary shares of HK$1 each	100%	Property investment and development
Brady Limited	Hong Kong	100 ordinary shares of HK$1 each	100%	Property investment
Champian Limited	Hong Kong	100 ordinary shares of HK$1 each	100%	Property investment
Chirac Limited	Hong Kong	10 ordinary shares of HK$10 each	100%	Investment holding and development
Clare Limited	Hong Kong	1 ordinary share of HK$1 each	100%	Property investment
Clare Holding Limited	British Virgin Islands	100 ordinary shares of US$1 each	100%	Investment holding
Duprey Limited	Hong Kong	10 ordinary shares of HK$10 each	100%	Trading of electronic products

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Cont'd)

Name of subsidiary	Place/country of incorporation or registration/ operations	Issued share capital	Percentage of nominal value of issued share capital held directly /indirectly by the Company	Principal activities
Indirect subsidiary – continued				
Eastbond (Hong Kong) Limited	Hong Kong	10 ordinary shares of HK$1 each	100%	Manufacture and sale of plastic products
Eastern Mount Limited	Hong Kong	2 ordinary shares of HK$1 each	100%	Investment holding and subcontracting of electronic products in the PRC
Joyful Asia Group Limited	British Virgin Islands/ Hong Kong	100 ordinary shares of US$1 each	100%	Property investment and development
Lens Limited	Hong Kong	100 ordinary shares of HK$1 each	100%	Property investment and development
Majorell Limited	Hong Kong	100 ordinary shares of HK$10 each	100%	Property investment and investment holding
Miyota Trading Limited	Hong Kong	100 ordinary shares of HK$1 each	100%	Trading of electronic products
National Commercial Developments Limited	Hong Kong	10,000 ordinary shares of HK$1 each	100%	Investment holding
National Commercial Developments Limited	British Virgin Islands	100 ordinary shares of US$1 each	100%	Investment holding
National Electronics and Watch Company Limited	Hong Kong	100 ordinary shares of HK$10 each and 200,000 non-voting deferred shares of HK$10 each (note)	100%	Manufacture and sale of liquid crystal display and quartz analogue watches
National Hotel Holdings Limited	Hong Kong	100 ordinary shares of HK$1 each	100%	Investment holding
National Hotel Holdings Limited	British Virgin Islands	100 ordinary shares of US$1 each	100%	Investment holding
National Hotel Management Limited	Hong Kong	2 ordinary shares of HK$1 each	100%	Property management

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Cont'd)

Name of subsidiary	Place/country of incorporation or registration/ operations	Issued share capital	Percentage of nominal value of issued share capital held directly /indirectly by the Company	Principal activities
Indirect subsidiary – continued				
National Properties Holdings Limited	British Virgin Islands	1 ordinary share of US$1 each	100%	Investment holding
National Residential Developments Limited	Hong Kong	10,000 ordinary shares of HK$1 each	100%	Investment holding
National Residential Developments Limited	British Virgin Islands	100 ordinary shares of US$1 each	100%	Investment holding
National Telecommunication System Limited	Hong Kong	100 ordinary shares of HK$10 each and 200,000 non-voting deferred shares of HK$10 each (note)	100%	Provision of inspection service
National Time Limited	Hong Kong	100 ordinary shares of HK$10 each and 55,000 non-voting deferred shares of HK$10 each (note)	100%	Trading of electronic watches
Phoenix Investment S.a.r.l.	Luxembourg	500 ordinary shares of EUR 25 each	100%	Investment holding
Smart Rise Investments Limited	British Virgin Islands	100 ordinary shares of US$1 each	100%	Investment holding
Spring Orchard Limited	British Virgin Islands	1,000 ordinary shares of US$1 each	100%	Investment holding
St. Thomas Developments Incorporated	Ontario, Canada	10,000 common shares	100%	Property development
Susanne Limited	British Virgin Islands	100 ordinary shares of US$1 each	100%	Investment holding
Sun Linkage Limited	British Virgin Islands	1,000 ordinary shares of US$1 each	100%	Investment holding
Sun Shine Limited	Hong Kong	2 ordinary shares of HK$1 each	100%	Investment holding

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Cont'd)

Name of subsidiary	Place/country of incorporation or registration/ operations	Issued share capital	Percentage of nominal value of issued share capital held directly /indirectly by the Company	Principal activities
Indirect subsidiary – continued				
Tania Limited	Hong Kong	1 ordinary share of HK$1	100%	Property management
Tania Investments Limited	British Virgin Islands	100 ordinary shares of US$1 each	100%	Investment holding
Terence Limited	Hong Kong	1 ordinary share of HK$1	100%	Investment holding
Terence Limited	British Virgin Islands	100 ordinary shares of US$1 each	100%	Investment holding
Unionville Development Limited Partnership	Ontario, Canada	Contributed capital of CAD84,432	100%	Property development
1061383 Ontario Limited	Ontario, Canada	100 common shares of CAD1 each	100%	Property holding
中霸鐘表電子（深圳）有限公司*	People's Republic China	Contributed capital of HK$14,000,000	100%	Trading of electronic products

* A wholly foreign owned enterprise.

Note: The deferred shares, which are not held by the Group, carry practically no rights to dividends nor to receive notice of nor to attend or vote at any general meeting of the relevant companies nor to participate in any distribution on winding up.

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affect the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, results in particulars of excessive length. All these subsidiaries are wholly-owned and private limited companies.

None of the subsidiaries had any debt security outstanding at the end of the year or at any time during the year.

Details of the major properties held by the Group at 31st March, 2011 are as follows:

Investment properties

Location	Lease term	Group's interest	Type
Nos. 194 - 196 Queen's Road Central, Sheung Wan, Hong Kong	Long term	100%	Commercial
Nos. 87 - 89 Jervois Street, Sheung Wan, Hong Kong	Long term	100%	Commercial
Nos. 101 - 103 Bonham Strand and No. 127 Wing Lok Street, Sheung Wan, Hong Kong	Long term	100%	Commercial
No. 99 Bonham Strand, Sheung Wan, Hong Kong	Long term	100%	Commercial
House 6, Double Bay, No. 46 Island Road, Hong Kong	Long term	100%	Residential
22nd Floor (including the roof thereof) of Century Tower II and Car Parking Space No. 9 on Level 1, Century Tower, Nos. 1 and 1A Tregunter Path, Hong Kong	Long term	100%	Residential
A parcel of land located at Yinkai Industrial Park, Economic and Technological Development Zone, Nanning City, Guangxi Zhuangzu Autonomous Region, the PRC	Medium term	100%	Industrial

Results:

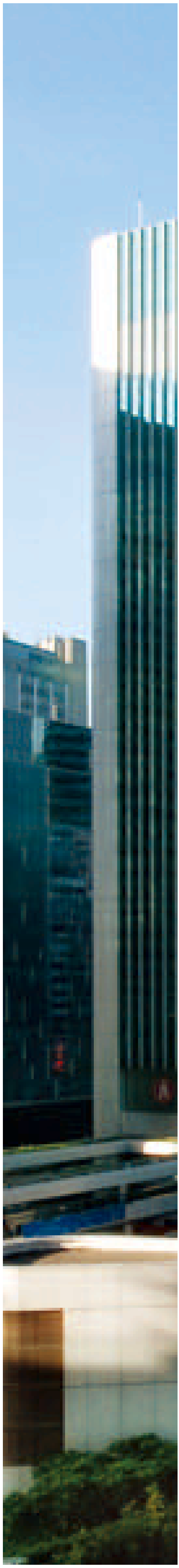
	Year ended 31st March,				
	2011	2010	2009	2008	2007
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**1,265,369**	1,113,704	2,301,704	1,256,703	1,066,224
Cost of sales	**(1,114,202)**	(982,173)	(2,040,410)	(1,062,108)	(949,730)
Gross profit	**151,167**	131,531	261,294	194,595	116,494
Other income and gains	**6,901**	27,717	5,649	10,280	9,898
Increase in fair value of investment properties	**140,104**	57,001	62,973	111,796	35,508
Gain on disposal of investment properties	**—**	—	—	55,103	—
Gain on disposal of property, plant and equipment	**—**	22,389	—	1,049	267
Impairment loss recognised in respect of properties under development for sale	**—**	—	(46,629)	—	—
Distribution costs	**(8,277)**	(7,248)	(7,793)	(7,946)	(8,049)
Administrative expenses	**(173,308)**	(124,781)	(146,101)	(108,113)	(92,820)
Other expenses	**—**	—	—	—	(20,583)
Finance costs	**(20,380)**	(15,322)	(27,526)	(31,769)	(22,880)
Gain on disposal of subsidiaries	**20,747**	—	—	—	89,298
Loss on dissolution of associates	**—**	—	—	—	(5)
Share of results of associates	**195,920**	43,184	35,678	1,610	13,428
Share of results of jointly controlled entities	**—**	(1)	—	—	—
Profit before taxation	**312,874**	134,470	137,545	226,605	120,556
Income tax expenses	**(28,962)**	(12,754)	(28,714)	(14,956)	(7,289)
Profit for the year	**283,912**	121,716	108,831	211,649	113,267
Earnings per share					
– Basic	**29.3 HK cents**	12.5 HK cents	11.1HK cents	20.9 HK cents	10.7 HK cents
– Diluted	**29.2 HK cents**	12.5 HK cents	11.1HK cents	20.9 HK cents	10.7 HK cents

Assets and liabilities:

	At 31st March,				
	2011	2010	2009	2008	2007
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**2,712,691**	2,160,667	2,116,748	3,117,612	1,925,826
Total liabilities	**1,489,138**	1,324,336	1,393,381	2,449,015	1,420,210
Net assets	**1,223,553**	836,331	723,367	668,597	505,616

The magnificent harbor view from the balcony of the top penthouse floor of 50 Connaught Road Central.
在干諾道中 50 號頂樓露台上，維港景色一覽無遺。

The 14-metre high entrance lobby of 50 Connaught Road Central with back-lit white onyx panels and bronze detailed finishes.
干諾道中 50 號之 14 米高入口大堂，設有巨型白色瑪瑙之燈箱牆及古銅窗框。



50 Connaught Road Central, the Group's luxurious Grade A office joint venture development with Apollo Global Real Estate Management recently completed construction and the leasing programme has been very satisfactory.

本集團位於干諾道中 50 號之豪華甲級寫字樓大廈（與 Apollo Global Real Estate Management 合作發展）之建築工程最近已竣工，租賃情況令人滿意。

Mr. Loewe Lee, Managing Director of National Properties Holdings Limited and Mr. Robert A.M. Stern, design architect of the building enjoy the magnificent harbor views from the balcony of the 29/F Penthouse of 50 Connaught Road Central.
樂聲置業有限公司董事總經理李本智先生及大廈設計建築師 Robert A.M. Stern 先生於干諾道中 50 號 29 樓頂樓露台欣賞壯麗維港景色。

The ribbon cutting ceremony for the grand opening of 50 Connaught Road Central with Mr. Loewe Lee (second from the right) and Mr. Robert A.M. Stern (first from the right) took place on June 9, 2011.
干諾道中 50 號的開幕典禮及剪綵儀式於二零一一年六月九日舉行。圖中右二及右一分別為李本智先生及 Robert A.M. Stern 先生。

The occupancy permit has been issued for the Group's joint venture boutique hotel apartment with a real estate fund managed by J.P. Morgan Asset Management at No. 87-89 Jervois Street and the project is scheduled to be opened during the fourth quarter of 2011.

本集團與由 J.P. Morgan Asset Management 管理之房地產基金合作於蘇杭街 87 至 89 號進行之合營時尚酒店項目已獲發佔用建築物許可證，預期該項目於二零一一年第四季開業。

The luxurious houses development joint venture with a real estate fund managed by J.P. Morgan Asset Management at No. 45 Tai Tam Road is progressing on schedule and the site excavation work has commenced.
與由 J.P. Morgan Asset Management 管理之房地產基金合作於大潭道 45 號進行之豪華別墅之合營發展項目正按計劃進行，現已開始地盤挖掘工程。

The Group's boutique hotel apartment joint venture with a real estate fund managed by J.P. Morgan Asset Management at No. 21 Whitfield Road is scheduled to be completed around the first quarter of 2012.
本集團與由 J.P. Morgan Asset Management 管理之房地產基金合作於威非路道 21 號進行之合營時尚酒店項目，預期於二零一二年第一季完成。

The superstructure work for the Group's joint venture boutique hotel apartment with a real estate fund managed by J.P. Morgan Asset Management at No. 99 - 103 Bonham Strand and 127 Wing Lok Street is in progress and the project is scheduled to be completed in the second quarter of 2012.

本集團與由 J.P. Morgan Asset Management 管理之房地產基金合作於文咸東街 99 至 103 號及永樂街 127 號進行之合營時尚酒店項目現正進行樓宇上蓋之建築工程，預期該項目於二零一二年第二季竣工。