CSI
資本策略

ANNUAL REPORT 2012

CSI Properties Limited | Stock Code: 497

CONTENTS

CORPORATE INFORMATION

Board of Directors

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

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

Audit Committee

Cheng Yuk Wo *(Chairman)*
Lam Lee G.
Wong Sin Just

Remuneration Committee

Cheng Yuk Wo *(Chairman)*
Chung Cho Yee, Mico
Lam Lee G.

Nomination Committee

Chung Cho Yee, Mico *(Chairman)*
Lam Lee G.
Cheng Yuk Wo

Executive Committee

Chung Cho Yee, Mico *(Chairman)*
Kan Sze Man
Chow Hou Man
Wong Chung Kwong

Principal Bankers

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

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Hong Kong Head Office and Principal Place of Business

3108
Bank of America Tower
12 Harcourt Road
Central, Hong Kong

Shanghai Office

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

Auditors

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

Principal Registrars

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

Hong Kong Branch Share Registrars

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

Stock Code

497

Company Website

www.csigroup.hk

FINANCIAL REVIEW

Review of the Results

The Group reported a total revenue of approximately HK$3,217.9 million for the year ended 31 March 2012, which was mainly generated from sale of properties, representing an increase of 17.2% from approximately HK$2,745.3 million recorded in last year.

The Group reported a consolidated profit attributable to the equity shareholders of the Company of HK$1,754.1 million for the year ended 31 March 2012, represented an increase of 104.5% compared with HK$857.7 million reported in 2011.

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

Liquidity and Financial Resources

The Group maintained a healthy liquid position which included bank balance and cash of approximately HK$2,444.9 million. The Group generally financed its operations through its internal resources and bank facilities provided by its principal bankers.

The Group's short-term bank borrowing decreased from approximately HK$1,008 million as at 31 March 2011 to approximately HK$726.2 million as at 31 March 2012, and long-term bank borrowing increased from approximately HK$1,614 million as at 31 March 2011 to approximately HK$1,928.3 million as at 31 March 2012. All the bank borrowings were utilized in financing the Group's properties investments. As a result, the Group's total bank borrowing increased from approximately HK$2,622 million as at 31 March 2011 to approximately HK$2,654.5 million as at 31 March 2012, and the Group's ratio of total debt (bank borrowing) to total assets was 29.3% (At 31 March 2011: 34.1%). All bank borrowings were denominated in Hong Kong dollars and Renminbi and were on a floating rate basis at either bank prime rate lending rates or short-term inter-bank offer rates. The maturity profile (including borrowings that are not repayable within one year but contain a repayment on demand clause in the loan agreement are grouped under repayable within one year) usually speed over a period of around 7-15 years with approximately HK$726.2 million repayable within one year, HK$788.3 million repayable between one to five years, and HK$1,140 million over five years.

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

Assets Value

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

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

FINANCIAL REVIEW

In order to fully reflect the underlying economic value of the properties held for sale of the Group and its jointly controlled entities, the Group considers it appropriate also to present to shareholders, as set out below, supplementary information on the Group's statement of net assets on the basis that the Group were to state its properties held for sale at their open market valuations as at 31 March 2012.

	2012 (Unaudited) HK$'000
Net assets attributable to owners of the Company (audited)	**5,958,888**
Add: Attributable revaluation surplus relating to the Group's properties held for sale [(1)]	**2,663,691**
Attributable revaluation surplus relating to properties held for sale by jointly controlled entities [(2)]	**862,426**
Net assets attributable to owners of the Company as if the properties held for sale and interests in jointly controlled entities were stated at open market value [(3)]	**9,485,005**
Net assets per ordinary share as if the properties held for sale and interests in jointly controlled entities were stated at open market value	**$1.15**

(1) Based on open market valuations as at 31 March 2012 carried out by independent firms of qualified professional valuers not connected to the Group except for those properties where sale and purchase agreements have been signed before the end of the reporting period, pursuant to which the relevant properties would be disposed of by the Group shortly after the reporting period are stated at transaction price as per the sale and purchase agreements.

(2) Based on open market valuation as at 31 March 2012 carried out by an independent firm of qualified professional valuer not connected to the Group.

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

FINANCIAL REVIEW

Employee

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

Contingent Liabilities

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

	2012	2011
	HK$'000	HK$'000
– Jointly controlled entities	**597,650**	447,500
– An associate	**84,800**	84,800
	682,450	532,300
and utilised by:		
– Jointly controlled entities	**533,650**	413,100
– An associate	**84,800**	84,800
	618,450	497,900

In addition, at 31 March 2012, the other joint venture partner of a jointly controlled entity of which the Group held as to 50% of the issued share capital, provided corporate guarantees to the full amount for loan facilities granted by a bank to the relevant jointly controlled entity amounting to approximately HK$625 million (2011: nil). The banking facilities utilised by the relevant jointly controlled entity amounted to approximately HK$318 million (2011: nil) at the end of the reporting period. A counter-indemnity in favour of the other joint venture partner is executed pursuant to which the Group undertakes to indemnify the other joint venture partner 50% of the liabilities arising from the above loan facilities.

The directors assess the risk of default of the jointly controlled entities and associates at the end of each reporting period and consider the risk to be insignificant and it is less likely that any guaranteed amount will be claimed by the counterparties. Included in other payables and accruals represents deferred income in respect of financial guarantee contracts given to jointly controlled entities amounted to HK$1,620,000 (2011: HK$1,712,000).

FINANCIAL REVIEW

Pledge of assets

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

	2012	2011
	HK$'000	HK$'000
Property, plant and equipment	**689,090**	87,751
Properties held for sale	**3,095,275**	3,755,566
Investments held for trading	**101,061**	–
	3,885,426	3,843,317

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors (the "Board"), I am pleased to present the annual report of CSI Properties Limited (the "Company") and its subsidiaries (together the "Group") for the financial year ended 31 March 2012.

Business Review And Outlook

For the year ended 31 March 2012, the Group reported a consolidated profit attributable to the equity shareholders of the Company of HK$1,754.1 million, compared with HK$857.7 million reported in 2011.

Total revenue for the Group was HK$3,217.9 million, compared with HK$2,745.3 million for the year ended 31 March 2011.

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

Overview

The year under review was full of challenges due to the lingered turbulence from the sovereign debt crisis in Europe as well as the slowdown in China. The Hong Kong property market was also made much more volatile from the various measures the Hong Kong government undertook to rein in property prices. Despite these challenges, we are pleased to announce another record breaking year.

This year also marked another milestone for the Group. The Hampton in Happy Valley, the first project of our recently established premium residential development division – Couture Homes, was a huge success. The Hampton, designed and fitted-out by an internationally-renowned design team led by the award-winning architect and designer Mr. Steve Leung, our Vice Chairman of Couture Homes, was extremely well received in the market and achieved superior pricings for the units sold. We aim to grow Couture Homes into a renowned high end life-style residential developer, recognized by the market as a distinct and unique supplier of personalized home satisfying the increasing needs of those buyers who are looking for more than just a mass market apartment.

▲ ◀ ***The Hampton**, 45 Blue Pool Road, Hong Kong*

CHAIRMAN'S STATEMENT

Commercial Properties

Significant disposals completed during the year included the sale of the Mohan's Building, Nos. 14-16 Hankow Road, Tsimshatsui for HK$1.38 billion and portions of the 32/F, Bank of America Tower, 12 Harcourt Road, Central for HK$318 million. Besides, we have also completed the sale of 7 office floors of AXA Centre, No. 151 Gloucester Road, for a combined consideration of approximately HK$1.1 billion. The Group continues to hold more than 8 office floors, as well as the sky sign on the roof, basement floor, all ground floor shops and 78 car parking spaces of the AXA Centre, which will be periodically reviewed by the Group as to the optimal time for their disposal.

On the acquisition side, in May 2011 we completed the acquisition of J Plus Boutique Hotel (previously known as Jia Boutique Hotel Hong Kong) at No. 1 Irving Street, Causeway Bay. With the dedicated efforts of our hotel management team, occupancy rate and room rate continued to rise to close to full occupancy since our acquisition.

Furthermore in March 2012, the Group, together with our partner Gaw Capital, agreed to acquire Novotel Hotel Jordon, a retail and hotel complex comprising of 389 rooms in the heart of the shopping and tourist hub of Nathan Road, Kowloon. The transaction is expected to be completed by the end of July of 2012 for HK$2.368 billion, which equates to an entry yield of approximately 5.5%. Our plan in the near term is to redesign and renovate the retail floors layout, and reposition with more upscaled tenants. The project also has significant valuation upside potential due to redevelopment opportunity arising from its prime location in Kowloon.

As for our portfolio in China, the Platinum office tower, at No. 233 Tai Cang Road in the Luwan District of Shanghai, which the Group owns a 50% interest, has continued to generate stable rental income with occupancy of almost 100%. The majority of the tenants are leading multinational corporations including the likes of McKinsey and Standard Chartered Bank, etc. Inpoint Mall, the shopping avenue located in Jing An District in Shanghai, has also completed its strategic repositioning work, and is now a chic shopping icon in the area with occupancy rate of over 95%.

▶ ***AXA Centre****, 151 Gloucester Road, Hong Kong*
▼ ***J Plus Boutique Hotel****, 1 Irving Street, Hong Kong*

CHAIRMAN'S STATEMENT

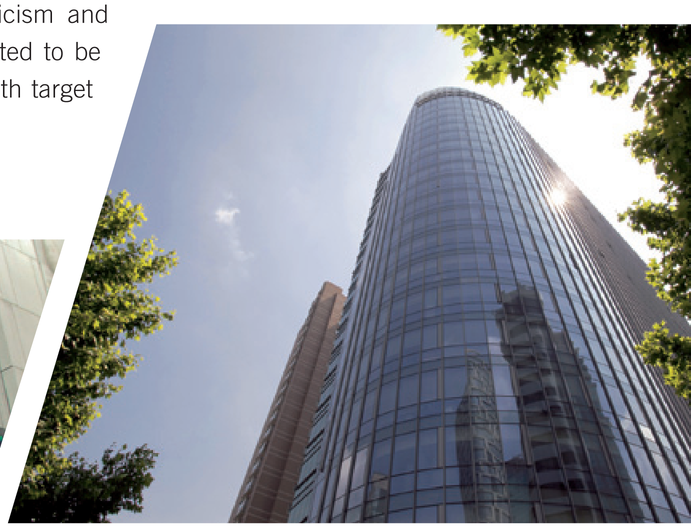
With the forthcoming opening of the shopping district under the Swire Properties Group in the neighbourhood, further increase in shoppers' traffic and yield enhancement can be expected from this shopping mall. Besides active repositioning and value enhancement, the Group will closely monitor market conditions to optimize value on such assets' disposals.

Couture Homes – Residential Property Development

The successful sale of The Hampton has set the foundation for Couture Homes to becoming the ultimate brand in the luxury residential property development market in Hong Kong. Couture Homes will continue to strive to deliver superior quality residential units and be at the forefront of the luxury residential market. Through a combination of design concepts from world renowned interior designers, together with the use of bespoke furniture, fabrics, rugs, varnished wood panels, wall decoration and leather upholstery, Couture Homes has been able to set new standards of quality and lifestyle in the high end luxury residential market.

The Hampton has offered high end residential buyers in Hong Kong a first time opportunity to see, feel and experience these uniquely styled, fully fitted luxury units, tailored made to those who truly appreciate premium living. Of the total of 11 units at The Hampton, each with its own unique distinctive design and lifestyle concept, 8 had been fully furnished and sold. We are now working on the interior design and furnishing work for the remaining 3 units and we are confident that their uniqueness will continue to set new standards and benchmark in attracting buyers who are looking for premium lifestyle residences.

The next project for Couture Homes will be the trend-setting apartment block at Nos. 33-39 Tung Lo Wan Road in Causeway Bay. We are currently working with our joint-venture development partner on this unique project, which will most likely be badged with an internationally renowned brand. The units will deliver bespoke environments for its owners, using a combination of forefront interior designs, lighting, furnishings and styled palettes in creating unique living spaces with a mix of classicism and modernity. Over 130 of these high-end lifestyle units are expected to be housed in this convenient and hip location in Causeway Bay, with target pre-sale launch in 2013.



▲ ***The Platinum**, 233 Tai Cang Road, Shanghai*
◀ ***In Point**, 169 Wujiang Road, Shanghai*

CHAIRMAN'S STATEMENT

Apart from these imminent projects, Couture Homes has recently won the government tender for a house lot of approximately 50,376 square feet in Kau To Shan, the renowned luxury residential district in New Territories. The prime site is expected to be developed into over 20 life-style oriented luxury villas. Situated at the top of the ridge, the villas will command a magnificent view of the Shatin racecourse and the surroundings, while offering extreme convenience to the owners with a 20 minutes short drive to Central or the border with the mainland. Through the design driven spear of Couture Homes, these villas are expected to become another hallmark of quality living and lifestyle.

Last but not least in China, in May 2011 we have completed the acquisition of our 50% interest in the prime residential site at Qingpu District in Shanghai. The site, situated within this renowned high-end luxurious villa district, is conveniently located near the Hong Qiao International airport which is only a short 15 minutes driving distance away. The site will be developed into 227 premium luxurious villas and 96 apartments. Couture Homes is working closely with our joint venture partner in the design and planning of this project and we are confident that it will be the masterpiece of Couture Homes in China, setting new benchmark and standards in the high end luxury residential market.

Corporate Activities

We are very excited to announce that Mr. Steve Leung, the internationally renowned architect and interior designer, was appointed the Vice Chairman of Couture Homes in March 2012. Through his leadership, the management believes that Couture Homes can ride on the successes of previous luxury residential projects, including Nos. 12-16 Tai Tam Road and The Hampton, to become the leading luxury lifestyle residential developer in Asia.

Furthermore, in March 2012, our controlling shareholder Mr. Mico Chung has completed a partial offer of shares in the Company through which he increased his shareholding from 34.45% to 51.15%. We welcome this increase as it clearly demonstrates the strong commitment from our controlling shareholder in the Company and the tremendous confidence in the future growth and prospects of the Group.

Outlook

The global economy is undergoing a slow recovery in light of the challenges of the continuing European debt crisis and the slow recovery of the US economy. China's economy is also expected to have its own challenges in the near term. In addition, with the new administration of the Hong Kong government under Mr. C.Y. Leung coming on board in July 2012, these factors and uncertainties could potentially result in more market fluctuations, but at the same time presenting CSI and Couture Homes with more opportunities.

For Couture Homes, the Group is hopeful that the new government administration will provide a more leveled playing field for medium sized developers to participate in government's auctions and tenders by supplying more smaller sized lots for sale. Through this, we hope to capture more development opportunities for Couture Homes to leverage its uniqueness and establish itself as the premium life style developer in Hong Kong and China.

CHAIRMAN'S STATEMENT

On the commercial property side, the management will leverage on its established strength in the market and continue to identify and invest in properties that fit into our model of value enhancement in Hong Kong and Shanghai.

Last but not least, the Group has joint-ventured with a number of key partners on both the investment property and residential development sides of the business in the past fiscal year. The management appreciates the opportunities to team up with these leading property companies in furthering the growth of the Group, and looks forward to working closely with them to create value for our shareholders in the coming years.

Final Dividend

The Board has recommended the payment of a final dividend of 2.4 Hong Kong Cents (2011: 1 Hong Kong Cent) per share or an aggregate amount of approximately HK$199.3 million (2011: HK$82.3 million) for 2012, subject to the approval of shareholders of the Company at the 2012 Annual General Meeting, to shareholders whose names appear on the register of members of the Company on 27 August 2012, payable on or around 31 August 2012.

Appreciation

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

Chung Cho Yee, Mico
Chairman
Hong Kong, 27 June 2012

▲ ***H8**, 8 Hau Fook Street, Hong Kong*
▶ ***Cubus**, 1 Hoi Ping Road, Hong Kong*

CORPORATE GOVERNANCE REPORT

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

The board of directors of the Company (the "Board") acknowledged in this Corporate Governance Report that it is its responsibility for preparing the accounts for the year ended 31 March 2012 together with the relevant notes. In this Corporate Governance Report, significant matters were discussed with appropriate cross-reference to relevant parts in this annual report.

The Board of Directors

The Board has 4 executive directors and 3 independent non-executive directors ("INED"). Biographies of all current directors are set out on pages 18 to 21 of this annual report. All directors pay sufficient time and attention to the affairs of the Company. Every member of the Board is fully aware of his responsibilities as a director of the Company under the applicable laws and regulations. Non-executive directors provide their skills and expertise and serve different board committees of the Company. The Company provides appropriate cover on directors and officers liabilities insurance and the latest policy was renewed in May 2012.

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

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

CORPORATE GOVERNANCE REPORT

The Board of Directors (Continued)

The Board has resolved to meet regularly at least 4 times a year. During the year under review, the Board met on 23 June, 16 September, 22 November, 14 December 2011 and 13 March 2012 and the attendance of each director is set out below:

Name of Director	Number of Attendance
Chung Cho Yee, Mico	4/5
Kan Sze Man	5/5
Chow Hou Man	5/5
Wong Chung Kwong	5/5
Wong Sin Just	4/5
Lam Lee G.	3/5
Cheng Yuk Wo	5/5

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

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

Board Committees

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

Remuneration Committee, which comprises majority of INED, was established on 21 July 2005. Its written terms of reference, which deal clearly with its authority and duties for a formal and transparent procedure to fix the remuneration package for all directors, were adopted on 21 July 2005 and revised on 13 March 2012. The remuneration paid to the directors for the year ended 31 March 2012 was set out on page 78. During the year under review, the Remuneration Committee met on 23 June, 22 November 2011 and 13 March 2012.

CORPORATE GOVERNANCE REPORT

Board Committees (Continued)

Audit Committee which comprised of only INED, was established pursuant to the board meeting held on 2 June 1999 with its terms of reference adopted on the same day and revised on 13 March 2012. During the year under review, the Audit Committee met on 23 June and 22 November 2011.

Name of Director	Number of Attendance Audit Committee	Number of Attendance Remuneration Committee
Chung Cho Yee, Mico	N/A	3/3
Wong Sin Just	2/2	N/A
Lam Lee G.	1/2	2/3
Cheng Yuk Wo	2/2	3/3

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

During the year, 1 independent board committee comprised of only INED of the Company was formed for the purpose of giving independent advice to independent shareholders of the Company for a specific transaction.

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

Directors' Dealing in Shares of the Company

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix 10 of the Listing Rules relating to dealings in securities. Memorandum was sent to directors twice a year to draw their attention to the Model Code. The Company made specific enquiries to each director and had received their written confirmation of full compliance with the Model Code for the year ended 31 March 2012.

CORPORATE GOVERNANCE REPORT

Audit and Internal Control

Deloitte Touche Tohmatsu was appointed as the auditors of the Company in the annual general meeting held on 9 August 2011. The Audit Committee with the mandate given by the shareholders at the general meeting fixed the audit fee of HK$1,050,000 for the financial year of 2012. The Company also engages Deloitte Touche Tohmatsu on other services during the year at a total fee of HK$615,000.

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

Communication with Shareholders, General Meetings and Voting by Poll

All company announcements, circulars and notice of general meetings include an update list of directors with their designation. In the year under review, the Company had published 26 announcements, 4 circulars and 1 constitutional document, on the websites of the Company and the Stock Exchange, convened 1 annual general meeting.

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

DIRECTORS' REPORT

The directors present their annual report and the audited consolidated financial statements of the Company for the year ended 31 March 2012.

Principal Activities

The Company is an investment holding company. The activities of its principal subsidiaries, associates and jointly controlled entities are set out in notes 43, 21 and 20, respectively to the consolidated financial statements.

Results and Appropriations

Details of the Group's results for the year are set out in the consolidated income statement on page 31.

No interim dividend was paid to shareholders during the year. The directors now recommend the payment of a final dividend of 2.4 Hong Kong Cents (2011: 1 Hong Kong Cent) per share to the shareholders on the register of members on 27 August 2012, amounting to approximately HK$199.3 million.

Closure of Register of Members

The register of members of the Company will be closed from Wednesday, 22 August 2012 to Monday, 27 August 2012, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the final dividend which, if approved, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 21 August 2012.

Property, Plant and Equipment

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

Share Capital

Details of the movements in the share capital of the Company during the year are set out in note 29 to the consolidated financial statements.

DIRECTORS' REPORT

Borrowings

Details of bank borrowings of the Group are set out in note 28 to the consolidated financial statements. No interest was capitalised by the Group during the year.

Distributable Reserves of the Company

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

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

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

In the opinion of the directors, the Company's reserves available for distribution to shareholders as at 31 March 2012 including contributed surplus and accumulated profits amounted to approximately HK$2,472,825,000 (2011: HK$2,189,100,000).

Major Customers and Suppliers

During the year, the aggregate sales attributable to the Group's five largest customers comprised approximately 62.3% of the Group's total sales and the sales attributable to the Group's largest customer were approximately 42.9% of the Group's total sales.

During the year, the aggregate purchases attributable to the Group's five largest suppliers comprised approximately 59% of the Group's total purchases and the purchases attributable to the Group's largest supplier were approximately 40% of the Group's total purchases.

Save as disclosed in Note 38 to the consolidated financial statements, at no time during the year did a director, an associate of a director or a shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) have an interest in any of the Group's five largest customers and suppliers.

DIRECTORS' REPORT

Directors

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

Executive directors:
Mr. Chung Cho Yee, Mico *(Chairman)*
Mr. Kan Sze Man
Mr. Chow Hou Man
Mr. Wong Chung Kwong

Independent non-executive directors:
Dr. Lam Lee G.
Dato' Wong Sin Just
Mr. Cheng Yuk Wo

Pursuant to Bye-law 99(A) of the Bye-Laws, Mr. Chow Hou Man, Dr. Lam Lee G. and Dato' Wong Sin Just shall retire by rotation. All retiring directors, being eligible, offer themselves for re-election.

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

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

Directors and Senior Management Profile

Chairman and Executive Director

Mr. Chung Cho Yee, Mico, aged 51, Chairman and Executive Director of the Company, joined the Group in 2004. He is a director of certain subsidiaries of the Group. He is also the Chairman of Executive Committee and Nomination Committee, and a member of Remuneration Committee of the Board. Mr. Chung graduated from University College, University of London in the United Kingdom, with a law degree in 1983 and qualified as a solicitor in Hong Kong in 1986. Mr. Chung is currently a non-executive director of HKT Limited and HKT Management Limited, the trustee-manager of the HKT Trust and an independent non-executive director of HKC (Holdings) Limited, the shares of both of which are listed on the Stock Exchange. He was a non-executive director of PCCW Limited whose shares is listed on the Stock Exchange.

DIRECTORS' REPORT

Directors and Senior Management Profile (Continued)

Executive Director

Mr. Kan Sze Man, aged 40, joined the Company as Group General Counsel in 2001. He is a director of certain subsidiaries and associates of the Group and a member of Executive Committee of the Board. Mr. Kan is a qualified solicitor by profession. He graduated from Wadham College, Oxford University in the United Kingdom in 1993 and qualified as solicitor in Hong Kong in 1997. He has worked in the commercial department of a Hong Kong law firm and a U.K. City firm, until joining Hikari Tsushin International Limited (now known as China Oil and Gas Group Limited) as its senior vice president and legal counsel in early 2000. Mr. Kan is the brother-in-law of Mr. Chung Cho Yee, Mico, the executive Chairman of the Company and the controlling shareholder of the Company.

Mr. Chow Hou Man, aged 41, joined the Company as Group Chief Financial Officer in 2001. He is a director of certain subsidiaries and associates of the Group and a member of Executive Committee of the Board. Mr. Chow graduated from the Baptist University in Hong Kong and holds a Master of Business Administration degree from the Hong Kong Polytechnic University. He has over 18 years of financial experience in various companies listed in Hong Kong and overseas and an international firm of certified public accountants. He is a member of both the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.

Mr. Wong Chung Kwong, aged 61, joined the Company in 2004 as General Manager of the Group Property Division and is responsible for the property related investments of the Group. He is also a director of certain subsidiaries of the Group and a member of Executive Committee of the Board. Mr. Wong has been working in the local and mainland real estate markets for about 40 years and has solid experience in properties related projects such as sales and marketing, acquisitions, repositioning and asset management. Before joining the Group, Mr. Wong had worked in property development and management companies in Mainland China and Hong Kong.

DIRECTORS' REPORT

Directors and Senior Management Profile (Continued)

Independent Non-Executive Director

Dr. Lam Lee G., aged 52, joined the Group in 2001. He is a member of Audit Committee, Remuneration Committee and Nomination Committee of the Board. He holds a Bachelor of Science in Mathematics and Sciences, a Master of Science in Systems Science, and a Master of Business Administration, all from the University of Ottawa in Canada, a Post-graduate Diploma in Public Administration from Carleton University in Canada, a Post-graduate Diploma in English and Hong Kong Law and a Bachelor of Laws (Hons) from Manchester Metropolitan University in the UK, a Postgraduate Certificate in Laws from the City University of Hong Kong, a Master of Laws from the University of Wolverhampton in the UK, a Certificate in Professional Accountancy from the Chinese University of Hong Kong SCS and a Doctor of Philosophy from the University of Hong Kong. Dr. Lam has over 29 years of international experience in general management, strategy consulting, corporate governance, investment banking, and direct investment. He is Chairman of Monte Jade Science and Technology Association of Hong Kong, and serves on the board of several publicly-listed companies in the Asia Pacific region. Having served as a part-time member of the Central Policy Unit of the Government of the Hong Kong Special Administrative Region for two terms, Dr. Lam is a member of the Jilin Province Committee (and formerly a Specially-invited Member of the Zhejiang Province Committee) of the Chinese People's Political Consultative Conference, a member of the Hong Kong Institute of Bankers, a member of the Young Presidents' Organization, a member of the Chief Executives Organization, a Fellow of the Hong Kong Institute of Directors and Hong Kong Institute of Arbitrators, a member of the General Committee and the Corporate Governance Committee of the Chamber of Hong Kong Listed Companies, a Board Member of the Australian Chamber of Commerce in Hong Kong, a Vice President of the Hong Kong Real Estate Association, a founding Board Member and the Honorary Treasurer of the Hong Kong-Vietnam Chamber of Commerce and a visiting professor (in corporate governance and investment banking) at the School of Economics & Management of Tsinghua University in Beijing.

Dr. Lam is an independent non-executive director of Hutchison Harbour Ring Limited, Far East Holdings International Limited, Vongroup Limited, Mei Ah Entertainment Group Limited and Imagi International Holdings Limited (all of which shares are listed on the main board of the Stock Exchange) and a non-executive director of Glorious Sun Enterprises Limited and Sunwah Kingsway Capital Holdings Limited (all of which shares are listed on the main board of the Stock Exchange). He was an independent non-executive director of China.com Inc. up to March 2011, Finet Group Limited up to January 2011, Sino Resources Group Limited up to March 2011 and Mingyuan Medicare Development Company Limited up to May 2012 (all of which shares are listed on the Stock Exchange).

DIRECTORS' REPORT

Directors and Senior Management Profile (Continued)

Independent Non-Executive Director

Dato' Wong Sin Just, aged 46, joined the Group in 2001. He is a member of Audit Committee of the Board. Dato' Wong possesses over 20 years of accounting, investment banking and venture capital experience. He held senior positions with a number of premier international investment banks prior to joining the Company. Dato' Wong is currently the non-executive chairman of Westminster Travel Limited, the shares of all of which are listed on the Singapore Stock Exchange Limited, In addition, he is an independent non-executive director of China Zenith Chemical Group Limited, which shares are listed on the Stock Exchange. Dato' Wong was also a non-executive director of Suncorp Technologies Limited up to October 2009, China Renji Medical Group Limited up to December 2009, an independent non-executive director of China.com Inc. up to March 2011, all of which shares are listed on the Stock Exchange, and a non-independent non-executive director of Intelligent Edge Technologies Berhad up to January 2010, which shares are listed on the Malaysia MESDAQ.

Dato' Wong holds a Bachelor degree in Engineering (First Class Honours) from Imperial College, University of London and is an associate of the Institute of Chartered Accountants, England and Wales.

Mr. Cheng Yuk Wo, aged 51, joined the Group in 2002. He is Chairman of Audit Committee and Remuneration Committee, and a member of Nomination Committee of the Board. Mr. Cheng is a fellow of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants, and a member of the Institute of Chartered Accountants of Ontario, Canada. Mr. Cheng had worked at Coopers and Lybrand (now known as PricewaterhouseCoopers) in London and with Swiss Bank Corporation (now known as UBS AG) in Toronto. He is an executive director of 21 Holdings Limited and an independent non-executive director of C.P. Lotus Corporation, Chong Hing Bank Limited, Goldbond Group Holdings Limited, HKC (Holdings) Limited, Imagi International Holdings Limited, CPMC Holdings Limited, Top Spring International Holdings Limited and South China Land Limited, the shares of both of which are listed on the Stock Exchange. He is a co-founder of a Hong Kong merchant banking firm and is the proprietor of a certified public accountant practice in Hong Kong.

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

DIRECTORS' REPORT

Directors and Senior Management Profile (Continued)

Senior Management

Hong Kong

Mr. Leung Chi Tien, Steve, joined the Group in 2012 and is the Vice Chairman of Couture Homes Limited ("Couture Homes"), a wholly-owned subsidiary of the Group, which focus in developing stylish residential projects. He is a leading award-winning architect and designer recognized internationally. He graduated from the University of Hong Kong with a Bachelor of Architecture degree and holds a Master of Urban Planning degree from the University of Hong Kong. Mr. Leung is a Registered Architect and has been the key to numerous major developers' successful and profitable development projects. He is the founder of Steve Leung Designs Limited having offices in Hong Kong, Shenzhen, Shanghai and Beijing. His well recognized projects with CSI, including the renowned Tai Tam project and The Hampton, help cement CSI as the premium residential property developer with ability to achieve market leading pricing and value creation.

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

Mr. Fung Wing Kwong, Arnold, joined the Group in 2012 and is Managing Director of Couture Homes. He graduated from the University of Hong Kong with a Bachelor of Architecture degree and holds a Master of Business Administration degree from the University of Southern California, USA. Mr. Fung is a Registered Architect and Authorized Person – Architect in Hong Kong and has over 28 years of experience in both architectural and interior design field. He is a member of the Hong Kong Institute of Architects, the Royal Institute of British Architects, Royal Architectural Institute of Canada, and Ontario Association of Architects and has PRC Class 1 Registered Architect Qualification. Mr. Fung joined the Group in 2012 immediately prior to which he was an Executive Director of Steve Leung Designs Limited. Some of Arnold's key projects include the Hampton, AXA building refurbishment, restaurant designs in the Cubus in Causeway Bay and architectural and interior design works at numerous luxury residential projects in China and Hong Kong.

Shanghai

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

Directors' Interests in Shares

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

As at 31 March 2012, the interests and short positions of the Directors and the chief executive of the Company in shares, underlying shares or debentures of the Company or any its associated corporations (within the meaning of part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO") which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or decided to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register of the Company referred to therein or were required, pursuant to part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), to be notified to the Company and the Stock Exchange:

(i) Long positions in shares:

Name of Director	Nature of interests	Company/ name of associated corporation	Number of shares held (Note 1)	Number of shares to be held (Note 2)	Derivative interests	Approximate percentage of total shareholding (%)
Chung Cho Yee, Mico ("Mr. Chung") (Note 3)	Beneficial owner	The Company	4,211,362,062 (L)	–		51.15
					18,648,018 (L)	0.23
	Interest of controlled corporation	The Company	4,208,317,062 (L)	–		51.11
					18,648,018 (L)	0.23
Kan Sze Man	Beneficial owner	The Company	24,534,562 (L)			0.30
				19,785,938 (L)	–	0.24
Chow Hou Man	Beneficial owner	The Company	5,302,631 (L)			0.06
				19,785,938 (L)	–	0.24

Notes:

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

(2) On 28 March 2012, the Company received the notice from two directors on exercise of 39,571,876 share options but the Company completed the procedures for the issue of the relevant shares subsequent to 31 March 2012.

(3) Mr. Chung is the beneficial owner of 4,211,362,062 shares in the Company (being the aggregate of personal interest of Mr. Chung of 3,045,000 shares and the corporate interest held by Earnest Equity Limited ("Earnest Equity") of 4,208,317,062) and 18,648,018 shares relate to the derivative interests held by Earnest Equity in 2012 Convertible Notes I (as defined in note 27 to the consolidated financial statements). Earnest Equity is a wholly-owned subsidiary of Digisino Assets Limited ("Digisino"). The entire issued share capital of Digisino is held by Mr. Chung and thus both Digisino and Earnest Equity are corporations wholly-owned and controlled by him. Therefore, Mr. Chung is deemed to be interested in any shares or equity derivatives held by Earnest Equity or Digisino.

DIRECTORS' REPORT

Directors' Interests in Shares (Continued)

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

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

Name of Director	Option scheme type	Capacity	Number of options held (Note 1)	Approximate percentage of total shareholding (%)
Wong Chung Kwong	2002	Beneficial owner	25,326,000 (L) (Note 2)	0.31

Notes:

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

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

Save as disclosed above, as at 31 March 2012, none of the Directors and chief executive of the Company had any interest in any securities of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of listed companies as set out in the Listing Rules to be notified to the Company and the Stock Exchange.

Arrangements to Purchase Shares or Debentures

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

DIRECTORS' REPORT

Directors' Interests in Contracts of Significance

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

Substantial Shareholders

As at 31 March 2012, according to the register kept by the Company pursuant to Section 336 of SFO, and so far as is known to any Directors or the Company, the following persons, in addition to those interests disclosed above in respect of the Directors, had an interest or short position in shares and underlying shares which would fall to be disclosed to the Company under the provisions of the Divisions 2 and 3 of part XV of the SFO:

Long position

Name	**Capacity**	**Number of shares**	**Derivative interests**	**Approximate shareholding percentage** (%)
Lehman Brothers Holdings Inc.	Interest of controlled corporation (Note 1)	450,820,000	–	5.48

Notes:

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

Save as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 31 March 2012.

Appointment of Independent Non-Executive Directors

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

DIRECTORS' REPORT

Financial Assistance and Guarantee to Affiliated Companies

The Group had provided financial assistance to, and guarantee for, affiliated companies in the aggregate amount of HK$1,658,437,000, which represented approximately 18.3% of the Group's total assets value as at 31 March 2012.

As at 31 March 2012, the advances and guarantees made by the Group to its jointly controlled entities and associates are as follows:

	Advances HK$'000	**Guarantees** HK$'000
Get Wisdom Limited	574,464	447,500
Chater Capital Limited	83,600	150,150
City Synergy Limited	4,565	–
Clever Keen Limited	90	–
Expert Vision Investments Limited	–	84,800
Vastness Investment Limited (Note)	–	312,500
Maxland Management Limited	768	–
	663,487	994,950

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

	Combined balance sheet HK$'000	**Group's attributable interests** HK$'000
Non-current assets	3,569,820	1,784,897
Current assets	2,172,191	942,049
Current liabilities	(1,599,086)	(793,585)
Non-current liabilities	(2,096,605)	(914,101)
	2,046,320	1,019,260

Note:

The amount represents a counter-indemnity in favor of the other joint venture partner executed pursuant to which the Group undertakes to indemnify the other joint venture partner 50% of the liabilities arising from bank loan facilities granted by a bank amounting to approximately HK$625 million.

DIRECTORS' REPORT

Emolument Policy

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

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

The Company has adopted a share option scheme as an incentive to directors and eligible employees, details of the scheme is set out in note 39 to the consolidated financial statements.

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

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

Pre-Emptive Rights

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

Corporate Governance

The Company is obliged to comply with the requirements for continuing listing on the Stock Exchange and is committed to practice high standard of corporate governance in its daily management and operations. The Company follows and applies the principles of the Code on Corporate Governance Practices in Appendix 14 to the Listing Rules in the year under review with exception of few deviations. Detailed information on the Company's corporate governance practices is set out in the Corporate Governance Report contained in pages 12 to 15 of this Annual Report.

Charitable Donations

During the year, the Group made charitable donations amounting to HK$345,000.

Sufficiency of Public Float

The Company has maintained a sufficient public float throughout the year ended 31 March 2012.

DIRECTORS' REPORT

Five Year Financial Summary

A summary of the results and the assets and liabilities of the Group for the past five financial years is set out on page 140 of the annual report.

Audit Committee

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the consolidated financial statements for the year ended 31 March 2012.

Auditors

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

On behalf of the Board

CHUNG CHO YEE, MICO
CHAIRMAN

27 June 2012

INDEPENDENT AUDITOR'S REPORT

Deloitte.
德勤

TO THE MEMBERS OF CSI PROPERTIES LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of CSI Properties Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 31 to 139, which comprise the consolidated statement of financial position as at 31 March 2012, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

INDEPENDENT AUDITOR'S REPORT

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 March 2012 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
27 June 2012

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2012

	NOTES	2012 HK$'000	2011 HK$'000
Revenue	5	**3,217,891**	2,745,292
Cost of sales/services		**(1,551,631)**	(1,773,100)
Gross profit		**1,666,260**	972,192
Income and gains from investments	7	**63,237**	17,311
Other income	8	**24,252**	5,609
Other gains and losses	9	**132,238**	41,691
Administrative expenses		**(163,231)**	(98,625)
Finance costs	10	**(52,859)**	(79,953)
Share of results of jointly controlled entities		**31,601**	55,766
Share of results of associates		**185,315**	26,426
Profit before taxation		**1,886,813**	940,417
Taxation	11	**(118,511)**	(84,106)
Profit for the year	12	**1,768,302**	856,311
Attributable to:			
Owners of the Company		**1,754,106**	857,732
Non-controlling interests		**14,196**	(1,421)
		1,768,302	856,311
Earnings per share (HK cents)	16		
Basic		**21.32**	10.51
Diluted		**20.85**	9.85

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2012

	2012 HK$'000	2011 HK$'000
Profit for the year	**1,768,302**	856,311
Other comprehensive income (expense)		
Exchange differences arising on translation	**33,474**	44,788
Share of exchange difference of associates	**–**	(1,704)
Reclassification of translation reserve upon disposal of associates/subsidiaries	**4,737**	(39,156)
Reclassification of investment revaluation reserve upon derecognition of available-for-sale investments	**(3,880)**	–
Change in fair value of available-for-sale investments	**7,709**	3,170
	42,040	7,098
Total comprehensive income for the year	**1,810,342**	863,409
Total comprehensive income (expense) attributable to:		
Owners of the Company	**1,796,146**	864,304
Non-controlling interests	**14,196**	(895)
	1,810,342	863,409

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2012

	NOTES	2012 HK$'000	2011 HK$'000
Non-Current Assets			
Property, plant and equipment	17	**732,558**	126,522
Available-for-sale investments	18	**67,430**	5,005
Conversion options embedded in convertible notes	18	**20,180**	–
Long-term loan receivable	19	**14,040**	–
Club memberships		**6,860**	6,860
Interests in jointly controlled entities	20	**1,181,518**	182,671
Amounts due from jointly controlled entities	20	**498,657**	401,396
Deposit paid for establishment of a jointly controlled entity	20	**118,400**	–
Interests in associates	21	**47,285**	11,294
Amounts due from associates	21	**768**	89,360
		2,687,696	823,108
Current Assets			
Trade and other receivables	22	**41,724**	164,511
Deposit paid for acquisition of properties held for sale		**72,871**	245,430
Properties held for sale	23	**3,241,836**	4,150,512
Available-for-sale investments	18	**–**	21,504
Conversion options embedded in convertible notes	18	**–**	20
Investments held for trading	24	**551,392**	412,748
Taxation recoverable		**9,255**	7,093
Amount due from a non-controlling shareholder of a subsidiary		**–**	25
Cash held by securities brokers	25	**20,832**	137,568
Bank balances and cash	25	**2,424,037**	1,721,786
		6,361,947	6,861,197
Current Liabilities			
Other payables and accruals	26	**85,441**	511,394
Taxation payable		**214,597**	104,696
Amounts due to jointly controlled entities	20	**457**	439
Amounts due to associates	21	**68,399**	12,201
Amounts due to non-controlling shareholders of subsidiaries	38(b)	**28,658**	11,203
Convertible notes – due within one year	27	**9,398**	78,709
Bank borrowings – due within one year	28	**726,169**	1,007,958
		1,133,119	1,726,600
Net Current Assets		**5,228,828**	5,134,597
		7,916,524	5,957,705

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2012

	NOTES	2012 HK$'000	2011 HK$'000
Capital and Reserves			
Share capital	29	**65,865**	65,311
Reserves		**5,893,023**	4,172,224
Equity attributable to owners of the Company		**5,958,888**	4,237,535
Non-controlling interests		**13,483**	(721)
Total Equity		**5,972,371**	4,236,814
Non-Current Liabilities			
Convertible notes – due after one year	27	**–**	87,136
Bank borrowings – due after one year	28	**1,928,303**	1,614,007
Derivative financial instruments	30	**7,312**	10,415
Deferred tax liabilities	31	**8,538**	9,333
		1,944,153	1,720,891
		7,916,524	5,957,705

The consolidated financial statements on pages 31 to 139 were approved and authorised for issue by the Board of Directors on 27 June 2012 and are signed on its behalf by:

Chung Cho Yee, Mico
DIRECTOR

Chow Hou Man
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2012

	Attributable to owners of the Company												
	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Capital reserve HK$'000 (Note a)	Contributed surplus HK$'000 (Note b)	Translation reserve HK$'000	Investment revaluation reserve HK$'000	Share option reserve HK$'000	Convertible notes equity reserve HK$'000	Accumulated profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2010	65,311	1,221,459	371	1,698	276,058	18,072	–	6,521	19,413	1,804,532	3,413,435	174	3,413,609
Profit for the year	–	–	–	–	–	–	–	–	–	857,732	857,732	(1,421)	856,311
Exchange difference arising on translation	–	–	–	–	–	44,117	–	–	–	–	44,117	671	44,788
Reclassified to profit or loss on disposal of subsidiaries (note 33)	–	–	–	–	–	(39,011)	–	–	–	–	(39,011)	(145)	(39,156)
Share of other comprehensive expense of associates	–	–	–	–	–	(1,704)	–	–	–	–	(1,704)	–	(1,704)
Increase in fair value of available-for-sale investments recognised directly in equity	–	–	–	–	–	–	3,170	–	–	–	3,170	–	3,170
Total comprehensive income and expense for the year	–	–	–	–	–	3,402	3,170	–	–	857,732	864,304	(895)	863,409
Recognition of equity-settled share-based payments	–	–	–	–	–	–	–	615	–	–	615	–	615
Realised on partial redemption of convertible notes (net of tax)	–	–	–	–	–	–	–	–	(1,625)	1,625	–	–	–
Dividend recognised as distribution (note 15)	–	–	–	–	–	–	–	–	–	(40,819)	(40,819)	–	(40,819)
At 31 March 2011	65,311	1,221,459	371	1,698	276,058	21,474	3,170	7,136	17,788	2,623,070	4,237,535	(721)	4,236,814
Profit for the year	–	–	–	–	–	–	–	–	–	1,754,106	1,754,106	14,196	1,768,302
Exchange difference arising on translation	–	–	–	–	–	33,474	–	–	–	–	33,474	–	33,474
Reclassified to profit or loss on disposal of an associate	–	–	–	–	–	4,737	–	–	–	–	4,737	–	4,737
Reclassified to profit or loss on derecognition of available-for-sale investments	–	–	–	–	–	–	(3,880)	–	–	–	(3,880)	–	(3,880)
Increase in fair value of available-for-sale investments recognised directly in equity	–	–	–	–	–	–	7,709	–	–	–	7,709	–	7,709
Total comprehensive income for the year	–	–	–	–	–	38,211	3,829	–	–	1,754,106	1,796,146	14,196	1,810,342
Issue of shares upon exercise of share options	554	6,797	–	–	–	–	–	–	–	–	7,351	–	7,351
Capital contributed by non-controlling interests of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	8	8
Recognition of equity-settled share-based payments	–	–	–	–	–	–	–	187	–	–	187	–	187
Transfer on redemption of convertible note upon maturity	–	–	–	–	–	–	–	–	(8,046)	8,046	–	–	–
Transfer on early redemption of convertible notes	–	–	–	–	–	–	–	–	(8,908)	8,908	–	–	–
Dividend recognised as distribution (note 15)	–	–	–	–	–	–	–	–	–	(82,331)	(82,331)	–	(82,331)
At 31 March 2012	65,865	1,228,256	371	1,698	276,058	59,685	6,999	7,323	834	4,311,799	5,958,888	13,483	5,972,371

Notes:

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2012

	NOTE	2012 HK$'000	2011 HK$'000
OPERATING ACTIVITIES			
Profit before taxation		**1,886,813**	940,417
Adjustments for:			
Finance costs		**52,859**	79,953
Depreciation of property, plant and equipment		**35,463**	10,684
Gain on disposal of property, plant and equipment		**(126,186)**	–
Gain on derecognition of investments in convertible notes, net		**(19,133)**	–
Gain on disposal of an associate		**(12,748)**	–
Gain on disposal of subsidiaries	33	**(76,361)**	(624,066)
Income from amortisation of financial guarantee contracts		**(422)**	(379)
Increase in fair value of financial instruments		**(13,015)**	(5,685)
Interest income		**(20,348)**	(3,548)
Loss on early redemption of convertible notes		**16,697**	1,112
Share-based payment expenses		**187**	615
Share of results of jointly controlled entities		**(31,601)**	(55,766)
Share of results of associates		**(185,315)**	(26,426)
Operating cash flow before movements in working capital		**1,506,890**	316,911
Decrease (increase) in trade and other receivables		**123,171**	(143,172)
Increase in deposit paid for acquisition of properties held for sale		**(72,871)**	(197,430)
Increase in investments held for trading		**(122,029)**	(137,538)
Decrease (increase) in properties held for sale		**511,233**	(776,799)
Decrease (increase) in cash held by securities brokers		**116,736**	(102,385)
Increase in other payables and accruals		**13,344**	427,747
Decrease in derivative financial instruments		**(6,819)**	(6,669)
Net cash used in operations		**2,069,655**	(619,335)
Hong Kong Profits Tax paid		**(11,567)**	(12,665)
Interest paid		**(51,653)**	(66,187)
NET CASH FROM (USED IN) OPERATING ACTIVITIES		**2,006,435**	(698,187)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2012

	NOTES	2012 HK$'000	2011 HK$'000
INVESTING ACTIVITIES			
Investment/acquisition of jointly controlled entities		**(911,607)**	–
Acquisition of a business	32(a)	**(548,000)**	–
Advances to jointly controlled entities		**(133,134)**	(39,455)
Deposit paid for establishment of a jointly controlled entity		**(118,400)**	–
Purchases of property, plant and equipment		**(41,298)**	(1,609)
Purchases of convertible notes		**(41,700)**	–
Increase in loan receivable		**(14,820)**	–
Advances to associates		**(2,100)**	(10,200)
Repayment from a non-controlling shareholder of a subsidiary		**25**	–
Proceeds from disposal of available-for-sale investments		**3,697**	6,000
Interest received		**20,348**	3,548
Proceed from disposal of an associate		**22,000**	–
Repayments from associates		**89,360**	40,692
Net cash inflow on disposals of subsidiaries (net of cash and cash equivalents disposed of)	33	**132,846**	1,474,699
Dividend received from an associate		**146,141**	1,600
Proceeds on disposal of property, plant and equipment		**211,908**	–
Dividend received from a jointly controlled entity		**–**	6,202
Repayments from jointly controlled entities		**–**	19,580
Net cash inflow on acquisition of subsidiaries	32(b)	**–**	138,395
NET CASH (USED IN) FROM INVESTING ACTIVITIES		**(1,184,734)**	1,639,452
FINANCING ACTIVITIES			
Repayments of bank borrowings		**(1,121,414)**	(669,948)
Redemption of convertible notes		**(174,350)**	(17,972)
Dividends paid		**(82,331)**	(40,819)
Capital contributions by non-controlling interests of subsidiaries		**8**	–
Proceeds on issue of shares upon exercise of share options		**7,351**	–
Advance from non-controlling shareholders of subsidiaries		**17,455**	4,465
New bank borrowings raised		**1,177,633**	917,488
Repayments to jointly controlled entities		**–**	(4,639)
Advance from associates		**56,198**	10,201
NET CASH (USED IN) FROM FINANCING ACTIVITIES		**(119,450)**	198,776
NET INCREASE IN CASH AND CASH EQUIVALENTS		**702,251**	1,140,041
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**1,721,786**	581,745
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash		**2,424,037**	1,721,786

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

1. General

The Company was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the section headed "Corporate Information" in the annual report. The directors of the Company considers that Earnest Equity Limited, a private company incorporated in the British Virgin Islands ("BVI"), as its immediate holding company while Digisino Assets Limited, also a private company incorporated in the BVI, as its ultimate holding company.

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

The Company is an investment holding company. The activities of its principal subsidiaries, jointly controlled entities and associates are set out in notes 43, 20 and 21 respectively.

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

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

Amendments to HKFRSs	Improvements to HKFRSs issued in 2010
HKAS 24 (as revised in 2009)	Related Party Disclosures
Amendments to HK(IFRIC) – Int 14	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

The application of the above new and revised HKFRSs in the current year has had no material effect on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

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

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 – 2011 Cycle[1]
Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets[2]
	Disclosures – Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKFRS 7 and HKFRS 9	Mandatory Effective Date of HKFRS 9 and Transitional Disclosures[3]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosures of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[4]
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets[5]
HKAS 19 (as revised in 2011)	Employee Benefits[1]
HKAS 27 (as revised in 2011)	Separate Financial Statements[1]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[1]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[6]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[1]

1 Effective for annual periods beginning on or after 1 January 2013
2 Effective for annual periods beginning on or after 1 July 2011
3 Effective for annual periods beginning on or after 1 January 2015
4 Effective for annual periods beginning on or after 1 July 2012
5 Effective for annual periods beginning on or after 1 January 2012
6 Effective for annual periods beginning on or after 1 January 2014

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

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

New and revised HKFRSs issued but not yet effective (Continued)

Amendments to HKAS 32 "Offsetting Financial Assets and Financial Liabilities" and amendments to HKFRS 7 "Disclosures – Offsetting Financial Assets and Financial Liabilities"

The amendments to HKAS 32 clarify existing application issues relating to the offsetting requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amended offsetting disclosures are required for annual periods beginning on 1 April 2013 and interim periods within those annual periods. The disclosures should also be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on 1 April 2014, with retrospective application required.

Amendments to HKAS 1 "Presentation of items of other comprehensive income"

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for the Group annual period beginning on 1 April 2013. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

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

New and revised HKFRSs issued but not yet effective (Continued)

HKFRS 9 "Financial instruments"

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" to be subsequently measured at 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 reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. 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 recognition 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.

The directors anticipate that the adoption of HKFRS 9 may have significant impact on the Group's investments in convertible notes that are classified as available-for-sale investments and conversion options embedded in convertible notes but will not affect the other financial assets and the financial liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

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

New and revised HKFRSs issued but not yet effective (Continued)

New and revised Standards on consolidation, joint arrangements, associates and disclosures

A package of five new or revised standards on consolidation, joint arrangements, associates and disclosures, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011), was issued by the HKICPA in June 2011 and are effective for annual periods beginning on or after 1 April 2013. Earlier application is permitted provided that all of these five new or revised standards are applied early at the same time. The directors of the Company anticipate that these new or revised standards will be applied in the Group's consolidated financial statements for financial year ending 31 March 2014 and the potential impact is described below.

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and Separate Financial Statements" that deal with consolidated financial statements. Under HKFRS 10, there is only one basis for consolidation, which is control. In addition, HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios. Overall, the application of HKFRS 10 requires a lot of judgment. The application of HKFRS 10 might result in the Group no longer consolidating some of its investees, and consolidating investees that were not previously consolidated. The directors are in the process of determining its impacts to the Group.

HKFRS 11 replaces HKAS 31 "Interests in Joint Ventures". HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, there are two types of joint arrangements: joint ventures and joint operations. The classification in HKFRS 11 is based on parties' rights and obligations under the arrangements. In contrast, under HKAS 31, there are three different types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting. The application of HKFRS 11 might result in changes in the classification of the Group's joint arrangements and their accounting treatments. All of the Group's jointly controlled entities are currently accounted for using the equity method of accounting and would be classified as joint ventures in accordance with HKFRS 11.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

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

New and revised HKFRSs issued but not yet effective (Continued)

New and revised Standards on consolidation, joint arrangements, associates and disclosures (Continued)

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates or unconsolidated structured entities.

HKFRS 12 establishes disclosure objectives and specifies minimum disclosures that entities must provide to meet those objectives, which laid down that entities should disclose information that help users of financial statements evaluate the nature of the risks associated with interests in other entities and the effects of those interests on financial statements. The disclosure requirements set out in HKFRS 12 are more extensive than those in the current standards. The directors of the Company consider that significant efforts may be required to collect the necessary information for the relevant disclosures.

HKFRS 13 "Fair Value Measurement"

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 "*Financial Instruments: Disclosures*" will be extended by HKFRS 13 to cover all assets and liabilities within its scope. HKFRS 13 is effective for annual periods beginning on or after 1 April 2013, with earlier application permitted.

Other than the above, the directors of the Company anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 April 2013 and that the application of the new Standard will not affect the amounts reported in the consolidated financial statements but result in more extensive disclosures in the consolidated financial statements.

The directors of the Company anticipate that the application of the other new and revised HKFRSs will have not material impact on the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

3. Significant accounting policies

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

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

The principal accounting policies are set out below.

Basis of consolidation

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

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition 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 on consolidation.

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

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance (effective from 1 April 2010 onwards).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

3. Significant accounting policies (Continued)

Basis of consolidation (Continued)

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests is adjusted and the fair value of the consideration paid or received is recognised directly in equity attributed to owners of the Company.

When the Group loses control of a subsidiary, it (i) derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost, (ii) derecognises the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them), and (iii) recognises the aggregate of the fair value of the consideration received and the fair value of any retained interest, with any resulting difference being recognised as a gain or loss in profit or loss attributable to the Group. When assets of the subsidiary are carried 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 Group had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to accumulated profits as specified by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

3. Significant accounting policies (Continued)

Business combinations (Continued)

The identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "Income Taxes" and HKAS 19 "Employee Benefits" respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 "Share-based Payment" at the acquisition date (see the accounting policy below); and
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquire (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

3. Significant accounting policies (Continued)

Jointly controlled entities (Continued)

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

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

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

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

3. Significant accounting policies (Continued)

Interests in associates

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

3. Significant accounting policies (Continued)

Revenue recognition

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

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

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

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 (including financial assets at fair value through profit or loss) is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

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

Property, plant and equipment

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

3. Significant accounting policies (Continued)

Property, plant and equipment (Continued)

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit or loss.

Properties held for sale

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

If an item of properties held for sale is transferred to property, plant and equipment because its use has been changed, evidenced by the commencement of owner-occupation of the relevant property, the carrying amount of the properties held for sale at the date of transfer is recognised as the cost of the property, plant and equipment.

Properties under development under current assets

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

Upon completion, the properties are transferred to completed properties held for sale. Net realisable value takes into accounts the price ultimately expected to be realised, less the estimated costs necessary to make the sale and the anticipated cost to completion.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

3. Significant accounting policies (Continued)

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.

The Group as lessee

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

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

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating lease in which case the entire lease is classified as an operating lease. 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 and is amortised over the lease term on a straight-line basis. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

3. Significant accounting policies (Continued)

Club memberships

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

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

Financial instruments

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

Financial assets

The Group's financial assets are classified into one of the three categories, including financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

3. Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Effective interest method

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

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

Financial assets at fair value through profit or loss

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

A financial asset is classified as held for trading if:

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

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

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

Financial assets at fair value through profit or loss are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is included in income and gains (losses) from investments in the consolidated income statement. Fair value is determined in the manner described in note 41.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

3. Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Loans and receivables

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

Available-for-sale financial assets

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

3. Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets

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

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

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

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

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 portfolio receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

3. Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables and loan receivable, 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 or a loan 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.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period in which the impairment takes place.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

3. Significant accounting policies (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

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

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Convertible notes issued by the Company

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

3. Significant accounting policies (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Convertible notes issued by the Company (Continued)

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

3. Significant accounting policies (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss represented derivative financial instruments which are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes interest paid on the financial liabilities and is included in income and gains (losses) from investments in the consolidated income statement. Fair value is determined in the manner described in note 41.

Other financial liabilities

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

Derivative financial instruments

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

Embedded derivatives

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

3. Significant accounting policies (Continued)

Financial instruments (Continued)

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of obligation under the contract, as determined in accordance with HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the revenue recognition policy.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

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, and a reliable estimate can be made of the amount of the 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 of the time value of money is material).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

3. Significant accounting policies (Continued)

Borrowing costs

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

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

Retirement benefits costs

Payments to defined contribution retirement benefits plans/state-managed retirement benefits schemes/ the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Taxation

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2012

3. Significant accounting policies (Continued)

Taxation (Continued)

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

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable 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.

Current and 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 current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

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 re-translated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

3. Significant accounting policies (Continued)

Foreign currencies (Continued)

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Company's net investment in a foreign operation, in which case, such exchange differences are recognised in other comprehensive income and accumulated in equity and will be reclassified from equity to profit or loss on disposal of the foreign operation. Exchange differences arising on the re-translation 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) using exchange rates prevailing at the end of the reporting period. 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 under the heading of the translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss. In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and retranslated at the rate of exchange prevailing at the end of the reporting period. Exchange differences arising are recognised in equity under the heading of the translation reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

3. Significant accounting policies (Continued)

Impairment losses

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible 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.

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

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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.

Share-based payment transactions

Equity-settled share-based payment transactions

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

3. Significant accounting policies (Continued)

Share-based payment transactions (Continued)

Equity-settled share-based payment transactions (Continued)

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

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

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

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

4. Key sources of estimation uncertainty

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

4. Key sources of estimation uncertainty (Continued)

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

(i) Estimated impairments on properties held for sale and deposit paid for acquisition of properties held for sale

Management reviews the recoverability of the Group's property interests held for sale and deposits paid for acquisition of such properties interests with aggregate carrying amount of HK$3,314,707,000 (2011: HK$4,395,942,000) with reference to the current market environment whenever events or changes in circumstances indicate that the carrying amount of the assets exceeds its recoverable amount. Impairment for estimated irrecoverable amounts is recognised in profit and loss when there is objective evidence that the asset is impaired.

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

No impairments nor reversals of impairments were recognised during the years ended 31 March 2011 and 2012.

(ii) Fair value of derivative financial instruments

Conversion options embedded in convertible notes of HK$20,180,000 (2011: HK$20,000) and derivative financial liabilities of HK$7,312,000 (2011: HK$10,415,000) are carried in the consolidated statement of financial position at fair value, as disclosed in notes 18 and 30 respectively. The best evidence of fair value is quoted prices in an active market, where quoted prices are not available for a particular financial instrument, the Group uses valuation techniques that include unobservable inputs as the basis for assessing the fair value of conversion options embedded in convertible notes and the valuation provided by counterparty financial institution as the basis for fair value of derivative financial liabilities. The use of methodologies, models and assumptions in pricing and valuing these financial instruments is subjective and requires varying degrees of judgment by counterparty entities/financial institutions, which may result in significantly different fair values and results.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

5. Revenue

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

	2012	2011
	HK$'000	HK$'000
Rental income/hotel operation	**225,040**	277,558
Sales of properties held for sale	**2,992,851**	2,467,734
	3,217,891	2,745,292

6. Segmental information

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

(a) property holding segment, which engages in the investment and trading of properties and hotel operation;

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

6. Segmental information (Continued)

Segment revenue and results

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

	Property holding HK$'000	Strategic investment HK$'000	Securities investment HK$'000	Consolidated HK$'000
For the year ended 31 March 2012				
Gross proceeds	3,217,891	–	305,690	3,523,581
EXTERNAL REVENUE				
Rental income/hotel operation	225,040	–	–	225,040
Sales of properties held for sale	2,992,851	–	–	2,992,851
Revenue of the Group	3,217,891	–	–	3,217,891
Interest income and dividend income	–	–	31,089	31,089
Share of results of jointly controlled entities	–	31,601	–	31,601
Share of results of associates	–	185,315	–	185,315
Segment revenue	3,217,891	216,916	31,089	3,465,896
RESULTS				
Segment profit	1,593,574	230,086	55,979	1,879,639
Unallocated other income				23,830
Other gains and losses				119,490
Central administration costs				(83,287)
Finance costs				(52,859)
Profit before taxation				1,886,813

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

6. Segmental information (Continued)

Segment revenue and results (Continued)

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

6. Segmental information (Continued)

Segment assets and liabilities

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

	2012 HK$'000	2011 HK$'000
Segment assets		
Property holding	**3,899,353**	4,543,502
Strategic investment	**1,846,628**	681,297
Securities investment	**655,316**	450,690
Total segment assets	**6,401,297**	5,675,489
Property, plant and equipment	**179,667**	126,522
Cash held by securities brokers	**20,832**	137,568
Bank balances and cash	**2,424,037**	1,721,786
Other unallocated assets	**23,810**	22,940
Consolidated assets	**9,049,643**	7,684,305
Segment liabilities		
Property holding	**99,419**	505,919
Strategic investment	**68,856**	11,791
Securities investment	**8,132**	1,057
Total segment liabilities	**176,407**	518,767
Convertible notes	**9,398**	165,845
Bank borrowings	**2,654,472**	2,621,965
Taxation payable	**214,597**	104,696
Other unallocated liabilities	**22,398**	36,218
Consolidated liabilities	**3,077,272**	3,447,491

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

- all assets are allocated to operating segments other than property, plant and equipment, taxation recoverable, certain other receivables, cash held by securities brokers and bank balances and cash; and
- all liabilities are allocated to operating segments other than accruals and other payables of the head office, taxation payable, convertible notes, bank borrowings and deferred tax liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

6. Segmental information (Continued)

Other segment information

For the year ended 31 March 2012

	Property holding HK$'000	**Strategic investment HK$'000**	**Securities investment HK$'000**	**Segment total HK$'000**	**Unallocated HK$'000**	**Total HK$'000**
Amounts included in the measure of segment profit or segment assets and liabilities:						
Interests in jointly controlled entities	**–**	**1,181,518**	**–**	**1,181,518**	**–**	**1,181,518**
Interests in associates	**–**	**47,285**	**–**	**47,285**	**–**	**47,285**
Net increase in fair value of investment held for trading	**–**	**–**	**16,615**	**16,615**	**–**	**16,615**
Gain on derecognition of investments in convertible notes (included in available-for-sale investments)	**–**	**–**	**19,133**	**19,133**	**–**	**19,133**

For the year ended 31 March 2011

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

6. Segmental information (Continued)

Geographical information

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

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

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

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

	Revenue from external customers Year ended 31 March		Non-current assets (Note)	
	2012 HK$'000	2011 HK$'000	**2012 HK$'000**	2011 HK$'000
Hong Kong	**3,162,667**	1,297,060	**1,287,744**	313,368
PRC	**55,224**	1,448,232	**792,017**	291
Singapore	**–**	–	**–**	6,828
	3,217,891	2,745,292	**2,079,761**	320,487

Note: Non-current assets exclude financial instruments.

Information about major tenants and buyers of properties

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

	2012 HK$'000	2011 HK$'000
Buyer A	**1,380,000**	N/A[1]
Buyer B	**N/A[1]**	1,324,231
Buyer C	**N/A[1]**	413,742
	1,380,000	1,737,973

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

Revenue by type of income

The relevant information is set out in note 5.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

7. Income and gains (losses) from investments

	2012 HK$'000	2011 HK$'000
Interest income from		
– investments held for trading	**30,545**	9,358
– available-for-sale investments	**300**	314
Dividend income from		
– investments held for trading	**244**	713
– available-for-sale investments	**–**	1,241
Increase (decrease) in fair values of		
– investments held for trading	**16,615**	17,305
– conversion options embedded in convertible notes	**116**	(3,730)
– derivative financial instruments	**(3,716)**	(7,890)
Gain on derecogntion of investments in convertible notes (note 18)	**19,133**	–
	63,237	17,311

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

	2012 HK$'000	2011 HK$'000
– investments held for trading	**47,404**	27,376
– available-for-sale investments	**19,433**	1,555
– conversion options embedded in convertible notes	**116**	(3,730)
– derivative financial instruments	**(3,716)**	(7,890)
	63,237	17,311

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

8. Other income

	2012 HK$'000	2011 HK$'000
Bank interest income	**20,348**	3,548
Amortisation of financial guarantee contracts	**422**	379
Others	**3,482**	1,682
	24,252	5,609

9. Other gains and losses

	2012 HK$'000	2011 HK$'000
Other gains (losses) comprise:		
Gain on disposal of property, plant and equipment	**126,186**	–
Gain on disposal of an associate	**12,748**	–
Net exchange gain	**10,001**	3,888
Loss on early redemption of convertible notes (Note)	**(16,697)**	(1,112)
Net gain on disposal of subsidiaries (note 33)	**–**	38,915
	132,238	41,691

Note: During the year ended 31 March 2012, the Company exercised its early redemption rights by serving notice to the noteholder, an independent third party, to redeem all of the then outstanding 2012 Convertible Notes II (as defined in note 27) at a consideration of HK$96,800,000, representing a premium of 11% per annum to the outstanding principal amount (inclusive of interest).

During the year ended 31 March 2011, the Company entered into agreements with certain noteholders, who are independent third parties, pursuant to which the Company redeemed certain of the convertible notes with an aggregate principal amount of HK$15,600,000 and with an aggregate carrying amount of the liability component of HK$16,860,000 for an aggregate consideration of HK$17,972,000, resulting in a loss of HK$1,112,000. The details are set out in note 27.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

10. Finance costs

	2012 **HK$'000**	2011 HK$'000
Interests on:		
Bank borrowings wholly repayable within five years	**23,010**	42,210
Bank borrowings not repayable within five years but contain a repayment on demand clause in the loan agreement	**4,706**	2,965
Bank borrowings not wholly repayable within five years	**22,719**	16,518
Convertible notes wholly repayable within five years	**2,424**	18,260
	52,859	79,953

11. Taxation

	2012 **HK$'000**	2011 HK$'000
The charge (credit) comprises:		
Hong Kong Profits Tax		
– Current year	**118,095**	44,529
– Underprovision in prior years	**1,211**	3,540
	119,306	48,069
PRC Enterprise Income Tax ("EIT") – current year	**–**	47,411
	119,306	95,480
Deferred taxation (note 31)	**(795)**	(11,374)
	118,511	84,106

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

11. Taxation (Continued)

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards. No provision for PRC EIT for the year ended 31 March 2012 has been made in the consolidated financial statements as all of the PRC subsidiaries had no assessable profits for the year then ended.

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

Included in the PRC EIT for the year ended 31 March 2011 is an amount of HK$ 41,800,000 for the gain on disposal of certain property interests in the PRC through disposal of an intermediate offshore company. As set out in note 33, the subsidiaries disposed of were principally engaged in the business of property trading and the consideration allocated to the properties is included in revenue of the Group.

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

	2012 **HK$'000**	2011 HK$'000
Profit before taxation	**1,886,813**	940,417
Taxation at Hong Kong Profits Tax rate of 16.5%	**311,324**	155,169
Tax effect of expenses not deductible for tax purpose	**22,307**	16,485
Tax effect of income not taxable for tax purpose	**(178,810)**	(41,928)
Tax effect of share of results of jointly controlled entities	**(5,214)**	(9,201)
Tax effect of share of results of associates	**(30,577)**	(4,360)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**–**	(26,833)
Tax effect of tax losses not recognised	**412**	241
Utilisation of tax loss previously not recognised	**(2,142)**	(9,007)
Underprovision in prior years	**1,211**	3,540
Tax charge for the year	**118,511**	84,106

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

12. Profit for the year

	2012 HK$'000	2011 HK$'000
Profit for the year has been arrived at after charging:		
Directors' remuneration (note 13):		
Fees	**450**	300
Salaries and other benefits	**15,762**	12,332
Performance-related incentive bonus	**46,450**	22,403
Contributions to retirement benefits schemes	**570**	453
Share-based payments	**50**	451
	63,282	35,939
Other staff costs:		
Salaries and other benefits	**18,691**	13,091
Performance-related incentive bonus	**12,000**	4,400
Contributions to retirement benefits schemes	**1,428**	821
Share-based payments	**137**	164
	32,256	18,476
Total staff costs	**95,538**	54,415
Auditor's remuneration	**1,050**	930
Depreciation of property, plant and equipment	**35,463**	10,684
Cost of properties held for sale recognised as an expense	**1,426,022**	1,697,466

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

13. Directors' remuneration

The emoluments paid or payable to each of seven (2011: eight) directors were as follows:

For the year ended 31 March 2012

	Mr. Chung Cho Yee, Mico HK$'000 (Note i)	Mr. Kan Sze Man HK$'000	Mr. Chow Hou Man HK$'000	Mr. Wong Chung Kwong HK$'000 (Note ii)	Dr. Lam Lee G. HK$'000	Dato' Wong Sin Just HK$'000	Mr. Cheng Yuk Wo HK$'000	Total HK$'000
Directors' remuneration								
Fee	–	–	–	–	150	150	150	450
Salaries and other benefits	10,200	2,265	1,980	1,317	–	–	–	15,762
Performance-related incentive bonus (Note iii)	40,850	2,200	2,200	1,200	–	–	–	46,450
Contributions to retirement benefits schemes	12	223	209	126	–	–	–	570
Share-based payments	–	–	–	50	–	–	–	50
	51,062	4,688	4,389	2,693	150	150	150	63,282

For the year ended 31 March 2011

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

13. Directors' remuneration (Continued)

Notes:

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

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

(iii) Performance-related incentive bonus is recommended by the Remuneration Committee and is approved by the board of directors, having regard to the Group's operating results, individual performance and comparable market statistics.

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

No directors waived any emoluments during both years.

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

14. Employees' remuneration

The five individuals with the highest emoluments in the Group for both years included four directors of the Company whose emoluments are set out in note 13. The emoluments of the remaining one (2011: one) individual were as follows:

	2012 **HK$'000**	2011 HK$'000
Salaries and other benefits	**2,400**	955
Performance-related incentive bonus (Note)	**151**	420
Contribution to retirement benefits schemes	**127**	69
	2,678	1,444

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

14. Employees' remuneration (Continued)

The emoluments of the individual were within the following bands:

	2012 Number of employee	2011 Number of employee
HK$1,000,001 to HK$1,500,000	**–**	1
HK$2,500,001 to HK$3,000,000	**1**	–
	1	1

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

15. Dividends

	2012 HK$'000	2011 HK$'000
Dividend recognised as distribution during the year		
– Final dividend of HK1 cent per share in respect of financial year ended 31 March 2011 (2011: Final dividend of HK0.5 cent per share in respect of financial year ended 31 March 2010)	**82,331**	40,819
Dividend proposed after the end of the reporting period		
– Final dividend of HK2.4 cent per share (2011: Final dividend of HK1 cent per share)	**199,342**	82,331

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

16. Earnings per share

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

Earnings	2012 HK$'000	2011 HK$'000
Earnings for the purpose of basic earnings per share:		
(profit for the year attributable to owners of the Company)	**1,754,106**	857,732
Effects of dilutive potential ordinary shares:		
Interest on convertible notes (net of tax)	**1,724**	17,148
Loss on partial redemption of convertible notes (net of tax)	**–**	1,112
Earnings for the purpose of diluted earnings per share	**1,755,830**	875,992

Number of shares	2012 Number of shares	2011 Number of shares
Weighted average number of ordinary shares for the purpose of basic earnings per share (in thousands)	**8,227,375**	8,163,817
Effects of dilutive potential ordinary shares (in thousands)		
– Share options	**129,315**	142,409
– Convertible notes	**63,573**	582,986
Weighted average number of ordinary shares for the purpose of diluted earnings per share (in thousands)	**8,420,263**	8,889,212

The computation of diluted earnings per share does not assume the exercise of certain of the Company's share options because the exercise prices of those options were higher than the average market price of the shares during both years. In addition, it does not assume the conversion of certain of the Company's outstanding convertible notes since exercise of which would result in increase in earnings per share for the years ended 31 March 2011 and 2012.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

17. Property, plant and equipment

	Hotel property HK$'000	Land and buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Vessel HK$'000	Total HK$'000
COST							
At 1 April 2010	–	116,295	3,459	1,137	4,498	30,344	155,733
Additions	–	970	–	284	355	–	1,609
Disposal of subsidiaries	–	–	–	(352)	–	–	(352)
At 31 March 2011	–	117,265	3,459	1,069	4,853	30,344	156,990
Additions	27,000	–	11,672	135	2,491	–	41,298
Acquisition of a business	548,000	–	–	–	–	–	548,000
Transfer from properties held for sale	–	137,923	–	–	–	–	137,923
Disposal	–	(97,649)	(3,439)	–	(1,080)	–	(102,168)
At 31 March 2012	575,000	157,539	11,692	1,204	6,264	30,344	782,043
DEPRECIATION							
At 1 April 2010	–	9,540	2,021	526	3,554	4,220	19,861
Provided for the year	–	3,001	692	74	888	6,029	10,684
Eliminated on disposals of subsidiaries	–	–	–	(77)	–	–	(77)
At 31 March 2011	–	12,541	2,713	523	4,442	10,249	30,468
Provided for the year	22,109	4,414	1,775	78	1,058	6,029	35,463
Eliminated on disposals	–	(12,063)	(3,303)	–	(1,080)	–	(16,446)
At 31 March 2012	22,109	4,892	1,185	601	4,420	16,278	49,485
CARRYING VALUES							
At 31 March 2012	552,891	152,647	10,507	603	1,844	14,066	732,558
At 31 March 2011	–	104,724	746	546	411	20,095	126,522

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

Hotel property/land and buildings	Over the shorter of the terms of the relevant lease of the relevant land on which buildings are erected, or 5%
Leasehold improvements	20%
Furniture, fixtures and office equipment	20%
Motor vehicles	33%
Vessel	20%

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

Certain of the above property, plant and equipment is pledged to secure the general banking facilities granted to the Group. Details are set out in note 35.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

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

	2012 HK$'000	2011 HK$'000
Available-for-sale investments comprises:		
Unlisted equity securities, at cost (Note i)	**5,005**	5,005
Unlisted debt securities, at fair value (Note ii)	**62,425**	21,504
	67,430	26,509
Analysed for reporting purposes as:		
Non-current asset	**67,430**	5,005
Current asset	**–**	21,504
	67,430	26,509
Convertible options embedded in convertible notes, at fair value and analysed for reporting purpose as (Note ii):		
Non-current asset	**20,180**	–
Current asset	**–**	20
	20,180	20

Notes:

(i) Unlisted equity securities

The carrying value of unlisted equity securities represents a 8.27% (2011: 8.27%) interest in MC Founder Limited ("MC Founder"). MC Founder is incorporated in Hong Kong and engaged in the trading of mobile phones. The Group's interest in MC Founder is measured at cost less impairment at the end of each reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

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

Notes: (Continued)

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

The unlisted debt securities as at 31 March 2012 represent the fair value of debt elements of the convertible notes issued by following companies that are independent third parties of the Group, whose shares are listed on the Stock Exchange:

(a) ITC Properties Group Limited ("ITCP"), with a principal amount of HK$26,400,000 carries interest at 3.25% per annum with maturity on 24 November 2013 at redemption amount of 105% of the principal amount (the "New ITCP CB").

During the year ended 31 March 2011, the board of directors of ITCP proposed to issue the New ITCP CB to repurchase the original notes issued by ITCP. The Company resolved to accept the offer during the year.

The original notes carried interest at 1% per annum during the original holding period from 4 March 2009 to 15 June 2011 and would have been redeemed at redemption amount of 110% of the principal amount on the original maturity date on 15 June 2011 (the "Old ITCP CB").

The difference between the then carrying amount of the Old ITCP CB and the fair value of the New ITCP CB at the date of repurchase amounting to HK$15,513,000 is recognised as a gain on derecognition of the investment in the convertible notes in the consolidated income statements.

(b) ITC Corporation Limited ("ITCC") with a principal amount of HK$9,000,000 carries interest at 5% per annum with maturity on 2 November 2013 at redemption amount of 100% of the principal amount (the "New ITCC CB").

During the year, the board of directors of ITCC proposed to extend the maturity of the convertible notes by a period of 24 months upon acceptance by the noteholders for the proposal. The Company resolved to accept the offer during the year.

The original notes also carried interest at 5% per annum during the original holding period from 2 November 2009 to 2 November 2011 and would have been redeemed at the redemption amount of 100% of the principal amount on the original maturity date on 2 November 2011 (the "Old ITCC CB").

The difference between the sum of the then carrying amount of the Old ITCC CB and the investment revaluation reserve accumulated in equity and the fair value of the New ITCC CB at the date of repurchase amounting to HK$3,620,000 is recognised as a gain on derecognition of the investment in the convertible notes in the consolidated income statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

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

Notes: (Continued)

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

(c) Crosby Capital Limited with a principal amount of HK$4,000,000 carries zero coupon and with maturity on 4 October 2015 at redemption amount of 118.94% of the principal amount ("Crosby CB").

(d) Asia Orient Holdings Limited with a principal amount of HK$38,000,000 carries interest at 6.5% per annum with maturity on 14 October 2014 at redemption amount of 100% of the principal amount ("Asia Orient CB").

Both the Crosby CB and Asia Orient CB are newly acquired during the year. As at 31 March 2011, other than the Old ITCP CB and the Old ITCC CB, the Group also held the following convertible notes:

(a) Hanny Holdings Limited with a principal amount of HK$3,697,000 carried interest at 2% per annum with maturity on 15 June 2011 at redemption amount of 100% of the principal amount and has been redeemed by the issuer upon maturity.

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

At the end of the reporting period, the fair value of debt element was calculated based on the present value of contractually determined stream of future cash flows discounted at the required yield, which was determined with reference to the credit rating of the convertible note issuers and remaining time to maturity.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

19. Long-term loan receivable

	2012 HK$'000	2011 HK$'000
The Group's variable rate loan receivable are repayable as follows:		
Within one year	**780**	–
More than one year, but not exceeding two years	**14,040**	–
	14,820	–
Less: Amount due within one year (included in other receivables)	**(780)**	–
	14,040	–

The Group offers a loan to a buyer of a property sold by the Group and the repayment terms of the loan are specified in the loan agreement.

The Group's long-term loan receivable is denominated in Hong Kong dollars, the functional currency of the relevant group entity, and carry interest rates (which are the contractual interest rates) at prime rate minus a fixed margin per annum and are secured by second mortgage over the property acquired by the purchaser. The effective interest rate of the loan receivable is 3.78% per annum. The receivable is to be settled within 1 to 2 years by instalments and a lump-sum at maturity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

20. Interests in jointly controlled entities/amounts due from (to) jointly controlled entities/deposit paid for establishment of a jointly controlled entity

	2012 HK$'000	2011 HK$'000
Cost of unlisted investments in jointly controlled entities	**911,848**	241
Share of post-acquisition profits, net of dividend received	**72,886**	41,285
Exchange difference arising on translation	**30,319**	10,901
Deemed capital contribution – interest-free loans (Note i)	**164,087**	128,196
Deemed capital contribution – financial guarantee contracts	**2,378**	2,048
	1,181,518	182,671
Amounts due from jointly controlled entities included in non-current assets (Note i)	**498,657**	401,396
Amounts due to jointly controlled entities included in current liabilities (Note ii)	**457**	439
Deposit paid for establishment of a jointly controlled entity (Note iii)	**118,400**	–

Notes:

(i) The amounts with principal amount of HK$662,744,000 (2011: HK$529,592,000) are unsecured, non-interest bearing and repayable on demand. In the opinion of the directors, settlement is neither planned nor likely to occur in the foreseeable future. The directors consider that the amounts form part of the net investments in the jointly controlled entities. Accordingly, the amounts were classified as non-current. The carrying amounts as at 31 March 2012 is determined based on the present value of future cash flows discounted using an effective interest rate of 5.9% (2011: 5.7%). The corresponding adjustment is recognised against the interests in the jointly controlled entities.

In addition, share of loss of a jointly controlled entity amounted to HK$4,744,000 was allocated in excess of the cost of investment during the year ended 31 March 2011 (2012: nil).

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

(iii) The entire balance at 31 March 2012 represented a deposit paid by the Group in respect of investment of 50% interest in Cyrus Point Limited and its wholly-owned subsidiaries (the "Cyrus Point Group"), which will be principally engaged in property holding in Hong Kong. The balance represented 10% of the total amount of the Group's investment to be injected to Cyrus Point Group and was stakeheld under an escrow account, maintained at a bank in Hong Kong, refundable in full, bearing interest at the prevailing deposit rate. Cyrus Point Limited has been duly incorporated subsequent to the end of the reporting period. Details of the committed investment amount in Cryrus Point Group are set out in note 36(b).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

20. Interests in jointly controlled entities/amounts due from (to) jointly controlled entities/deposit paid for establishment of a jointly controlled entity (Continued)

As at 31 March 2011 and 2012, the Group had interests in the following jointly controlled entities:

Name of entity	Form of business structure	Place of incorporation	Principal place of operation	Class of share held	Proportion of nominal value of issued capital held by the Group (Note i) 2012	2011	Principal activity
Chater Capital Limited	Incorporated	British Virgin Islands ("BVI")	PRC	Ordinary	**50%** (Note ii)	–	Property holding
City Synergy Limited	Incorporated	BVI	Hong Kong	Ordinary	**50%** (Note ii)	–	Property holding
Clever Keen Limited	Incorporated	BVI	Hong Kong	Ordinary	**50%** (Note ii)	–	Marketing and management
Favor Win Limited	Incorporated	BVI	Hong Kong	Ordinary	**50%**	50%	Inactive
Get Wisdom Limited ("Get Wisdom")	Incorporated	BVI	PRC	Ordinary	**50%**	50% (Note iv)	Property holding
GI Plus Space Limited	Incorporated	Hong Kong	Hong Kong	Ordinary	**–** (Note v)	50%	Marketing and management
Singon Holdings Limited	Incorporated	Hong Kong	Macau	Ordinary	**50%**	50%	Property holding
Vastness Investment Limited	Incorporated	BVI	Hong Kong	Ordinary	**50%** (Note iii)	–	Property holding

Notes:

(i) All the interests shown are held indirectly by the Group.

(ii) These companies are established by the Group and the joint venture partner during the year and are principally engaged in property holding in the PRC and Hong Kong. The total investment costs in these entities by the Group to HK$564,800,000.

(iii) This company is acquired by the Group during the year with an aggregate consideration of HK$336,808,000. The acquiree is principally engaged in property holding in Hong Kong.

(iv) During the year ended 31 March 2011, the Group disposed of 20% interest in Get Wisdom and its subsidiaries to the non-controlling shareholder of Get Wisdom while the Group previously had 70% interest immediately before the transaction. Get Wisdom then became a jointly controlled entity of the Company following the transaction. Under the relevant shareholders' agreement, decisions on operating and financing activities of Get Wisdom require unanimous consent from all joint venture partner. Accordingly, neither the Group nor the other venture partner has the ability to control Get Wisdom unilaterally and it is considered as jointly controlled by the Group and the joint venture partner. Therefore, Get Wisdom is classified as a jointly controlled entity of the Group. Details are set out in note 33.

(v) This company is disposed of by the Group during the year and the impact to the consolidated financial statements is insignificant.

20. Interests in jointly controlled entities/amounts due from (to) jointly controlled entities/deposit paid for establishment of a jointly controlled entity (Continued)

The summarised financial information, extracted from relevant management accounts of jointly controlled entities for the year ended 31 March 2012 (which have been prepared based on the respective audited financial statements for the year ended 31 December 2011) and adjusted for the consideration paid by the Group over the relevant carrying amounts of the assets and liabilities recorded by the relevant entities, in respect of the Group's interests in the jointly controlled entities, is set out below:

	2012 **HK$'000**	2011 HK$'000
Non-current assets	**1,784,846**	1,098,818
Current assets	**796,683**	114,126
Current liabilities	**(786,577)**	(654,159)
Non-current liabilities	**(779,899)**	(506,358)
	1,015,053	52,427
Income/gains recognised in profit or loss	**125,768**	105,686
Expenses recognised in profit or loss	**(94,167)**	(49,920)
	31,601	55,766

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

	2012 **HK$'000**	2011 HK$'000
Unrecognised share of losses of jointly controlled entities for the year	**11**	2
Accumulated unrecognised share of losses of jointly controlled entities	**593**	582

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

21. Interests in associates/amounts due from (to) associates

	2012 HK$'000	2011 HK$'000
Costs of unlisted investment in associates	**97**	33,552
Share of post-acquisition losses and other comprehensive income, net of dividend received	**43,171**	(26,275)
Deemed capital contribution – Financial guarantee contracts	**4,017**	4,017
	47,285	11,294
Amounts due from associates included in non-current assets (Note i)	**768**	89,360
Amounts due to associates included in current liabilities (Notes ii and iii)	**68,399**	12,201

Notes:

(i) The amounts are unsecured, non-interest bearing and repayable on demand. In the opinion of the directors, settlement is neither planned nor likely to occur in the foreseeable future. The directors considered that the amounts as at the end of the reporting period form part of the net investments in the relevant associates. Accordingly, the amounts were classified as non-current. The directors of the Company consider that the carrying amounts of these balances approximates to their fair values. Included in the amount is share of loss of an associate of HK$8,832,000 (2011: HK$7,500,000) recognised in excess of its cost of investment.

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

(iii) Included in the amounts at 31 March 2011 was HK$411,000 that were denominated in Singapore Dollars ("SGD"), which was different from the functional currency of the relevant group entity. During the year, the amount was settled in full.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

21. Interests in associates/amounts due from (to) associates

(Continued)

At 31 March 2011 and 2012, the Group had interests in the following associates:

Name of entity	Place of incorporation	Principal place of operation	Proportion of nominal value of issued share capital held indirectly by the Group 2012	2011	Principal activity
Clemenceau Mauritius Holdings	Mauritius	Singapore	– (Note)	25%	Property holding
Expert Vision Investments Limited	BVI	Hong Kong	**25%**	25%	Property holding
Femville Pte. Ltd.	Singapore	Singapore	**20%**	20%	Inactive
Maxland Management Limited	Hong Kong	Hong Kong	**40%**	40%	Inactive
Trend Rainbow Limited	Hong Kong	Hong Kong	**40%**	40%	Property holding

Note: This Company is disposed of by the Group during the year with a consideration of HK$22,000,000, resulting in a gain on disposal of HK$12,748,000, as set out in note 9.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

21. Interests in associates/amounts due from (to) associates

(Continued)

The summarised combined financial information, extracted from relevant management accounts of associates for the year ended 31 March 2012 (which have been prepared based on the respective audited financial statements for the year ended 31 December 2011), in respect of the Group's associates, is set out below:

	2012	2011
	HK$'000	HK$'000
Total assets	**805,274**	1,188,718
Total liabilities	**(692,713)**	(1,187,141)
Net assets	**112,561**	1,577
Group's share of net assets of associates	**43,268**	7,277
Revenue	**35,072**	165,444
Investment income	**458,941**	–
Other expenses	**(26,888)**	(18,310)
Profit for the year	**467,125**	147,134
Group's share of profit of associates for the year	**185,315**	26,426

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

22. Trade and other receivables

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

	2012 HK$'000	2011 HK$'000
Trade receivables:		
0 – 30 days	1,874	1,690
31 – 90 days	2,318	1,734
	4,192	3,424
Long-term loan receivable – due within one year (note 19)	780	–
Consideration receivables for sales of properties held for sale (Note)	–	124,000
Prepayments and deposits	14,524	20,027
Other receivables	22,228	17,060
	41,724	164,511

Note: The amount as at 31 March 2011 was held under an escrow account, and has been fully settled during the year.

Before accepting new customers, the Group will assess and understand the potential customer's credit quality.

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

23. Properties held for sale

	2012 HK$'000	2011 HK$'000
The Group's carrying amounts of properties held for sale, stated at cost, comprise:		
– Completed properties	3,241,836	3,781,321
– Properties under development	–	369,191
	3,241,836	4,150,512

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

23. Properties held for sale (Continued)

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

During the year, properties held for sales of HK$137,923,000 were transferred to properties, plant and equipment, upon commencement of owner-occupation of the relevant properties.

Certain of the above properties held for sale are pledged to secure the general facilities granted to the Group. Details are set out in note 35.

24. Investments held for trading

Investments held for trading, at fair values, comprise:

	2012 **HK$'000**	2011 HK$'000
Listed equity securities (Note i)	**60,274**	19,102
Unlisted mutual funds (Note ii)	**96,795**	128,862
	157,069	147,964
Listed debt securities (Note iii)	**394,323**	264,784
	551,392	412,748
Total and reported as:		
Listed		
Hong Kong	**68,128**	19,102
Elsewhere	**386,469**	264,784
	454,597	283,886
Unlisted	**96,795**	128,862
	551,392	412,748

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

24. Investments held for trading (Continued)

Notes:

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

(ii) Unlisted mutual funds represent units in investment funds managed by financial institutions. The underlying assets of the funds comprise unlisted bonds issued by government, central banks, banks and corporate entities in Asia. The Group has the right to ask the funds to redeem such investment units at the redemption price provided by the investment fund managers on a regular basis. The fair value of the investment fund was determined based on redemption price provided by the investment fund managers, which was determined with reference to the value of the underlying assets of the funds. An increase in fair value of unlisted mutual funds of HK$14,624,000 (2011: HK$20,553,000) was recognised in the consolidated income statement for the year ended 31 March 2012.

(iii) The listed debt securities at 31 March 2012 represent bonds with fixed interest of 1.60% to 13.50% (2011: 4.9% to 13.00%) per annum. The maturity dates of the listed debt securities range from 9 November 2012 to 31 December 2049 (2011: 9 November 2012 to 31 December 2049). Their fair values are determined based on quoted market bid prices available from the market.

Certain of the listed debt securities is pledged to secure the general banking facilities granted to the Group. Details are set out in note 35.

25. Cash held by securities brokers/bank balances and cash

Cash held by securities brokers are short term deposits which carry variable interest rate ranged from 0.001% to 0.1% (2011: 0.14% to 0.8%) per annum.

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

	2012 **HK$'000**	2011 HK$'000
United States dollars ("USD")	**15,677**	35,274

Bank balances and cash comprises bank balances and cash and short-term bank deposits with an original maturity of three months or less. The bank balances carry variable interest rates ranging from 0.01% to 1.85% (2011: 0.001% to 1.25%) per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

25. Cash held by securities brokers/bank balances and cash

(Continued)

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

	2012 HK$'000	2011 HK$'000
Renminbi ("RMB")	12,512	220,020
USD	196,567	67,407
Australian Dollar ("AUD")	–	4,345
SGD	–	2,696
Euro ("EUR")	7,852	–
	216,931	294,468

26. Other payables and accruals

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

	2012 HK$'000	2011 HK$'000
Receipt in advance for sales of properties held for sale	10,425	437,936
Rental and related deposits received	50,485	50,367
Other tax payables	1,934	7,993
Other payables	1,673	1,762
Accruals	20,924	13,336
	85,441	511,394

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

27. Convertible notes

1.5% convertible notes due 2011 (2011 Convertible Notes)

On 17 May 2006, the Company entered into nine subscription agreements with eight independent third parties and Earnest Equity Limited ("Earnest Equity"), a private limited company wholly-owned by a director of the Company, whereby each of which agreed to subscribe for an aggregate principal amount of HK$133,000,000 unsecured 1.5% convertible notes due 2011 ("2011 Convertible Notes") issued by the Company. The principal amounts subscribed by the independent third parties and Earnest Equity were HK$118,000,000 and HK$15,000,000, respectively.

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

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

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

During the year ended 31 March 2011, none of the 2011 Convertible Notes were converted.

During the year ended 31 March 2012, the Company redeemed all of the then outstanding 2011 Convertible Notes with principal amounted to HK$70,500,000 at aggregate consideration of HK$77,550,000 upon its maturity. Convertible note equity reserve transferred to accumulated profits upon redemption of the 2011 Convertible Notes amounted to HK$8,046,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

27. Convertible notes (Continued)

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

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

27. Convertible notes (Continued)

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

During the year ended 31 March 2011, the Company entered into another agreement with an independent third party and pursuant to which the Company redeemed the 2012 Convertible Notes I with an aggregate carrying amount of HK$16,860,000 at an aggregate consideration of HK$17,972,000, representing a 14% premium to the outstanding principal amount (inclusive of interest) resulting in a loss on redeemed of HK$1,112,000 included in other gains and losses for the year.

As at 31 March 2011, the remaining outstanding aggregate principal amount under the 2012 Convertible Notes I was HK$8,000,000, which is convertible into 18,648,018 new shares at the adjusted conversion price of HK$0.429.

During each of the two years ended 31 March 2011 and 2012, none of the 2012 convertible Notes I were converted.

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

On 16 November 2009, the Company entered into a subscription agreement with an independent third party whereby it agreed to subscribe for a principal amount of HK$78,000,000 unsecured 4% convertible notes due 2012 ("2012 Convertible Notes II") issued by the Company.

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

At any time after the first anniversary after the issue date, the Company may redeem unexercised 2012 Convertible Notes II at an amount equal to outstanding principal amount of the 2012 Convertible Notes II plus a premium calculated to provide a yield of 11% per annum (inclusive of interest of 4% per annum) from the issue date to the date of redemption if the spot price was at least 180% of the conversion price of each convertible note for any 15 trading days out of the 20 consecutive trading days prior to the date of redemption notice.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

27. Convertible notes (Continued)

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

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

None of the 2012 Convertible Notes II were converted nor redeemed from the date of issue until during the year. The Company exercised its early redemption right by serving the notice to the noteholder, an independent third party, to redeem the entire amount of the 2012 Convertible Notes II with a carrying amount of HK$80,103,000 at an aggregate consideration of HK$96,800,000, resulting in a loss on redemption of HK$16,697,000 included in other gains and losses for the year.

Convertible note equity reserve transferred to accumulated profits upon the early redemption of the 2012 Convertible Notes II amounted to HK$8,908,000.

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

	2012 HK$'000	2011 HK$'000
Carrying amount at the beginning of the year	**165,845**	168,939
Redemption	**(157,653)**	(16,860)
Interest charge	**2,424**	18,260
Interest paid	**(1,218)**	(4,494)
Carrying amount at the end of the year	**9,398**	165,845
Analysed for reporting purposes as:		
Current liability	**9,398**	78,709
Non-current liability	**–**	87,136
	9,398	165,845

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

28. Bank borrowings

	2012 HK$'000	2011 HK$'000
The Group's secured borrowings are repayable as follows:		
Within one year	**358,844**	613,925
More than one year, but not exceeding two years	**115,903**	102,807
More than two years, but not exceeding three years	**333,611**	124,527
More than three years, but not exceeding four years	**116,859**	356,242
More than four years, but not exceeding five years	**221,916**	136,505
More than five years	**1,140,014**	893,926
	2,287,147	2,227,932
The Group's secured borrowings that contain a repayment on demand clause in the loan agreements:		
Repayable within one year	**22,424**	72,187
Not repayable within one year	**344,901**	321,846
	367,325	394,033
	2,654,472	2,621,965
Less: Amount due within one year or contain a repayment on demand clause in the loan agreement shown under current liabilities	**(726,169)**	(1,007,958)
	1,928,303	1,614,007

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

28. Bank borrowings (Continued)

The secured bank borrowings were secured by certain of the Group's property, plant and equipment, properties held for sale and investments held for trading. The carrying amount of the assets pledged are disclosed in note 35.

All amounts of the Group's bank borrowings are denominated in the functional currency of the relevant group entity.

The bank borrowings carried floating rate interests, of which borrowings amounting to HK$2,383,078,000 (2011: HK$2,342,950,000) bear interest at Hong Kong Interbank Offer Rate ("HIBOR") plus 0.6% to 3.0% (2011: HIBOR plus 0.5% to 1.4%) per annum and borrowings amounting to HK$271,394,000 (2011: HK$279,015,000) bear interest at the quoted lending rate of People's Bank of China minus a fixed margin for both years. At 31 March 2012, the effective interest rates ranged from 0.7% to 6.2% (2011: 0.6% to 5.9%) per annum, which are also equal to contracted interest rates for bank borrowings. Interest is repriced every six months.

29. Share capital

	Number of shares	Amount
		HK$'000
Ordinary shares of HK0.8 cent each		
Authorised:		
At 1 April 2010, 31 March 2011 and 2012	22,500,000,000	180,000
Issued and fully paid:		
At 1 April 2010 and 31 March 2011	8,163,817,074	65,311
Issue of shares upon exercise of share options (Note)	69,290,352	554
At 31 March 2012	8,233,107,426	65,865

Note: During the year, the Company has issued 69,290,352 shares upon exercise of share options by the employees and directors at an exercise price of HK$0.1061 per share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

30. Derivative financial instruments

	Liabilities	
	2012	2011
	HK$'000	HK$'000
Interest rate collar contract	**7,312**	10,415

Notes:

Major terms of the interest rate collar as at 31 March 2012 and 2011 are as follows:

Notional amount	Contract period	Cap rate	Floor rate
HK$400,000,000	From 30 June 2009 to 31 May 2013	4.5% per annum	2.0% per annum

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

31. Deferred taxation

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

	Accelerated tax depreciation HK$'000	Convertible notes HK$'000	Tax losses HK$'000	Total HK$'000
At 1 April 2010	18,891	2,172	(356)	20,707
Credit to consolidated income statement for the year	(10,204)	(1,113)	(57)	(11,374)
At 31 March 2011	8,687	1,059	(413)	9,333
Charge (credit) to consolidated income statement for the year	362	(1,049)	(108)	(795)
At 31 March 2012	9,049	10	(521)	8,538

As at 31 March 2012, the Group had unused tax losses of approximately HK$119,003,000 (2011: HK$128,834,000) available for offset against future profits of which certain of these tax losses have not yet been agreed with the tax authority. A deferred tax asset has been recognised in respect of tax loss of HK$3,158,000 (2011: HK$2,504,000). No deferred tax asset has been recognised in respect of the remaining unused tax losses of HK$115,845,000 (2011: HK$126,330,000) due to unpredictability of future profits streams. Such tax losses can be carried forward indefinitely.

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. For financial reporting purposes, the deferred tax balances are analysed as deferred tax liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32. Acquisition of a business/assets through acquisition of subsidiaries

(a) Acquisition of a business

For the year ended 31 March 2012

On 31 May 2011, the Group completed the acquisition of a hotel operation in Hong Kong, whose sole asset at the acquisition date was a hotel property, from an independent third party for a cash consideration of HK$548,000,000. The directors consider that the fair value of the hotel property acquired approximated to the consideration transferred.

Included in the profit for the year is HK$10,654,000 attributable to the hotel operation while revenue for the year includes HK$28,872,000 generated from the hotel operation. Had the acquisition been completed on 1 April 2011, total Group's revenue for the year would have been HK$3,223,000,000, and profit for the year would have been HK$1,768,000,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2011, nor is it intended to be a projection of future results.

(b) Acquisition of assets through acquisition of subsidiaries

For the year ended 31 March 2011

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

32. Acquisition of a business/assets through acquisition of subsidiaries (Continued)

(b) Acquisition of assets through acquisition of subsidiaries (Continued)

For the year ended 31 March 2011 (Continued)

The net assets acquired in the transaction are as follows:

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

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For the year ended 31 March 2012

33. Disposal of subsidiaries

For the year ended 31 March 2012

During the year, the Group disposed of, to independent third parties, the entire interests in Favor Fast Limited ("Favor Fast") and Enjoy Win Limited ("Enjoy Win") for a cash consideration of HK$113,904,000 and HK$18,942,000 respectively. Since Favor Fast and Enjoy Win were principally engaged in the holding of properties held for sale, which represented their single predominant asset, the Group is principally selling, and the buyer is principally acquiring, the properties held for sale. Accordingly, the Group has accounted for the sale of Favor Fast and Enjoy Win in the consolidated income statement as sale of the underlying properties held for sale. The considerations allocated to the sale of properties are regarded as revenue generated from sales of properties held for sale by the Group.

The aggregate amounts of the assets and liabilities attributable to Favor Fast and Enjoy Win on the respective dates of disposal were as follows:

	HK$'000
Net assets disposed of:	
Trade and other receivables	396
Properties held for sale	91,258
Other payables and accruals	(1,269)
Amounts due to group entities	(51,639)
Bank borrowings	(33,900)
	4,846
Assignment of shareholders' loans (Note)	51,639
Gain on disposal of subsidiaries	76,361
Total consideration, satisfied by cash and cash inflow arising on disposal	132,846

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

33. Disposal of subsidiaries (Continued)

For the year ended 31 March 2012

	HK$'000
Gain on disposal of a subsidiary is included in the consolidated income statement as follows:	
Revenue	167,619
Cost of sales	(91,258)
	76,361

Note: As part of the disposal arrangement, the consideration received by the Group included an amount of HK$51,639,000 from the buyers as consideration for the assignment to the purchasers of the shareholders' loans to Favor Fast and Enjoy Win.

Net cash inflows (outflows) contributed by the subsidiaries disposed of during the year up to the respective dates of disposal:

	HK$'000
Net cash inflows from operating activities	107
Net cash outflows from financing activities	(1,580)
	(1,473)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

33. Disposal of subsidiaries (Continued)

For the year ended 31 March 2011

During the year ended 31 March 2011, the Group disposed of its 20% interest in Get Wisdom, a subsidiary owned by the Group as to 70% immediately before the transaction, to the non-controlling shareholder of Get Wisdom. Get Wisdom and its subsidiaries ("Get Wisdom Group") became jointly controlled entities of the Group following the transaction.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

33. Disposal of subsidiaries (Continued)

For the year ended 31 March 2011 (Continued)

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

	Get Wisdom Group HK$'000	Other Disposals Group HK$'000	Total HK$'000
Net assets disposed of:			
Property, plant and equipment	–	275	275
Trade and other receivables	5,229	1,675	6,904
Properties held for sale	2,121,633	1,388,953	3,510,586
Bank balances and cash	169,431	31,118	200,549
Other payables and accruals	(53,363)	(32,674)	(86,037)
Taxation payable	(9,673)	–	(9,673)
Amounts due to group entities	(685,289)	(915,996)	(1,601,285)
Amount due to non-controlling shareholder of a subsidiary	(292,390)	–	(292,390)
Bank borrowings	(1,255,096)	(494,427)	(1,749,523)
	482	(21,076)	(20,594)
Non-controlling interests	(145)	–	(145)
Translation reserve reclassified to profit or loss	–	(39,011)	(39,011)
Assignment of shareholders' loans (Note i)	195,177	915,996	1,111,173
Interest in a jointly controlled entity (Note ii)	(241)	–	(241)
Gain (loss) on disposal of subsidiaries	(96)	624,162	624,066
	195,177	1,480,071	1,675,248
Total consideration satisfied by:			
Cash	195,177	1,480,071	1,675,248
Net cash inflow (outflow) arising on disposal:			
Cash received	195,177	1,480,071	1,675,248
Bank balances and cash disposed of	(169,431)	(31,118)	(200,549)
	25,746	1,448,953	1,474,699
Gain (loss) on disposals of subsidiaries is included in the consolidated income statement as follows:			
Revenue	–	1,974,104	1,974,104
Cost of sales	–	(1,388,953)	(1,388,953)
Other gains and losses	(96)	39,011	38,915
	(96)	624,162	624,066

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

33. Disposal of subsidiaries (Continued)

For the year ended 31 March 2011 (Continued)

Notes:

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

34. Contingent liabilities

	2012 **HK$'000**	2011 HK$'000
Corporate guarantee given by the Group for banking facilities granted to:		
Jointly controlled entities	**597,650**	447,500
An associate	**84,800**	84,800
	682,450	532,300
and utilised by:		
Jointly controlled entities	**533,650**	413,100
An associate	**84,800**	84,800
	618,450	497,900

In addition, at 31 March 2012, the other joint venture partner of a jointly controlled entity of which the Group held as to 50% of the issued share capital, provided corporate guarantees to the full amount for loan facilities granted by a bank to the relevant jointly controlled entity amounting to approximately HK$625 million (2011: nil). The banking facilities utilised by the relevant jointly controlled entity amounted to approximately HK$318 million (2011: nil) at the end of the reporting period. A counter-indemnity in favour of the other joint venture partner is executed pursuant to which the Group undertakes to indemnify the other joint venture partner 50% of the liabilities arising from the above loan facilities.

The directors assess the risk of default of the jointly controlled entities and associates at the end of each reporting period and consider the risk to be insignificant and it is less likely that any guaranteed amount will be claimed by the counterparties. Included in other payables and accruals represents deferred income in respect of financial guarantee contracts given to jointly controlled entities amounted to HK$1,620,000 (2011: HK$1,712,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

35. Pledge of assets

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

	2012 **HK$'000**	2011 HK$'000
Property, plant and equipment	**689,090**	87,751
Properties held for sale	**3,095,275**	3,755,566
Investments held for trading	**101,061**	–
	3,885,426	3,843,317

36. Operating lease and capital commitments

(a) Operating lease commitments

The Group as lessee

During the year, the Group incurred HK$1,141,000 (2011: HK$422,000) minimum lease payments in respect of office premises.

At 31 March 2012, the Group had outstanding commitments for further lease payments under non-cancellable operating leases, amounting to HK$999,000 (2011: nil), which falls due within one year.

The Group as lessor

Property rental income earned during the year was HK$225,040,000 (2011: HK$277,558,000). Certain of the properties, which are classified as properties held for sale, have committed tenants for the next two to eight years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

36. Operating lease and capital commitments (Continued)

(a) Operating lease commitments (Continued)

The Group as lessor (Continued)

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

	2012 HK$'000	2011 HK$'000
Within one year	**165,403**	127,770
In the second to fifth years inclusive	**229,835**	142,800
Over five years	**6,821**	12,068
	402,059	282,638

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

(b) Capital commitment

	2012 HK$'000	2011 HK$'000
Capital commitment contracted for but not provided in the consolidated financial statements in respect of investment in a jointly controlled entity	**1,065,600**	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

37. Retirement benefit schemes

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

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

The retirement benefit scheme contributions relating to the MPF Scheme and stated-managed retirement benefit schemes charged to the consolidated income statement of HK$1,998,000 (2011: HK$1,274,000) represent contributions paid and payable to the scheme by the Group at rates specified in the rules of the schemes.

38. Related party disclosures

(a) The directors are not aware of any significant transactions with related parties during each of the two years ended 31 March 2012.

(b) The amounts due to non-controlling shareholders of subsidiaries are unsecured, non-interest bearing and repayable on demand. Details of the amounts due from jointly controlled entities and associates are set out in the consolidated statement of financial position and on notes 20 and 21.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

38. Related party disclosures (Continued)

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

	2012 HK$'000	2011 HK$'000
Short-term benefits	**64,763**	38,177
Post-employment benefits	**697**	624
Share-based payments	**50**	615
	65,510	39,416

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

39. Share option schemes

2001 Scheme

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

39. Share option schemes (Continued)

2001 Scheme (Continued)

The 2001 Scheme was terminated on 26 August 2002.

The number of shares in respect of which options had been granted and remained outstanding under 2011 Scheme as at 31 March 2011 was 69,290,352, representing 0.8% of the issued share capital of the Company at 31 March 2011. All of the outstanding options under the 2011 Scheme were exercised during the year and the same number of shares of the Company were issued.

2002 Scheme

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

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

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

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

At 31 March 2011 and 2012, the number of shares in respect of which options had been granted and remained outstanding under the 2002 Scheme was 256,425,750, representing 3.1% (2011: 3.6%) of the issued share capital of the Company at 31 March 2012.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

39. Share option schemes (Continued)

The following tables disclose movements in the Company's share options during the two years ended 31 March 2012.

	Option scheme type	Date of grant	Adjusted exercise price HK$	Exercisable period	Number of options outstanding at 1.4.2010	Reclassified during the year (Note i)	Number of options outstanding at 31.3.2011	Exercised during the year (Note ii)	Number of options outstanding at 31.3.2012
Directors/a former director									
Kan Sze Man	2001	30.8.2001	0.1061	30.8.2001 – 12.6.2011	24,534,562	–	24,534,562	(24,534,562)	–
	2002	23.9.2002	0.0884	23.9.2002 – 25.8.2012	19,785,938	–	19,785,938	(19,785,938)	–
Chow Hou Man	2001	30.8.2001	0.1061	30.8.2001 – 12.6.2011	5,302,631	–	5,302,631	(5,302,631)	–
	2002	23.9.2002	0.0884	23.9.2002 – 25.8.2012	19,785,938	–	19,785,938	(19,785,938)	–
Hubert Chak	2002	3.10.2007	0.3198	3.10.2007 – 25.8.2012	44,320,500	(44,320,500)	–	–	–
Wong Chung Kwong	2002	3.10.2007	0.3198	3.10.2007 – 25.08.2012	–	25,326,000	25,326,000	–	25,326,000
Total for directors					113,729,569	(18,994,500)	94,735,069	(69,409,069)	25,326,000
Employees and consultants									
	2001	30.8.2001	0.1061	30.8.2001 – 12.6.2011	39,453,159	–	39,453,159	(39,453,159)	–
	2002	23.9.2002	0.0884	23.9.2002 – 25.8.2012	90,223,875	–	90,223,875	–	90,223,875
	2002	8.1.2004	0.0884	8.1.2004 – 25.8.2012	47,486,250	–	47,486,250	–	47,486,250
	2002	9.1.2004	0.0948	9.1.2004 – 25.8.2012	23,743,125	–	23,743,125	–	23,743,125
	2002	3.10.2007	0.3198	3.10.2007 – 25.8.2012	50,652,000	18,994,500	69,646,500	–	69,646,500
Total for employees and consultants					251,558,409	18,994,500	270,552,909	(39,453,159)	231,099,750
Grand total					365,287,978	–	365,287,978	(108,862,228)	231,099,750
Exercisable as at 31 March 2011 and 2012					365,287,978		365,287,978		256,425,750
Weighted average exercise price (HK$)					0.1523	0.3198	0.1523	0.0997	0.1747

Notes:

(i) During the year ended 31 March 2011, re-classification of participants were made according to their latest status with the Group. The total number of options re-classified is 18,994,500.

(ii) Included in the share options exercised during the year is 39,571,876 share options of which the Company received the notice from two directors on exercise of such share options in March 2012 but the Company completed the procedures for the issue of the relevant shares subsequent to 31 March 2012.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

39. Share option schemes (Continued)

For the year ended 31 March 2012, the weighted average closing price of the Company's shares immediately before the dates on which the options were exercised was HK$0.32. No share options were exercised during the year ended 31 March 2011.

The Group recognised the total expense of HK$187,000 for the year ended 31 March 2012 (2011: HK$615,000) in relation to share option granted by the Company.

40. Capital risk management

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

The capital structure of the Group consists of debt, which includes the convertible notes disclosed in note 27 and bank borrowings disclosed in note 28, and equity attributable to equity holders of the Company, comprising issued share capital, various reserves and accumulated profits.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

41. Financial instruments

(a) Categories of financial instruments

	2012 HK$'000	2011 HK$'000
Financial assets		
Financial assets at fair value through profit or loss		
Investments held for trading	**551,392**	412,748
Conversion options embedded in convertible notes	**20,180**	20
	571,572	412,768
Loans and receivables		
Trade and other receivables	**27,200**	144,484
Long-term loan receivable	**14,040**	–
Amounts due from jointly controlled entities	**498,657**	401,396
Amounts due from associates	**768**	89,360
Amount due from a non-controlling shareholder of a subsidiary	**–**	25
Cash held by securities brokers	**20,832**	137,568
Bank balances and cash	**2,424,037**	1,721,786
	2,985,534	2,494,619
Available-for-sale financial assets		
Available-for-sale investments	**67,430**	26,509
Financial liabilities		
At amortised cost		
Other payables	**45,864**	47,622
Amounts due to jointly controlled entities	**457**	439
Amounts due to associates	**68,399**	12,201
Amounts due to non-controlling shareholders of subsidiaries	**28,658**	11,203
Convertible notes	**9,398**	165,845
Bank borrowings	**2,654,472**	2,621,965
	2,807,248	2,859,275
Derivative financial instruments	**7,312**	10,415

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

41. Financial instruments (Continued)

(b) Financial risk management objectives and policies

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

Market risks

(i) Currency risk

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

The Group is mainly exposed to currency risk in relation to RMB, USD and EUR arising from foreign currency bank balances and cash, cash held by securities brokers and amounts due to associates as set out in notes 25 and 21.

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

	Assets		Liabilities	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
RMB	**12,512**	220,020	**–**	–
USD	**212,244**	102,681	**–**	–
AUD	**–**	4,345	**–**	–
SGD	**–**	2,696	**–**	(411)
EUR	**7,852**	–	**–**	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

41. Financial instruments (Continued)

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

Market risks (Continued)

(i) Currency risk (Continued)

Sensitivity analyses for currency risk

The following table details the Group's sensitivity to a 5% (2011: 5%) increase and decrease in the functional currency of each group entity against the above foreign currencies. 5% (2011: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items other than the items denominated in USD as the directors consider that the Group's exposure to USD is insignificant on the ground that HKD is pegged to USD, and adjusts their translation at the year end for a 5% (2011: 5%) change in foreign currency rate. A positive number below indicates an increase in profit where the above foreign currencies strengthen by 5% (2011: 5%) against the functional currency of each group entity. For a 5% (2011: 5%) weakening of the above foreign currencies against the functional currency of each group entity, there would be an equal and opposite impact on the profit and the balance below would be opposite.

	2012 **HK$'000**	2011 HK$'000
Profit for the year	**850**	9,463

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

41. Financial instruments (Continued)

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

Market risks (Continued)

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to debt element of convertible notes held (included in available-for-sale investments), amounts due from (to) jointly controlled entities/associates, investments held for trading, convertible notes liabilities issued by the Company and derivative financial instruments as set out in notes 18, 20, 21, 24, 27 and 30 respectively.

The Group is also exposed to cash flow interest rate risk in relation to variable-rate loan receivable, bank balances, cash held by securities brokers, and bank borrowings as set out in notes 19, 25 and 28 respectively. It is the Group's policy to keep its borrowings (other than convertible notes issued) at floating rate of interests so as to minimise the fair value interest rate risk.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR arising from the Group's Hong Kong dollars denominated borrowings and interest rate determinated by the People's Bank of China arising from the Group's RMB denominated borrowings.

Sensitivity analyses for cash flow interest rate risk

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments. For variable rate loan receivable, cash held by securities brokers, bank balances and bank borrowings, the analysis is prepared assuming the amounts outstanding at the end of the reporting period were outstanding for the whole year. An increase or decrease of 10 basis points (2011: 10 basis points) for cash held by securities brokers and bank balances and 50 basis points (2011: 50 basis points) for bank borrowings is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

41. Financial instruments (Continued)

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

Market risks (Continued)

(ii) Interest rate risk (Continued)

Sensitivity analyses for cash flow interest rate risk (Continued)

For financial assets carried at amortised cost, if interest rates had been 10 (2011:10) basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2012 would increase/decrease by HK$2,054,000 (2011: HK$1,553,000).

For financial liabilities carried at amortised cost, if interest rates had been 50 (2011: 50) basis points higher/lower and all variables were held constant, the Group's post-tax profit for the year ended 31 March 2012 would decrease/increase by HK$11,082,000 (2011: HK$10,947,000).

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

The Group's sensitivity to interest rate has increased during the year mainly due to increase in the balances of variable rate bank borrowings as at 31 March 2012. In management's opinion, the sensitivity analysis is unrepresentative of inherent interest rate risk as the year end exposure does not reflect the exposure during the year.

(iii) Equity and other price risks

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

41. Financial instruments (Continued)

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

Market risks (Continued)

(iii) Equity and other price risks (Continued)

Sensitivity analyses

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

If the prices of the respective listed equity securities and unlisted mutual funds had been 5% (2011: 5%) higher/lower, profit for the year ended 31 March 2012 would increase/decrease by HK$6,558,000 (2011: increase/decrease by HK$6,177,000) as a result of the changes in fair value of equity securities and unlisted mutual funds held by the Group.

If the prices of the respective debt securities had been 5% (2011: 5%) higher/lower, profit for the year ended 31 March 2012 would increase/decrease by HK$16,463,000 (2011: increase/decrease by HK$11,055,000) as a result of the changes in fair value of debt securities.

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

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For the year ended 31 March 2012

41. Financial instruments (Continued)

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

Credit risk

As at 31 March 2012, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arising from:

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

- the amount of contingent liabilities in relation to corporate guarantee issued by the Group as disclosed in note 34.

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

41. Financial instruments (Continued)

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

Credit risk (Continued)

The credit quality of the listed debt securities as set out in note 24, determined by external credit-ratings assigned by Moody's and analysed by percentages of the fair value of the debt instruments in each grade of credit-ratings over the total fair value of the listed debt securities at the end of the reporting period, is as follows:

	2012	2011
	%	%
Aa2 to A3	**–**	10.8
Baa1	**–**	19.9
Baa2	**–**	1.2
Ba2	**8.8**	–
Ba3	**44.4**	12.1
B1 to B2	**35.3**	–
Unrated	**11.5**	56.0
	100.0	100.0

Significant concentration of credit risk

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

The Group has concentration of credit risk on its investment in convertible notes (included in available-for-sale investments and conversion options embedded in convertible notes) as the entire amount of the convertible notes are issued by four (2011: three) independent third parties. The management of the Group considers that the credit risk on investments in these convertible notes is limited as they were issued by reputable companies whose shares are listed on the Stock Exchange.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

41. Financial instruments (Continued)

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

Credit risk (Continued)

Significant concentration of credit risk (Continued)

The Group also has concentration of credit risk as 100% (2011: 100%) of the amounts due from jointly controlled entities are due from three (2011: two) jointly controlled entities. The jointly controlled entities are private companies and mainly located in the PRC. In order to minimize the credit risk, the management of the Group has monitored the repayment ability of the jointly controlled entities continuously. The counterparties of the entire amounts due from jointly controlled entities that are repayable on demand had no default record based on historical information.

The Group's geographical concentration of credit risk is mainly in Hong Kong, which accounted for approximately 90% of the Group's total recognised financial assets as at 31 March 2012 and 2011.

Liquidity risk

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

The following table details the Group's contractual maturity for its financial liabilities based on the agreed repayment terms. For non-derivative financial liabilities, the table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise the rights.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is based on the interest rate at the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

41. Financial instruments (Continued)

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

Liquidity risk (Continued)

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

	Weighted average interest rate %	On demand HK$'000	1 – 3 months HK$'000	3 months to 1 year HK$'000	1 – 2 years HK$'000	2 – 5 years HK$'000	More than 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount at 31 March 2012 HK$'000
31 March 2012									
Other payables	–	45,864	–	–	–	–	–	45,864	45,864
Amounts due to jointly controlled entities	–	457	–	–	–	–	–	457	457
Amounts due to associates	–	68,399	–	–	–	–	–	68,399	68,399
Amounts due to non-controlling shareholders of subsidiaries	–	28,658	–	–	–	–	–	28,658	28,658
Convertible notes – liability component (Note i)	2.0	–	–	9,630	–	–	–	9,630	9,398
Bank borrowings	2.4	367,325	–	385,982	161,218	800,160	1,166,804	2,881,489	2,654,472
		510,703	–	395,612	161,218	800,160	1,166,804	3,034,497	2,807,248
Financial guarantee contracts (Note ii)	–	–	–	164,300	32,000	581,088	–	777,388	1,620
Interest rate collar contract – net settled	–	–	–	–	7,312	–	–	7,312	7,312

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

41. Financial instruments (Continued)

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

Liquidity risk (Continued)

	Weighted average interest rate %	On demand HK$'000	1-3 months HK$'000	3 months to 1 year HK$'000	1-2 years HK$'000	2-5 years HK$'000	More than 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount at 31 March 2011 HK$'000
31 March 2011									
Other payables	–	47,622	–	–	–	–	–	47,622	47,622
Amounts due to jointly controlled entities	–	439	–	–	–	–	–	439	439
Amounts due to associates	–	12,201	–	–	–	–	–	12,201	12,201
Amounts due to non-controlling shareholders of subsidiaries	–	11,203	–	–	–	–	–	11,203	11,203
Convertible notes – liability component (Note i)	1.5/2.0/4.0	–	80,163	1,724	108,794	–	–	190,681	165,845
Bank borrowings	1.77	394,033	–	634,281	131,375	697,518	909,749	2,766,956	2,621,965
		465,498	80,163	636,005	240,169	697,518	909,749	3,029,102	2,859,275
Financial guarantee contracts (Note ii)	–	–	–	145,900	48,000	304,000	–	497,900	1,712
Interest rate collar contract – net settled	–	–	–	–	–	10,415	–	10,415	10,415

Notes:

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

(ii) The amount is categorised based on contractual term of repayment of the relevant underlying financial guarantee contracts guaranteed by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

41. Financial instruments (Continued)

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

Liquidity risk (Continued)

Bank loans with a repayment on demand clause are included in the "on demand" time band in the above maturity analysis. As at 31 March 2012 and 31 March 2011, the aggregate undiscounted principal amounts of these bank loans amounted to HK$367,325,000 and HK$394,033,000 respectively. Taking into account the Group's financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that such bank loans will be repayable in accordance with the scheduled repayment dates set out in the loan agreements as follows:

	1 – 3 months	3 months to 1 year	1 – 2 years	2 – 5 years	More than 5 years	Total undiscounted cash flows	Total carrying amounts
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
31 March 2012	**6,100**	**21,390**	**31,268**	**243,776**	**103,010**	**405,544**	**367,325**
31 March 2011	3,603	72,919	90,780	71,828	180,648	419,778	394,033

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

41. Financial instruments (Continued)

(c) Fair value

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

- the fair values of financial assets with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices respectively;
- the fair values of derivative financial instruments (note 30) are determined based on valuations as at the end of the reporting period with reference to market data such as settlement date, settlement price and interest rates;
- the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis; and
- for option-based derivatives, the fair value is estimated using option pricing model (binomial option pricing model).

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

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

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets ("Level 1 measurements");
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) ("Level 2 measurements"); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs) ("Level 3 measurements").

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

41. Financial instruments (Continued)

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

	2012			
	Level 1 measurements HK$'000	Level 2 measurements HK$'000	Level 3 measurements HK$'000	Total HK$'000
Financial assets				
Investments held for trading				
– Listed equity securities	60,274	–	–	60,274
– Unlisted mutual funds	–	–	96,795	96,795
– Listed debt securities	394,323	–	–	394,323
	454,597	–	96,795	551,392
Available-for-sale investments/ conversion options in convertible notes				
– Unlisted debt securities	–	62,425	–	62,425
– Conversion options embedded in convertible notes	–	–	20,180	20,180
	–	62,425	20,180	82,605
	454,597	62,425	116,975	633,997
Financial liabilities				
Derivative financial instruments	–	7,312	–	7,312

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

41. Financial instruments (Continued)

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

	2011			
	Level 1 measurements HK$'000	Level 2 measurements HK$'000	Level 3 measurements HK$'000	Total HK$'000
Financial assets				
Investments held for trading				
– Listed equity securities	19,102	–	–	19,102
– Unlisted mutual funds	–	–	128,862	128,862
– Listed debt securities	264,784	–	–	264,784
	283,886	–	128,862	412,748
Available-for-sale investments/ conversion options in convertible notes				
– Unlisted debt securities	–	21,504	–	21,504
– Conversion options embedded in convertible notes	–	–	20	20
	–	21,504	20	21,524
	283,886	21,504	128,882	434,272
Financial liabilities				
Derivative financial instruments	–	10,415	–	10,415

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

41. Financial instruments (Continued)

(e) Reconciliation of Level 3 measurements of financial assets

	Unlisted mutual funds (included in investments held for trading) HK$'000	Conversion options embedded in convertible notes HK$'000	Total HK$'000
At 1 April 2010	161,220	3,750	164,970
Disposal	(62,864)	–	(62,864)
Addition	7,917	–	7,917
Net increase (decrease) in fair value recognised in profit or loss (included in income and gains from investments)	22,589	(3,730)	18,859
At 31 March 2011	128,862	20	128,882
Disposal	(46,691)	–	(46,691)
Addition	–	20,044	20,044
Net increase in fair value recognised in profit or loss (included in income and gains from investments)	14,624	116	14,740
At 31 March 2012	96,795	20,180	116,975
Net increase (decrease) in fair values recognised in profit or loss (included in income and gains from investments) attributable to respective financial assets held at the end of the reporting period are:			
At 31 March 2011	20,553	(3,730)	16,823
At 31 March 2012	16,300	116	16,416

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

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

Information of the statement of financial position of the Company as at 31 March 2012 and 2011:

	2012 HK$'000	2011 HK$'000
Investments in subsidiaries	**267,960**	17,139
Amounts due from subsidiaries	**3,312,526**	3,482,782
Other assets	**221,572**	181,944
Liabilities	**(26,584)**	(180,700)
	3,775,474	3,501,165
Share capital	**65,865**	65,311
Reserves (Note)	**3,709,609**	3,435,854
	3,775,474	3,501,165

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

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

Note:

Reserves

	Share premium	Capital redemption reserve	Convertible notes equity reserve	Contributed surplus	Share option reserve	Accumulated profits	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2010	1,221,459	371	19,413	338,410	6,521	1,501,185	3,087,359
Profit and other comprehensive income for the year	–	–	–	–	–	388,699	388,699
Transfer on partial redemption of convertible notes	–	–	(1,625)	–	–	1,625	–
Recognition of equity-settled share based payment	–	–	–	–	615	–	615
Dividend recognised as distribution	–	–	–	–	–	(40,819)	(40,819)
At 31 March 2011	1,221,459	371	17,788	338,410	7,136	1,850,690	3,435,854
Profit and other comprehensive income for the year	–	–	–	–	–	349,102	349,102
Issue of shares upon exercise of share options	6,797	–	–	–	–	–	6,797
Transfer on redemption of convertible notes upon maturity	–	–	(8,046)	–	–	8,046	–
Transfer on early redemption of convertible notes	–	–	(8,908)	–	–	8,908	–
Recognition of equity-settled share based payment	–	–	–	–	187	–	187
Dividend recognised as distribution	–	–	–	–	–	(82,331)	(82,331)
At 31 March 2012	1,228,256	371	834	338,410	7,323	2,134,415	3,709,609

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

43. Particulars of principal subsidiaries of the company

Particulars of the principal subsidiaries at 31 March 2012 and 2011 are as follows:

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid ordinary share capital	Proportion of nominal value of issued share capital held by the Company				Principal activities
			Directly		Indirectly		
			2012 %	2011 %	**2012 %**	2011 %	
Able Market Limited	Hong Kong	HK$1	**–**	–	**100**	100	Property holding and leasing of property
Absolute Keen Limited	Hong Kong	HK$1	**–**	–	**100**	100	Property holding
Capital Delight Limited (Note i)	Hong Kong	HK$1	**–**	–	**100**	–	Property holding and leasing of property
Capital Strategic Property (Shanghai) Limited (Note ii)	PRC	Registered and paid-up capital RMB300,000,000	**–**	–	**100**	100	Property holding and leasing of property
Clear Luck Group Limited	BVI	US$1	**–**	–	**100**	–	Property holding
Couture Homes Limited	BVI	US$1	**–**	–	**100**	–	Investment holding
CSI Financial Holdings Limited	Hong Kong	HK$100	**100**	100	**–**	–	Sales of securities and investment holding
CSI Property Services Ltd.	Hong Kong	HK$2	**100**	100	**–**	–	Provision of property management service
Digital Option Limited	BVI	US$1	**–**	–	**100**	–	Property holding and leasing of property
Earn Centre Limited	Hong Kong	HK$2	**–**	–	**100**	100	Property holding and leasing of property
Ever Corporate Limited	Hong Kong	HK$1	**–**	–	**100**	–	Property holding
Far Beyond Limited	Hong Kong	HK$10,000	**–**	–	**90**	90	Property holding
Fortress Jet Limited	Hong Kong	HK$1	**–**	–	**100**	100	Property holding and leasing of property
Golden United Limited	Hong Kong	HK$1	**–**	–	**100**	100	Property holding and leasing of property
Great Level Investments Limited	Hong Kong	HK$1	**–**	–	**100**	100	Property holding

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

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

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid ordinary share capital	Proportion of nominal value of issued share capital held by the Company Directly		Indirectly		Principal activities
			2012 %	2011 %	**2012** %	2011 %	
High Supreme Limited (Note i)	BVI	US$1	**–**	–	**100**	–	Property holding and leasing of property
Mark Well Investment Limited	Hong Kong	HK$100	**100**	100	**–**	–	Sale of securities and investment holding
Modern Value Limited (Note i)	BVI	US$1	**–**	–	**100**	–	Property holding and leasing of property
Sky Dragon Limited	Hong Kong	HK$2	**–**	–	**100**	100	Property holding and leasing of property
Smart Charm Holdings Limited (Note i)	Hong Kong	HK$1	**–**	–	**100**	–	Hotel operation
Smart Kept Limited	BVI	US$1	**–**	–	**100**	–	Property holding and leasing of property
The Hampton Management Limited	Hong Kong	HK$1	**–**	–	**100**	100	Management services
True Advance Limited	Hong Kong	HK$1	**–**	–	**100**	100	Property holding
Well Clever International Limited	BVI	US$1	**–**	–	**100**	100	Sale of securities and investment holding

Notes:

(i) These companies were incorporated during the year ended 31 March 2012.

(ii) Capital Strategic Property (Shanghai) Limited is a wholly foreign owned enterprise established in the PRC.

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

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

FINANCIAL SUMMARY

Summary of the consolidated results and of the assets and liabilities of the Group for each of the five years ended 31 March 2012 is set out below:

(a) Results

	Year ended 31 March				
	2008 HK$'000	2009 HK$'000	2010 HK$'000	2011 HK$'000	**2012** **HK$'000**
Revenue	402,534	669,426	1,447,907	2,745,292	**3,217,891**
Profit before taxation	242,573	80,984	566,750	940,417	**1,886,813**
Taxation					
– Current tax and deferred tax	(27,316)	(17,861)	(21,765)	(84,106)	**(118,511)**
– Release of deferred taxation upon disposal of subsidiaries	98,529	–	–	–	**–**
Profit for the year	313,786	63,123	544,985	856,311	**1,768,302**
Attributable to:					
Owners of the Company	325,369	62,373	546,271	857,732	**1,754,106**
Non-controlling interests	(11,583)	750	(1,286)	(1,421)	**14,196**
	313,786	63,123	544,985	856,311	**1,768,302**

(b) Assets and liabilities

	At 31 March				
	2008 HK$'000	2009 HK$'000	2010 HK$'000	2011 HK$'000	**2012** **HK$'000**
Total assets	5,164,404	6,059,559	7,789,858	7,684,305	**9,049,643**
Total liabilities	2,643,449	3,551,025	4,376,249	3,447,491	**3,077,272**
	2,520,955	2,508,534	3,413,609	4,236,814	**5,972,371**
Equity attributable to owners of the Company	2,477,795	2,469,771	3,413,435	4,237,535	**5,958,888**
Non-controlling interests	43,160	38,763	174	(721)	**13,483**
	2,520,955	2,508,534	3,413,609	4,236,814	**5,972,371**

SCHEDULE OF PROPERTIES HELD BY THE GROUP

AS AT 31 March 2012

Major properties

Particulars of major properties held by the Group at 31 March 2012 are as follows:

Properties held for sale

	Location	Use	Group's interest	Approximate site area (sq.ft.)	Approximate gross floor area (sq.ft.)	Market value (HK$'000)		Book cost (HK$'000)
(i)	Hong Kong							
	Basement, G/F., Unit 1506-1507, 17/F-24/F &78 Carparks, sky-sign on the roof top in AXA Centre, No. 151 Gloucester Road, Hong Kong	Commercial	100%	N/A	153,409	2,090,000	(a)	714,800
	Nos. 23, 25 Ashley Road, Kowloon, Hong Kong	Commercial	100%	N/A	41,310	460,000	(a)	216,400
	No. 27 Ashley Road, Kowloon, Hong Kong	Commercial	100%	N/A	20,218	257,000	(a)	152,400
	G/F., 21 Ashley Road, Kowloon, Hong Kong	Commercial	100%	N/A	1,280	59,000	(a)	46,000
	Flat 1A, 2/F., Flat 5B, 7/F., roof & 8 Carparks, The Hampton No. 45 Blue Pool Road, Happy Valley, Hong Kong	Residential	90%	N/A	24,620	614,600	(b)	228,000
	H8, No. 8 Hau Fook Street, Tsimshatsui, Kowloon	Commercial	100%	N/A	45,101	540,000	(a)	303,900
	Offices Unit 10 of A3, 32/F, Bank of America Tower, No. 12 Harcourt Road, Hong Kong	Commercial	100%	N/A	1,465	36,600	(c)	23,400
	Office Unit 3102, 31/F., & 4 Carparks, 4/F., Bank of America Tower, No. 12 Harcourt Road, Hong Kong	Commercial	100%	N/A	7,400	181,300	(a)	154,100

SCHEDULE OF PROPERTIES HELD BY THE GROUP

AS AT 31 March 2012

	Location	Use	Group's interest	Approximate site area (sq.ft.)	Approximate gross floor area (sq.ft.)	Market value (HK$'000)		Book cost (HK$'000)
(i)	Hong Kong (Continued)							
	No. 47 Barker Road, The Peak, Hong Kong	Residential	100%	N/A	3,883	204,000	(a)	204,000
	Nos. 2-4 Shelly Street, Central, Hong Kong	Commercial/ Residential	100%	2,306	N/A	285,000	(a)	285,000
	No.14 Pennington Street, Causeway Bay, Hong Kong	Commercial	100%	N/A	2,754	130,000	(a)	130,000
	Shop 4, G/F., together with the yard appartment thereto, Keswick Court, No.3 Keswick Street, Causeway Bay, Hong Kong	Commercial	100%	N/A	640	33,000	(a)	33,000
	Shop 24, G/F., Duke Wellington House, No. 24 Wellington Street, Hong Kong	Commercial	100%	N/A	432	110,000	(a)	110,000
(ii)	The PRC							
	Nos. 168/169 Wujiang Road and No. 1 Lane 333 Shimenyi Road, Jingan District, Shanghai, PRC	Commercial	100%	N/A	122,444	900,500	(a)	636,100

Notes:

(a) Market value as at 31 March 2012 was based on valuation report conducted by independent qualified professional valuers not connected to the Group.

(b) Market value as at 31 March 2012 was based on valuation report conducted by independent qualified professional valuers not connected to the Group as well as signed sale and purchase agreements contracted to sell 3 apartments and 1 carpark of the property which was completed in May 2012.

(c) Market value as at 31 March 2012 was based on signed sale and purchase agreement contracted to sell the property which was completed in May 2012.