TACK HSIN HOLDINGS LIMITED

Stock Code: 00611

Annual Report 2011

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors:

Mr. Chan Shu Kit *(Chairman)*
Mr. Kung Wing Yiu *(Deputy Chairman)*
(resigned on 30 November 2010)
Mr. Chan Ho Man
Ms. Jian Qing
Mr. Chung Chi Shing (appointed on 1 December 2010)
Mr. Han Naishan (appointed on 27 June 2011)
Mr. Lei Jian (appointed on 27 June 2011)

Independent non-executive Directors:

Mr. Kung Fan Cheong
Mr. Chan Ka Ling, Edmond
Mr. Lo Kin Cheung
Mr. Chang Nan (appointed on 27 June 2011)
Dr. Dai Jinping (appointed on 27 June 2011)

AUDIT COMMITTEE

Mr. Chan Ka Ling, Edmond *(Chairman)*
Mr. Kung Fan Cheong
Mr. Lo Kin Cheung

REMUNERATION COMMITTEE

Mr. Chan Ka Ling, Edmond *(Chairman)*
Mr. Chan Shu Kit
Mr. Kung Fan Cheong
Mr. Lo Kin Cheung

COMPANY SECRETARY

Mr. Tam Cheuk Ho

PRINCIPAL BANKERS

Chong Hing Bank Limited
HSBC Holdings Plc

AUDITORS

Ernst & Young
Certified Public Accountants
18th Floor
Two International Finance Centre
8 Finance Street, Central
Hong Kong

HONG KONG LEGAL ADVISER

Richards Butler
19th Floor
Alexandra House
Central
Hong Kong

BERMUDA LEGAL ADVISER

Conyers, Dill & Pearman
2901 One Exchange Square
8 Connaught Place
Central
Hong Kong

HONG KONG SHARE REGISTRARS

Tricor Tengis Limited
26th Floor
Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

REGISTERED OFFICE

Clarendon House
Church Street
Hamilton HM 11
Bermuda

HONG KONG PRINCIPAL OFFICE

Unit 1203 12/F
Peninsula Centre
67 Mody Road
Tsim Sha Tsui East
Kowloon
Hong Kong

STOCK CODE

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WEBSITE

www.tackhsin.com
http://tackhsin.etnet.com.hk

Notes:

The following changes have been effected after the year ended 31 March 2011 and the information provided above has incorporated such changes:

(1) Mr. Han Naishan and Mr. Lei Jian were appointed as Executive Directors with effect from 27 June 2011; and

(2) Mr. Chang Nan and Dr. Dai Jinping were appointed as Independent non-executive Directors with effect from 27 June 2011.

Chairman's Statement

REVIEW OF OPERATIONS

For the year under review, our restaurant and hotel operations substantially remained stable due to robust tourism in Hong Kong driven by individual travelers. In addition, owing to an active retail market and the stable performance of our overall restaurant operation, the business of the Group grew steadily.

Financial Review

The Group's consolidated revenue for the year ended 31 March 2011 was HK$295,835,000, representing an increase of HK$8,009,000 compared to the revenue of HK$287,826,000 recorded in last year. Consolidated loss for the year attributable to equity holders of the parent was HK$890,647,000 (2010: loss of HK$574,902,000). Loss per share was HK$2.35 (2010: HK$1.59). The significant loss for the current year was due to the recognition of derivative financial instruments of: (1) the outstanding warrants issued on 19 October 2009 (the "Warrants"); (2) the issuance of zero coupon convertible bonds with the principal amount of HK$80,000,000 on 16 November 2009 (the "CBs1"), which was converted into ordinary shares of the Company during the year and (3) entering into a subscription agreement to issue zero coupon convertible bonds in the principal amount of HK$200,000,000 (the "CBs2") on 20 January 2010. The Company settled the subscription agreement and issued the CBs2 on 17 March 2011. The relevant derivative financial liabilities and the related losses on changes in fair value are non-cash in nature. In case that the above mentioned outstanding derivative financial instruments are exercised and converted into the Company's ordinary shares, the related financial liabilities will be transferred as part of the share premium in respect of the issuance of the Company's own shares. In case that the above mentioned outstanding derivative financial instruments were not exercised and converted by the holders of the financial instruments, the financial liabilities will be reversed in the subsequent income statements upon expiration or redemption. As a result, the Company will in no event be obliged to settle any of such financial liabilities by incurring cash payout or otherwise by using any of its assets. Excluding the fair value losses on these derivatives financial instruments of HK$890,863,000, the Group would have recorded a profit for the year of HK$1,779,000 from its core business for the year ended 31 March 2011.

The restaurants in Hong Kong were affected by imported inflation, thereby directly resulted in a rise in food prices. As a result, our overall gross profit was reduced inevitably. However, our management also monitored food market information from time to time, kept an eye on changes in prices, and adopted immediate measures against changes in food in order to maintain our food quality and to mitigate the pressure resulted from rise in food prices with a view to achieve cost effectiveness from overall gross profit. The gross profit margin of the Group was kept stable at 66% for the year.

Review of Hotel Operation

Since commencing business in June 2010, the operations of two Sunny Day Hotels were directly driven by retail industry and individual travelers. Our operations achieved a result better than expected, with occupancy rates reached above 92% for the year. Meanwhile, it is expected that the hotel operation will provide long-term stable revenue for the Group in the foreseeable future, and the Group will also focus in identifying potential hotel development projects.

Chairman's Statement

Liquidity and Financial Resources

The Group had no mortgage loans as at 31 March 2011 (2010: nil). The deficiency in assets was HK$690,108,000 (2010: HK$486,824,000). The ratio of non-current liabilities to shareholders' equity was minus 0.26 (2010: minus 0.14). The deterioration in the gearing ratio in 2011 was primarily due to the financial liabilities arising from the above mentioned derivative financial instruments, which will not result in significant cash outflow upon their realization.

The Group has adopted the prudent and healthy financial policies and imposed strict control over its cash and risk management. The Group's cash and borrowings are mainly denominated in Hong Kong dollars, and hence it is not exposed to exchange risk. The Group has not used any financial instrument for hedging purpose.

Contingent Liabilities

As at 31 March 2011, the Group had no significant contingent liabilities.

Number of Employees and Remuneration Policy

As at 31 March 2011, the Group had 542 employees, the remuneration packages of whom have been reviewed annually with reference to the prevailing market condition.

OUTLOOK

Since the minimum wage has come into effect from 1 May, the Group will integrate its internal resources according to the actual situation of various segments and review its implementation progress from time to time in compliance with actual requirements. We believe that the cost of complying with minimum wage will not cause any significant effect. The Group will continue to grasp new investment opportunities emerging in the future. Even with increasing challenges and competitions at present, the Group remains confident on its outlook, and the management will make efforts to move beyond obstacles and maximize return for its shareholders.

By Order of the Board
Chan Shu Kit
Chairman

Hong Kong, 23 June 2011

Corporate Governance Report

The board of directors (the "Board") of the Company is pleased to present this Corporate Governance Report in the Group's Annual Report for the year ended 31 March 2011.

The key corporate governance principles and practices of the Company are summarised as follows:

CORPORATE GOVERNANCE PRACTICES OF TACK HSIN HOLDINGS LIMITED

The Group is committed to achieving high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability.

The Company has applied the principles as set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules").

Throughout the year under review, the Company has complied with the code provisions as set out in the CG Code, except for the code provision in respect of the separation of roles of Chairman and Chief Executive Officer, details of which will be explained below.

The Company regularly reviews its corporate governance practices to ensure compliance with the CG Code.

A. THE BOARD

(1) Responsibilities

Overall management of Company's business is vested in the Board, which assumes the responsibility for leadership and control of the Company and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. All directors take decisions objectively in the interests of the Company.

All directors have carried out their duties in good faith, in compliance with applicable laws and regulations and in the interests of the Company and its shareholders at all times.

(2) Delegation of Management Functions

The Board undertakes responsibility for decision making in major Company matters, including: the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant financial and operational matters.

All directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary, with a view to ensuring that Board procedures and all applicable rules and regulations are followed. Each director is normally able to seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board.

The day-to-day management, administration and operation of the Company are delegated to the Chief Executive Officer and the senior management. The delegated functions and responsibilities are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the aforesaid officers.

The Board has the full support of the Chief Executive Officer and the senior management for the discharge of its responsibilities.

(3) Board Composition

As at 31 March 2011, the Board comprises 7 members, consisting of 4 executive directors and 3 independent non-executive directors.

The Company has adopted the recommended best practice under the CG Code for the Board to have at least one-third of its membership comprising independent non-executive directors.

The Board of the Company comprises the following directors:

Executive directors:

Mr. Chan Shu Kit, *Chairman of the Board, Chief Executive Officer and member of the Remuneration Committee*
Mr. Kung Wing Yiu, *Deputy Chairman of the Board* (resigned on 30 November 2010)
Mr. Chan Ho Man
Ms. Jian Qing
Mr. Chung Chi Shing (appointed on 1 December 2010)

Independent non-executive directors:

Mr. Chan Ka Ling, Edmond, Chairman of the Audit Committee and the Remuneration Committee
Mr. Kung Fan Cheong, member of the Audit Committee and the Remuneration Committee
Mr. Lo Kin Cheung, member of the Audit Committee and the Remuneration Committee

The list of directors (by category) is also disclosed in all corporate communications issued by the Company from time to time pursuant to the Listing Rules. The independent non-executive directors are expressly identified in all corporate communications pursuant to the Listing Rules.

The relationships among the members of the Board are disclosed under "Biographical Details of the Directors" on page 18.

During the year ended 31 March 2011, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each independent non-executive director of his independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive directors to be independent in accordance with the independence guidelines as set out in the Listing Rules.

All directors, including independent non-executive directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive directors have been invited to serve on the Audit and Remuneration Committees of the Company.

(4) Appointment and Re-election of Directors

The procedures and process of appointment, re-election and removal of directors are laid down in the Company's Bye-laws. Though the Company has not set up a nomination committee, the Board as a whole is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of directors, monitoring the appointment and succession planning of directors and assessing the independence of independent non-executive directors.

The Board reviews its own structure, size and composition regularly to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company.

Where vacancies on the Board exist, the Board shall carry out the selection process by making reference to the skills, experience, professional knowledge, personal integrity and time commitments of the proposed candidates, the Company's needs and other relevant statutory requirements and regulations. An external recruitment agency may be engaged to carry out the recruitment and selection process when necessary.

Mr. Chan Shu Kit and Mr. Chan Ho Man, being the executive directors of the Company have entered into a service agreement with the Company on 1 April 2011 for a term of two years and are subject to retirement and re-election at each annual general meeting of the Company in accordance with the Bye-laws of the Company.

Ms. Jian Qing has been appointed as an executive director with effect from 19 October 2009 and has entered into a service contract with the Company for an initial term of three years and is subject to retirement and re-election at each annual general meeting in accordance with the Bye-laws of the Company.

Mr. Chung Chi Shing has been appointed as an executive director with effect from 1 December 2010 and has entered into a service contract with the Company for an initial term of three years and is subject to retirement and re-election at the next annual general meeting and thereafter retirement by rotation in accordance with the Bye-laws of the Company.

Each of the independent non-executive directors of the Company has entered into a service agreement with the Company with effect from 1 April 2011 to 31 March 2013 and is subject to retirement and re-election at each annual general meeting of the Company in accordance with the Bye-laws of the Company.

Mr. Chan Shu Kit, Mr. Chan Ho Man, Ms Jian Qing, Mr. Kung Fan Cheong, Mr. Chan Ka Ling, Edmond and Mr. Lo Kin Cheung shall retire at the forthcoming annual general meeting of the Company in accordance with Bye-law 87 of the Company's Bye-laws while Mr. Chung Chi Shing shall retire at the forthcoming annual general meeting in accordance with Bye-law 86(2) of the Company's Bye-laws. Mr. Chan Shu Kit, Mr. Chan Ho Man, Ms. Jian Qing, Mr. Chan Ka Ling, Edmond and Mr. Chung Chi Shing, being eligible, will offer themselves for re-election while Mr. Kung Fan Cheong and Mr. Lo Kin Cheung do not seek for re-election.

The Board recommended the re-appointment of the directors standing for re-election at the next forthcoming annual general meeting of the Company.

(5) Training for Directors

Each newly appointed director receives formal, tailored and comprehensive induction on the first occasion of his/her appointment, so as to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Continuing briefing and professional development for directors will be arranged where necessary.

(6) Board Meetings

Number of Meetings and Directors' Attendance

During the year ended 31 March 2011, 4 regular Board meetings were held at approximately quarterly intervals for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company. Apart from regular Board meetings, 2 Remuneration Committee meetings and 2 Audit Committee meetings were held. In addition, 12 Business meetings attended only by the executive directors of the Company were also held during the year.

The attendance records of each director at the meetings of the Full Board, Remuneration Committee, Audit Committee and Business during the year ended 31 March 2011 are set out below:

	Attendance/Number of Meetings			
Name of Director	Full Board	Business	Remuneration Committee	Audit Committee
Chan Shu Kit	4/4	12/12	2/2	N/A
Kung Wing Yiu*	2/2	3/8	N/A	N/A
Chan Ho Man	4/4	12/12	N/A	N/A
Jian Qing	4/4	8/12	N/A	N/A
Chung Chi Shing**	2/2	3/4	N/A	N/A
Chan Ka Ling, Edmond	4/4	N/A	2/2	2/2
Kung Fan Cheong	4/4	N/A	2/2	2/2
Lo Kin Cheung	4/4	N/A	2/2	2/2

Notes:

* Mr. Kung Wing Yiu resigned as an executive director and deputy chairman with effect from 30 November 2010.

** Mr. Chung Chi Shing was appointed as an executive director with effect from 1 December 2010.

Practices and Conduct of Meetings

Annual meeting schedules and draft agenda of each meeting are normally made available to directors in advance.

Notices of regular Board meetings are served to all directors at least 14 days before the meetings. For other Board and committee meetings, reasonable notice is generally given.

Board papers together with all appropriate, complete and reliable information are sent to all directors at least 3 days before each Board meeting or committee meeting to keep directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each director also have separate and independent access to the senior management when necessary.

The Chairman/Chief Executive Officer, Financial Controller and Company Secretary attend all regular Full Board meetings and where necessary, other Board and committee meetings to advise on business developments, financial and accounting matters, statutory compliance, corporate governance and other major aspects of the Company.

The Company Secretary is responsible to keep minutes of all Board meetings and committee meetings. Draft minutes are normally circulated to directors for comment within a reasonable time after each meeting and the final version is open for directors' inspection.

According to current Board practice, any material transaction, which involves a conflict of interests for a substantial shareholder or a director, will be considered and dealt with by the Board at a duly convened Board meeting. The Company's Bye-laws contain provisions requiring directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such directors or any of their associates have a material interest.

B. CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code Provision A.2.1 stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual.

Mr. Chan Shu Kit is the Chairman and Chief Executive Officer of the Company. The Board believes that vesting the roles of both Chairman and Chief Executive Officer in the same person provides the Company with strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies.

The Board considers that the current structure of vesting the roles of Chairman and Chief Executive Officer in the same person will not impair the balance of power and authority between the Board and the management of the Company.

C. BOARD COMMITTEES

The Board has established two committees, namely, the Remuneration Committee and Audit Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference. The terms of reference of the Board committees are available to shareholders upon request.

The majority of the members of each Board committee are independent non-executive directors and the list of the chairman and members of each Board committee is set out under "Corporate Information" on page 2.

Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

(1) Remuneration Committee

The Remuneration Committee comprises 4 members, Mr. Chan Ka Ling, Edmond (Chairman), Mr. Chan Shu Kit, Mr. Kung Fan Cheong and Mr. Lo Kin Cheung.

The primary objectives of the Remuneration Committee include making recommendations on and approving the remuneration policy and structure and remuneration packages of the executive directors and the senior management. The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no director or any of his/her associates will participate in deciding his/her own remuneration, which remuneration will be determined by reference to his/her duties and responsibilities with the Company.

The Remuneration Committee normally meets at least once a year for reviewing the remuneration policy and structure and determining the annual remuneration packages of the executive directors and the senior management and other related matters. The Human Resources Department is responsible for collection and administration of the human resources data and making recommendations to the Remuneration Committee for consideration. The Remuneration Committee shall consult the Chairman/the Chief Executive Officer of the Company about these recommendations on remuneration policy and structure and remuneration packages.

The Remuneration Committee met twice during the year ended 31 March 2011 and reviewed the remuneration policy and structure of the Company and remuneration packages of the executive directors and the senior management for the year under review.

(2) Audit Committee

The Audit Committee comprises 3 independent non-executive directors, namely, Mr. Chan Ka Ling, Edmond (Chairman), Mr. Kung Fan Cheong and Mr. Lo Kin Cheung (including two independent non-executive directors who possess the appropriate professional qualifications or accounting or related financial management expertise). None of the members of the Audit Committee is a former partner of the Company's existing external auditors.

The main duties of the Audit Committee include the following:

(a) To review the financial statements and reports and consider any significant or unusual items raised by the Financial Controller or external auditors before submission to the Board.

(b) To review the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, and make recommendations to the Board on the appointment, re-appointment and removal of external auditors.

(c) To review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures.

The Audit Committee held 2 meetings during the year ended 31 March 2011 to review the financial results and reports, financial reporting and compliance procedures and the re-appointment of the external auditors.

Where appropriate, a report will be submitted on any material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

Where appropriate, a statement will be submitted by the Audit Committee explaining its recommendation regarding the selection, appointment, resignation or dismissal of external auditors and the reasons why the Board has taken a different view from that of the Audit Committee.

The Company's annual results for the year ended 31 March 2011 have been reviewed by the Audit Committee.

D. MODEL CODE FOR SECURITIES TRANSACTION

The Company has adopted its own code of conduct regarding directors' dealings in the Company's securities (the "Company's Code") on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made of all the directors and the directors have confirmed that they have complied with the Company's Code and the Model Code throughout the year ended 31 March 2011.

The Company has also established written guidelines on no less exacting terms than the Model Code (the "Employees Written Guidelines") for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company.

No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

E. DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 March 2011.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price-sensitive announcements and other disclosures required under the Listing Rules and other statutory and regulatory requirements.

The Management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval.

F. EXTERNAL AUDITORS AND AUDITORS' REMUNERATION

The statement of the external auditors of the Company about their reporting responsibilities for the financial statements is set out in the "Independent Auditors' Report" on page 20.

The remuneration paid to the Company's external auditors, Ernst & Young, in respect of audit service and non-audit service (interim accounting service) for the year ended 31 March 2011 amounted to HK$950,000 and HK$240,000 respectively.

G. INTERNAL CONTROLS

During the year under review, the Board, through the Audit Committee, conducted a review of the effectiveness of the internal control system of the Company, including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget. The review covered the financial, operational, compliance and risk management aspects of the Group.

The Board is responsible for maintaining an adequate internal control system to safeguard shareholder investments and Company assets and reviewing the effectiveness of such on an annual basis through the Audit Committee.

H. COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognizes the importance of transparency and timely disclosure of corporate information, which will enable shareholders and investors to make the best investment decisions.

The general meetings of the Company provide a forum for communication between the Board and the shareholders. The Chairman of the Board as well as chairman of the Remuneration Committee and Audit Committee and, in their absence, other members of the respective committees are available to answer questions at shareholder meetings.

To promote effective communication, the Company maintains a website at http://tackhsin.etnet.com.hk, where up-to-date information and updates on the Company's financial information and other information are posted.

I. SHAREHOLDER RIGHTS

To safeguard shareholder interests and rights, a separate resolution is proposed for each substantially separate issue at shareholder meetings, including the election of individual directors.

All resolutions put forward at shareholder meetings will be taken by poll pursuant to the Listing Rules and the poll results will be posted on the websites of the Company and of the Stock Exchange after the shareholder meeting.

Report of the Directors

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the principal subsidiaries are set out in note 18 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 March 2011 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 22 to 75.

The Board has resolved not to recommend a final dividend for the year ended 31 March 2011 (2010: Nil).

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and minority interests of the Group for the last five financial years, as extracted from the audited financial statements and restated/reclassified as appropriate, is set out on page 76. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property, plant and equipment and investment properties of the Group during the year are set out in notes 14 and 15 to the financial statements, respectively.

SHARE CAPITAL

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

PRE-EMPTIVE RIGHTS

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 30(b) to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

As at 31 March 2011, the Company had no reserves available for distribution, calculated in accordance with the provisions of the Companies Act 1981 of Bermuda (as amended).

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the five largest customers of the Group accounted for less than 30% of the Group's total sales for the year. Purchases from the five largest suppliers of the Group accounted for less than 30% of the total purchases for the year.

None of the directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued capital) had any beneficial interest in the Group's five largest suppliers.

DIRECTORS

The directors of the Company during the year together with the additional appointments after the year ended 31 March 2011 were as follows:

Executive directors:

Chan Shu Kit *(Chairman)*
Kung Wing Yiu *(Deputy Chairman)* (resigned on 30 November 2010)
Chan Ho Man
Jian Qing
Chung Chi Shing (appointed on 1 December 2010)
Han Naishan (appointed on 27 June 2011)
Lei Jian (appointed on 27 June 2011)

Independent non-executive directors:

Kung Fan Cheong
Chan Ka Ling, Edmond
Lo Kin Cheung
Chang Nan (appointed on 27 June 2011)
Dai Jinping (appointed on 27 June 2011)

Mr. Chan Shu Kit, Mr. Chan Ho Man, Ms. Jian Qing, Mr. Kung Fan Cheong, Mr. Chan Ka Ling, Edmond and Mr. Lo Kin Cheung shall retire at the forthcoming annual general meeting of the Company in accordance with Bye-law 87 of the Company's Bye-laws while Mr. Chung Chi Shing, Mr. Han Naishan, Mr. Lei Jian, Mr. Chang Nan and Dr. Dai Jinping shall retire at the forthcoming annual general meeting in accordance with Bye-law 86(2) of the Company's Bye-laws. Mr. Chan Shu Kit, Mr. Chan Ho Man, Ms. Jian Qing, Mr. Chan Ka Ling, Edmond, Mr. Chung Chi Shing, Mr. Han Naishan, Mr. Lei Jian, Mr. Chang Nan and Dr. Dai Jinping, being eligible, will offer themselves for re-election while Mr. Kung Fan Cheong and Mr. Lo Kin Cheung do not seek for re-election.

The Company has received annual confirmations of independence from each of the independent non-executive directors, Mr. Kung Fan Cheong, Mr. Chan Ka Ling, Edmond and Mr. Lo Kin Cheung and still considers them to be independent.

DIRECTORS' SERVICE CONTRACTS

Mr. Chan Shu Kit and Mr. Chan Ho Man, being the executive directors of the Company have entered into a service agreement with the Company on 1 April 2011 for a term of two years and are subject to retirement and re-election at each annual general meeting of the Company in accordance with the Bye-laws of the Company.

Ms. Jian Qing has been appointed as an executive director with effect from 19 October 2009 and has entered into a service contract with the Company for an initial term of three years and is subject to retirement and re-election at each annual general meeting of the Company in accordance with the Bye-laws of the Company.

Mr. Chung Chi Shing has been appointed as an executive director with effect from 1 December 2010 and has entered into a service contract with the Company for an initial term of three years and is subject to retirement and re-election at the next annual general meeting and thereafter retirement by rotation in accordance with the Bye-laws of the Company.

Each of the independent non-executive directors of the Company, Mr. Kung Fan Cheong, Mr. Chan Ka Ling, Edmond and Mr. Lo Kin Cheung, has entered into a service agreement with the Company with effect from 1 April 2011 to 31 March 2013 and is subject to retirement and re-election at each annual general meeting of the Company in accordance with the Bye-laws of the Company. The fees paid to each of these independent non-executive directors of the Company during the year were HK$150,000 (2010: HK$100,000).

Apart from the foregoing, no director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in note 34 to the financial statements, no director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES

At 31 March 2011, the interests and short positions of the directors in the share capital of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

Long positions in ordinary shares of the Company

	Number of shares held, capacity and nature of interest			Approximate percentage† of the Company's issued share capital
Name of director	**Directly beneficially owned**	**Through controlled corporation**	**Total**	
Chan Shu Kit	–	114,240,000 *(note)*	114,240,000	20.14

Note: These shares are held through Hoylake Holdings Limited, a company wholly owned by Chan Shu Kit.

† The percentage represents the number of ordinary shares interested divided by the number of the Company's issued shares as at 31 March 2011.

Save as disclosed above, as at 31 March 2011, none of the directors had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouses or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES

At 31 March 2011, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

(a) Long positions in ordinary shares of the Company:

Name	**Capacity and nature of interest**	**Number of ordinary shares held**	**Approximate percentage† of the Company's issued share capital**
Hoylake Holdings Limited *(note 1)*	Directly beneficially owned	114,240,000	20.14
Zhao Xu Guang *(note 2)*	Interest of controlled corporations	77,000,000	13.57
Prosper Alliance Investments Limited *(note 2)*	Directly beneficially owned	60,000,000	10.58
Cheung Mui *(note 3)*	Interest of a controlled corporation	60,000,000	10.58
Grand Honest Limited *(note 3)*	Directly beneficially owned	60,000,000	10.58
Lee Yu Leung	Directly beneficially owned	50,000,000	8.81
Ma Lan	Directly beneficially owned	31,910,000	5.62

Note:

1. A controlled corporation of Chan Shu Kit, details of which are disclosed in the section "Directors' interests and short positions in shares" above.

2. A controlled corporation of Zhao Xu Guang. Mr Zhao is also the sole member of Rui Tong Investments Limited which holds 17,000,000 shares through unlisted cash settled derivatives in the Company.

3. A controlled corporation of Cheung Mui.

† The percentage represents the number of ordinary shares interested divided by the number of the Company's issued shares as at 31 March 2011.

(b) Long positions in underlying shares of the Company:

Name	Capacity and nature of interest	Number of underlying shares held	Approximate percentage† of the Company's issued share capital
China Fortune Group Limited *(note 1)*	Interest of controlled corporations	300,000,000	52.88
Fortune Case Limited *(note 1)*	Directly beneficially owned	300,000,000	52.88
中國核工業建設集團公司 (China Nuclear Construction Group Company*) *(note 2)*	Directly beneficially owned	400,000,000	52.40
Zhong He Investment Company Limited *(note 2)*	Interest of a controlled corporation	400,000,000	41.35
China He Investment (Hong Kong) Company Limited *(note 2)*	Directly beneficially owned	400,000,000	41.35
Jiang Hailing *(note 3)*	Interest of a controlled corporation	100,000,000	27.22
Shining Rejoice Limited *(note 3)*	Directly beneficially owned	100,000,000	27.22
Shi Zhi Jun *(note 4)*	Interest of controlled corporations	100,000,000	17.63
Kaiser Capital Holdings Limited *(note 4)*	Interest of controlled corporations	100,000,000	17.63
Credit China Holdings Limited *(note 4)*	Interest of controlled corporations	100,000,000	17.63
Vigo Hong Kong Investment Limited *(note 4)*	Having a security interest	100,000,000	17.63

Notes:

1. Such interests in 300,000,000 underlying shares of the Company are derived from the zero coupon rate unsecured redeemable convertible bonds due 2014 in the principal amount of HK$200,000,000, which are unlisted and cash settled. China Fortune Group Limited is deemed to be interested in these underlying shares by virtue of its 100% interests in Fortune Financial (Holdings) Limited which in turn holds 100% interests in Fortune Case Limited.

2. Such interests in 400,000,000 underlying shares of the Company are derived from the zero coupon rate unsecured redeemable convertible bonds due 2014 in the principal amount of HK$200,000,000, which are unlisted and physically settled. 中國核工業建設集團公司 (China Nuclear Construction Group Company*) held interests in these underlying shares and held 100% interests in 中核投資有限公司 (Zhong He Investment Company Limited*) ("Zhong He") which in turn holds 100% interests in 中核投資（香港）有限公司 (China He Investment (Hong Kong) Company Limited*) ("China He"). Zhong He is deemed to be interested in these underlying shares by virtue of its 100% interests in China He.

3. Such interests in 100,000,000 underlying shares of the Company are derived from the zero coupon rate unsecured redeemable convertible bonds due 2014 in the principal amount of HK$120,000,000, which are unlisted and physically settled. Jiang Hailing is deemed to be interested in these underlying shares by virtue of her 100% interests in Shining Rejoice Limited.

4. Such interests in 100,000,000 underlying shares of the Company are derived from the unlisted physically settled derivatives. Shi Zhi Jun is deemed to be interested in these underlying shares by virtue of his 100% interests in Kaiser Capital Holdings Limited, which holds 35.78% interests in Credit China Holdings Limited ("Credit China"). Credit China holds 100% interests in Ever Step Holdings Limited which in turn holds 100% interests in Vigo Hong Kong Investment Limited.

† The percentage represents the number of underlying shares interested divided by the number of the Company's issued shares as enlarged by the underlying shares.

* For identification purposes only

Save as disclosed above, as at 31 March 2011, no person, other than the directors of the Company, whose interests are set out in the section headed "Directors' interests and short positions in shares" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

BIOGRAPHICAL DETAILS OF THE DIRECTORS

Name	Age	Position held	Number of years of service	Business experience
Chan Shu Kit	62	Chairman	28	Mr. Chan is a co-founder of the Group and has over 39 years' experience in the catering business. He is responsible for the overall corporate strategy of the Group and is acting as director of subsidiaries of the Company. He is the father of Mr. Chan Ho Man.
Chan Ho Man	35	Executive director	10	Mr. Chan joined the Company on 1 March 2001 and has been involved in the management and operation of the Company's restaurant business. He is acting as director of subsidiaries of the Company. He is the son of Mr. Chan Shu Kit.
Jian Qing	39	Executive director	17 months	Ms. Jian joined the Company on 19 October 2009 and has been involved in the identifying suitable investments opportunities for the Company via her business network. Ms. Jian graduated from the Jilin University in China with a Bachelor degree in Economic. She also holds a Master of Business Administration degree from the Lawrence Technology University in the United States. She has more than 16 years of experience in different areas of securities and financial management, which was gained from a number of securities companies in China.
Chung Chi Shing	46	Executive director	4 months	Mr. Chung joined the Company on 1 December 2010. He has more than 20 years of working experience and was a executive director and chief executive officer of Central China Enterprise Ltd from 2002 to 2004, a director of a trading company of chemical products from 2005 to 2006 and a director of Vega Science & Technology (HK) Co., Limited since 2007.
Kung Fan Cheong	56	Independent non-executive director	19	Mr. Kung is a solicitor of the High Court of Hong Kong and is a partner in a law firm of Pang, Kung & Co.. He is a member of the Law Society of Hong Kong.

Name	Age	Position held	Number of years of service	Business experience
Chan Ka Ling, Edmond	52	Independent non-executive director	19	Mr. Chan is a partner of Chan and Chan, Certified Public Accountants. He is a certified public accountant and is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants (UK). Mr. Chan resigned on 30 December 2010 as independent non-executive director of Time Infrastructure Holdings Limited, which is a company incorporated in Bermuda and listed on the Stock Exchange.
Lo Kin Cheung	47	Independent non-executive director	7	Mr. Lo is the Chief Financial Officer of Toppan Leefung (Hong Kong) Limited. He is a fellow member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants (UK) and an associate member of the Certified General Accountants of Canada and the Institute of Chartered Accountants in England and Wales.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

AUDITORS

Ernst & Young retire and a resolution for appointment of HLB Hodgson Impey Cheng as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

Chan Shu Kit
Chairman

Hong Kong
23 June 2011

Independent Auditors' Report

To the shareholders of Tack Hsin Holdings Limited
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Tack Hsin Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 22 to 75, which comprise the consolidated and company statements of financial position as at 31 March 2011, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Independent Auditors' Report (continued)

OPINION

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

Ernst & Young
Certified Public Accountants
18/F, Two International Finance Centre
8 Finance Street, Central
Hong Kong

23 June 2011

Consolidated Income Statement

Year ended 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
REVENUE	5	**295,835**	287,826
Other income and gains	5	**2,769**	15,536
Cost of inventories used		**(93,728)**	(90,138)
Staff costs		**(83,099)**	(81,810)
Rental expenses		**(38,082)**	(36,912)
Utility expenses		**(21,974)**	(22,138)
Depreciation	14	**(6,630)**	(7,147)
Other operating expenses		**(48,638)**	(40,156)
Fair value losses on derivative financial instruments, net		**(890,863)**	(591,849)
Finance costs	6	**(3,053)**	(3,143)
LOSS BEFORE TAX	7	**(887,463)**	(569,931)
Income tax expense	10	**(1,621)**	(3,459)
LOSS FOR THE YEAR		**(889,084)**	(573,390)
Attributable to:			
Owners of the parent	11	**(890,647)**	(574,902)
Non-controlling interest		**1,563**	1,512
		(889,084)	(573,390)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	13		
Basic and diluted		**(HK$2.35)**	(HK$1.59)

Details of the dividends payable are disclosed in note 12 to the financial statements.

Consolidated Statement of Comprehensive Income

Year ended 31 March 2011

	Note	**2011** ***HK$'000***	2010 *HK$'000*
Loss for the year		**(889,084)**	(573,390)
Gain on property revaluation		**38**	8
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(889,046)**	(573,382)
Attributable to:			
Owners of the parent	*11*	**(890,609)**	(574,894)
Non-controlling interest		**1,563**	1,512
		(889,046)	(573,382)

Consolidated Statement of Financial Position

31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**20,981**	26,608
Investment properties	15	**29,500**	29,000
Prepaid land lease payments	16	**7,073**	7,174
Available-for-sale investment	19	**500**	–
Prepayment for acquisition of property, plant and equipment		**1,253**	–
Deferred tax assets, net	28	**1,620**	1,291
Total non-current assets		**60,927**	64,073
CURRENT ASSETS			
Inventories		**3,905**	2,540
Trade receivables	20	**969**	1,359
Prepayments, deposits and other receivables	21	**16,544**	16,160
Tax recoverable		**516**	–
Cash and cash equivalents	22	**336,720**	125,579
Total current assets		**358,654**	145,638
CURRENT LIABILITIES			
Trade payables	23	**5,641**	5,964
Other payables and accruals	24	**20,622**	14,634
Provision for long service payments	25	**1,060**	1,333
Derivative financial instruments	27	**903,377**	603,306
Tax payable		**–**	1,922
Total current liabilities		**930,700**	627,159
NET CURRENT LIABILITIES		**(572,046)**	(481,521)
TOTAL ASSETS LESS CURRENT LIABILITIES		**(511,119)**	(417,448)
NON-CURRENT LIABILITIES			
Convertible bonds	26	**178,924**	69,201
Deferred tax liabilities, net	28	**65**	175
Total non-current liabilities		**178,989**	69,376
Net liabilities		**(690,108)**	(486,824)

Consolidated Statement of Financial Position (continued)

31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
DEFICIENCY IN ASSETS			
Equity attributable to owners of the parent			
Issued capital	*29*	**56,732**	36,332
Reserves	*30(a)*	**(749,479)**	(526,192)
		(692,747)	(489,860)
Non-controlling interest		**2,639**	3,036
Total deficiency in assets		**(690,108)**	(486,824)

Chan Shu Kit
Director

Chan Ho Man
Director

Consolidated Statement of Changes in Equity

Year ended 31 March 2011

		Attributable to owners of the parent							
		Issued capital	Share premium account	Buildings revaluation reserve	Retained profits/ (accumulated losses)	Proposed final dividend	Total	Non-controlling interests	Total equity/ (deficiency in assets)
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2009		36,032	37,934*	417*	7,933*	5,405	87,721	1,524	89,245
Loss for the year		–	–	–	(574,902)	–	(574,902)	1,512	(573,390)
Other comprehensive income for the year:									
Surplus arising from revaluation of buildings		–	–	8	–	–	8	–	8
Total comprehensive loss for the year		–	–	8	(574,902)	–	(574,894)	1,512	(573,382)
Exercise of warrants	29	300	6,036	–	–	–	6,336	–	6,336
Final 2009 dividend declared		–	–	–	–	(5,405)	(5,405)	–	(5,405)
Interim 2010 dividend	12	–	–	–	(3,618)	–	(3,618)	–	(3,618)
At 31 March 2010 and 1 April 2010		36,332	43,970*	425*	(570,587)*	–	(489,860)	3,036	(486,824)
Loss for the year		–	–	–	(890,647)	–	(890,647)	1,563	(889,084)
Other comprehensive income for the year:									
Surplus arising from revaluation of buildings		–	–	38	–	–	38	–	38
Total comprehensive loss for the year		–	–	38	(890,647)	–	(890,609)	1,563	(889,046)
Exercise of warrants	29	400	10,345	–	–	–	10,745	–	10,745
Conversion of convertible bonds	29	20,000	656,977	–	–	–	676,977	–	676,977
Dividends paid to a non-controlling shareholder		–	–	–	–	–	–	(1,960)	(1,960)
At 31 March 2011		**56,732**	**711,292***	**463***	**(1,461,234)***	**–**	**(692,747)**	**2,639**	**(690,108)**

* These reserve accounts comprise the consolidated negative reserves of HK$749,479,000 (2010: HK$526,192,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(887,463)**	(569,931)
Adjustments for:			
Fair value losses on derivative financial instruments		**890,863**	591,849
Finance costs	6	**3,053**	3,143
Interest income	5	**(573)**	(43)
Depreciation	14	**6,630**	7,147
Recognition of prepaid land lease payments	7	**101**	101
Fair value gains on investment properties	7	**(500)**	(6,000)
Written off of items of property, plant and equipment	7	**41**	–
Surplus arising from revaluation of buildings	5	**(32)**	(32)
Gain on disposal of a property held for development	5	**–**	(8,335)
		12,120	17,899
Decrease/(increase) in inventories		**(1,365)**	698
Decrease/(increase) in trade receivables		**390**	(633)
Decrease/(increase) in prepayments, deposits and other receivables		**(384)**	655
Increase in prepayment for acquisition of property, plant and equipment		**(1,253)**	–
Increase/(decrease) in trade payables		**(323)**	1,112
Increase/(decrease) in other payables and accruals		**5,988**	(3,124)
Decrease in provision for long service payments		**(273)**	(1,039)
Cash generated from operations		**14,900**	15,568
Hong Kong profits tax paid		**(4,498)**	(1,240)
Net cash flows from operating activities		**10,402**	14,328
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment	14	**(974)**	(7,509)
Purchase of available-for-sale investments	19	**(500)**	–
Proceeds from disposal of property held for development		**–**	13,000
Interest received		**573**	43
Increase in short term deposits with original maturity of more than three months		**(21,481)**	(39,002)
Net cash flows used in investing activities		**(22,382)**	(33,468)

Consolidated Statement of Cash Flows (continued)

Year ended 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
Net cash flows used in investing activities		**(22,382)**	(33,468)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of convertible bonds	*26*	**200,000**	80,000
Proceeds from issue of warrants	*27*	**–**	1,440
Proceeds from exercise of warrants		**3,600**	2,700
Repayment of bank loans		**–**	(10,231)
Dividends paid		**–**	(9,023)
Dividend paid to a non-controlling shareholder		**(1,960)**	–
Interest paid		**–**	(289)
Net cash flows from financing activities		**201,640**	64,597
NET INCREASE IN CASH AND CASH EQUIVALENTS		**189,660**	45,457
Cash and cash equivalents at beginning of year		**86,577**	41,120
CASH AND CASH EQUIVALENTS AT END OF YEAR		**276,237**	86,577
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	*22*	**251,237**	40,567
Time deposits		**85,483**	85,012
Cash and cash equivalents as stated in the consolidated statement of financial position		**336,720**	125,579
Time deposits with original maturity of more than three months		**(60,483)**	(39,002)
Cash and cash equivalents as stated in the statement of cash flows		**276,237**	86,577

Statement of Financial Position

31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
NON-CURRENT ASSETS			
Investments in subsidiaries	18	**421,002**	218,477
CURRENT ASSETS			
Cash and bank balances	22	**60**	60
CURRENT LIABILITIES			
Other payables and accruals	24	**12**	11
Derivative financial instruments	27	**903,377**	603,306
Total current liabilities		**903,389**	603,317
NET CURRENT LIABILITIES		**(903,329)**	(603,257)
TOTAL ASSETS LESS CURRENT LIABILITIES		**(482,327)**	(384,780)
NON-CURRENT LIABILITIES			
Convertible bonds	26	**178,924**	69,201
Due to subsidiaries	18	**29,334**	32,891
Total non-current liabilities		**208,258**	102,092
Net liabilities		**(690,585)**	(486,872)
DEFICIENCY OF ASSETS			
Issued capital	29	**56,732**	36,332
Reserves	30(b)	**(747,317)**	(523,204)
Deficiency of assets		**(690,585)**	(486,872)

Chan Shu Kit
Director

Chan Ho Man
Director

1. CORPORATE INFORMATION

Tack Hsin Holdings Limited is a limited liability company incorporated in Bermuda. The principal place of business of the Company is located at Unit 1203, 12/F Peninsula Centre, 67 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong.

During the year, the Company and its subsidiaries (collectively referred to as the "Group") was engaged in the following principal activities:

- restaurant operations
- property investments
- hotel operations

2.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared under the going concern concept notwithstanding the loss for the year ended 31 March 2011 of HK$889,084,000 and the net liabilities of the Group and the Company as at 31 March 2011 of HK$690,108,000 and HK$690,585,000, respectively.

The Group recorded significant loss for the current year and net liabilities as at 31 March 2011 due to the recognition of the following derivative financial instruments:

- as disclosed in note 27 to the financial statements, the Company recorded a financial liability of HK$279,095,000 as at 31 March 2011 and a loss on fair value change of HK$196,622,000 for the year then ended in respect of the outstanding warrants.

- as disclosed in notes 26 and 27 to the financial statements, the Company recorded a loss on fair value change of HK$378,742,000 for the year ended 31 March 2011 in respect of the embedded derivative financial instrument of the HK$80,000,000 convertible bonds which was converted into the ordinary shares of the Company during the year.

- as disclosed in note 27 to the financial statements, the Company recorded a loss on fair value change of HK$321,816,000 for the year ended 31 March 2011 in respect of the forward contract for the issuance of convertible bonds which was settled when the HK$200,000,000 convertible bonds were issued during the year.

- as disclosed in notes 26 and 27 to the financial statements, the Company recorded a financial liability of HK$624,282,000 as at 31 March 2011 and a gain on fair value change of HK$6,317,000 for the year then ended in respect of the embedded derivative financial instrument of the HK$200,000,000 convertible bonds issued during the year.

As a result of the above transactions, the Group recognised in aggregate, derivative financial instruments liabilities of HK$903,377,000 as at 31 March 2011 and fair values losses of HK$890,863,000 for the year then ended.

2.1 BASIS OF PREPARATION (continued)

Despite the significant impact of the derivative financial instruments on the income statement and statement of financial position of the Group, the directors of the Company considered that these derivative financial instruments are non-cash in nature and would not affect the going concern of the Group. In case that the above mentioned outstanding derivative financial instruments are exercised and converted into the Company's ordinary shares, the related financial liabilities will be transferred as part of the share premium in respect of the issuance of the Company's own shares. In case that the above mentioned outstanding derivative financial instruments are not exercised and converted by the holders, the financial liabilities will be reversed in the subsequent income statements upon expiration or redemption. As a result, the Company will in no event be obliged to settle any such financial liabilities by incurring cash payout or otherwise by using any of its assets. Therefore, the directors of the Company are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due in the foreseeable future and accordingly, the consolidated financial statements have been prepared on a going concern basis.

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, buildings and derivative financial instruments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

Basis of consolidation from 1 April 2010

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 March 2011. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in the income statement. The Group's share of components previously recognised in other comprehensive income is reclassified to the income statement or retained profits, as appropriate.

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

Basis of consolidation prior to 1 April 2010

Certain of the above-mentioned requirements have been applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

- Acquisitions of non-controlling interests (formerly known as minority interests), prior to 1 January 2010, were accounted for using the parent entity extension method, whereby the differences between the consideration and the book value of the share of the net assets acquired were recognised in goodwill.

- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further excess losses were attributable to the parent, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 January 2010 were not reallocated between non-controlling interest and the parent shareholders.

- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying amount of such investment at 1 January 2010 has not been restated.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements:

HKFRS 1 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards*
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions*
HKFRS 3 (Revised)	*Business Combinations*
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation – Classification of Rights Issues*
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners*
HKFRS 5 Amendments included in *Improvements to HKFRSs* issued in October 2008	Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary*
Improvements to HKFRSs 2009	Amendments to a number of HKFRSs issued in May 2009
HK Interpretation 4 Amendment	Amendment to HK Interpretation 4 *Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases*
HK Interpretation 5	*Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*

Other than as further explained below regarding the impact of HKFRS 3 (Revised), HKAS 27 (Revised), amendments to HKAS 7, and HKAS 17 included in *Improvements to HKFRSs 2009*, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (continued)

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKFRS 3 (Revised) *Business Combinations* and HKAS 27 (Revised) *Consolidated and Separate Financial Statements*

HKFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that affect the initial measurement of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

HKAS 27 (Revised) requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Consequential amendments were made to various standards, including, but not limited to HKAS 7 *Statement of Cash Flows*, HKAS 12 *Income Taxes*, HKAS 21 *The Effects of Changes in Foreign Exchange Rates*, HKAS 28 *Investments in Associates* and HKAS 31 *Interests in Joint Ventures*.

The changes introduced by these revised standards are applied prospectively and affect the accounting of acquisitions, loss of control and transactions with non-controlling interests after 1 January 2010.

(b) *Improvements to HKFRSs 2009* issued in May 2009 sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments results in changes in accounting policies, none of these amendments has had a significant financial impact on the Group. Details of the key amendments most applicable to the Group are as follows:

- HKAS 7 *Statement of Cash Flows*: Requires that only expenditures that result in a recognised asset in the statement of financial position can be classified as a cash flow from investing activities.

- HKAS 17 *Leases*: Removes the specific guidance on classifying land as a lease. As a result, leases of land should be classified as either operating or finance leases in accordance with the general guidance in HKAS 17.

  Amendment to HK Interpretation 4 *Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases* is revised as a consequence of the amendment to HKAS 17 *Leases* included in *Improvements to HKFRSs 2009*. Following this amendment, the scope of HK Interpretation 4 has been expanded to cover all land leases, including those classified as finance leases. As a result, this interpretation is applicable to all leases of property accounted for in accordance with HKAS 16, HKAS 17 and HKAS 40.

  The Group has reassessed its leases in Hong Kong, previously classified as operating leases, upon the adoption of the amendments and concluded that the classification of these leases remained unchanged.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements:

HKFRS 1 Amendment	Amendment to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters*[1]
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*[3]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets*[3]
HKFRS 9	*Financial Instruments*[5]
HKFRS 12 Amendments	Amendments to HKFRS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets*[4]
HKAS 24 (Revised)	*Related Party Disclosures*[2]
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement*[2]
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*[1]

1 Effective for annual periods beginning on or after 1 July 2010
2 Effective for annual periods beginning on or after 1 January 2011
3 Effective for annual periods beginning on or after 1 July 2011
4 Effective for annual periods beginning on or after 1 January 2012
5 Effective for annual periods beginning on or after 1 January 2013

Apart from the above, the HKICPA has issued *Improvements to HKFRSs 2010* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 3 and HKAS 27 are effective for annual periods beginning on or after 1 July 2010, whereas the amendments to HKFRS 1, HKFRS 7, HKAS 1, HKAS 34 and HK(IFRIC)-Int 13 are effective for annual periods beginning on or after 1 January 2011 although there are separate transitional provisions for each standard.

Further information about those changes that are expected to significantly affect the Group is as follows:

(a) HKFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace HKAS 39 *Financial Instruments: Recognition and Measurement*. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of HKAS 39.

In November 2010, the HKICPA issued additions to HKFRS 9 to address financial liabilities (the "Additions") and incorporated in HKFRS 9 the current derecognition principles of financial instruments of HKAS 39. Most of the Additions were carried forward unchanged from HKAS 39, while changes were made to the measurement of financial liabilities designated at fair value through profit or loss using the fair value option ("FVO"). For these FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income ("OCI"). The remainder of the change in fair value is presented in the income statement, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in the income statement. However, loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of the Additions.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs (continued)

(a) (continued)

HKAS 39 is aimed to be replaced by HKFRS 9 in its entirety. Before this entire replacement, the guidance in HKAS 39 on hedge accounting and impairment of financial assets continues to apply. The Group expects to adopt HKFRS 9 from 1 January 2013.

(b) HKAS 24 (Revised) clarifies and simplifies the definition of related parties. It also provides for a partial exemption of related party disclosure to government-related entities for transactions with the same government or entities that are controlled, jointly controlled or significantly influenced by the same government. The Group expects to adopt HKAS 24 (Revised) from 1 April 2011. While the adoption of the revised standard will result in changes in the accounting policy, the revised standard is unlikely to have any impact on the related party disclosures as the Group currently does not have any significant transactions with government-related entities.

(c) *Improvements to HKFRSs 2010* issued in May 2010 sets out amendments to a number of HKFRSs. The Group expects to adopt the amendments from 1 April 2011. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments are expected to have a significant financial impact on the Group. Those amendments that are expected to have a significant impact on the Group's policies are as follows:

- HKFRS 3 *Business Combinations*: Clarifies that the amendments to HKFRS 7, HKAS 32 and HKAS 39 that eliminate the exemption for contingent consideration do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of HKFRS 3 (as revised in 2008).

  In addition, the amendments limit the measurement choice of non-controlling interests at fair value or at the proportionate share of the acquiree's identifiable net assets to components of non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another HKFRS.

  The amendments also added explicit guidance to clarify the accounting treatment for non-replaced and voluntarily replaced share-based payment awards.

- HKAS 1 *Presentation of Financial Statements*: Clarifies that an analysis of other comprehensive income for each component of equity can be presented either in the statement of changes in equity or in the notes to the financial statements.

- HKAS 27 *Consolidated and Separate Financial Statements*: Clarifies that the consequential amendments from HKAS 27 (as revised in 2008) made to HKAS 21, HKAS 28 and HKAS 31 shall be applied prospectively for annual periods beginning on or after 1 July 2009 or earlier if HKAS 27 is applied earlier.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's interests in subsidiaries are stated at cost less any impairment losses.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to the income statement in the period in which it arises in those expense categories consistent with the function of the impaired asset, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

(a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;

(b) the party is a member of the key management personnel of the Group;

(c) the party is a close member of the family of any individual referred to in (a) or (b);

(d) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (b) or (c); or

(e) the party is a post-employment benefit plan for the benefit of the employees of the Group, or of any entity that is a related party of the Group.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost or valuation less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation.

Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Changes in the values of property, plant and equipment are dealt with as movements in the fixed asset revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to the income statement. Any subsequent revaluation surplus is credited to the income statement to the extent of the deficit previously charged. On disposal of a revalued asset, the relevant portion of the fixed asset revaluation reserve realised in respect of previous valuations is transferred to retained profits as a movement in reserves.

Depreciation is calculated on the straight-line basis to write off the cost or valuation of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	2%
Furniture and fixtures	15 – 20%
Air-conditioning plant	15 – 20%
Electrical appliances	20%
Office equipment	20%
Motor vehicles	20%

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Kitchen utensils, linen and uniforms

No depreciation is provided on the initial purchase of kitchen utensils, linen and uniforms which are capitalised at cost. The cost of subsequent replacement of these items is charged directly to the income statement in the year in which such expenditure is incurred.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of the retirement or disposal.

Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the income statement on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to the income statement on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

Investments and other financial assets

Initial recognition and measurement

Financial assets within the scope of HKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets, as appropriate. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

The Group's financial assets include cash and bank balances and trade and other receivables.

Subsequent measurement

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance income in the income statement. The loss arising from impairment is recognised in finance costs in the income statement.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;

- the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Financial assets carried at amortised cost (continued)

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the income statement.

If there is objective evidence that an impairment loss has been incurred on an unlisted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of HKAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the income statement.

Warrant liabilities

Warrant liabilities are initially recognised at fair value on the date of grant and are subsequently remeasured at fair value, changes in fair value of warrant liabilities are recognised in the consolidated income statement.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Convertible bonds

The component of convertible bonds that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs. On issuance of convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

If the conversion option of convertible bonds exhibits characteristics of an embedded derivative, it is separated from its liability component. On initial recognition, the derivative component of the convertible bonds is measured at fair value and presented as derivative financial instruments. Any excess of proceeds over the amount initially recognised as the derivative component is recognised as the liability component. Transaction costs are apportioned between the liability and derivative components of the convertible bonds based on the allocation of proceeds to the liability and derivative components when the instruments are initially recognised. The portion of the transaction costs relating to the liability component is recognised initially as part of the liability. The portion relating to the derivative component is recognised immediately in the income statement.

Forward contracts

Forward contracts are derivative financial instruments and are initially recognised at fair value on which the forward contract is entered into. Forward contracts are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the income statement.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments where there is no active market, the fair value is determined using appropriate valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis; and other valuation models.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

Inventories comprise mainly food and beverages and are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is based on the estimated selling prices less any estimated costs necessary to make the sale.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Provisions

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

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the income statement.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences while deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

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

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) receipts from restaurant operations, upon the delivery of food and beverages to customers;

(b) from the rendering of hotel services, when services have been rendered;

(c) rental income, on a time proportion basis over the lease terms; and

(d) interest income, on an accrual basis using the effective interest rate method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Employee benefits

Pension scheme

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when 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 capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Dividends

Final dividends proposed by the directors are classified as a separate allocation of contributed surplus or retained earnings within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

Estimation uncertainty

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, are discussed below.

Fair value of investment properties and buildings

Investment properties and buildings are carried in the statement of financial position at their fair value. The fair value was based on a valuation on these properties conducted by an independent firm of professional valuers using property valuation techniques which involve making assumptions on certain market conditions. Favourable or unfavourable changes to these assumptions would result in changes in the fair value of the Group's investment properties and buildings, the corresponding adjustments to the gain or loss recognised in the income statement and fixed asset revaluation reserve. During the year, surplus arising from revaluation of buildings of approximately HK$32,000 (2010: HK$32,000) and HK$38,000 (2010: HK$8,000) were recognised in the income statement and fixed asset revaluation reserve, respectively. Fair value gains on investment properties for the year ended 31 March 2011 were approximately HK$500,000 (2010: HK$6,000,000). Further details are contained in notes 14 and 15 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax assets relating to recognised tax losses at 31 March 2011 was approximately HK$2,740,000 (2010: HK$2,290,000). The amount of unrecognised tax losses at 31 March 2011 was approximately HK$59,842,000 (2010: HK$63,592,000). Further details are contained in note 28 to the financial statements.

Estimation of fair value of derivative financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgments include consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

(a) the restaurant segment comprises the Group's restaurant operations;

(b) the property segment comprises the Group's property investments;

(c) the hotel segment comprises the Group's hotel operations; and

(d) the corporate segment comprises the Group's corporate income and expense items.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that interest income, finance costs, dividend income, fair value losses from the Group's financial instruments as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, tax recoverable, cash and cash equivalents and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude derivative financial instruments, convertible bonds, tax payable, deferred tax liabilities and other unallocated head office and corporate assets as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

All of the Group's revenue from external customers is derived from the Group's operations in Hong Kong, and no non-current assets of the Group are located outside Hong Kong.

During the year ended 31 March 2011 and 2010, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

4. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 March 2011

	Restaurant *HK$'000*	Property *HK$'000*	Hotel *HK$'000*	Corporate *HK$'000*	Total *HK$'000*
Segment revenue:					
Sales to external customers	275,202	853	19,780	–	295,835
Intersegment sales	–	18,344	–	11,237	29,581
Other income and gains	1,232	532	195	237	2,196
Intersegment other income and gains	–	–	–	1,137	1,137
	276,434	19,729	19,975	12,611	328,749
Reconciliation:					
Elimination of intersegment sales					(29,581)
Elimination of intersegment other income and gains					(1,137)
Total					298,031
Segment results	10,198	499	3,079	(7,896)	5,880
Reconciliation:					
Interest income and unallocated gains					573
Imputed interest on convertible bonds					(3,053)
Fair value losses on derivative financial instruments					(890,863)
Loss before tax					(887,463)
Segment assets	44,811	45,944	9,355	317,335	417,445
Reconciliation:					
Corporate and other unallocated assets					2,136
Total assets					419,581
Segment liabilities	17,543	1,272	5,646	2,862	27,323
Reconciliation:					
Unallocated liabilities					1,082,366
Total liabilities					1,109,689
Other segment information:					
Depreciation	4,306	68	1,847	409	6,630
Fair value gains on investment properties	–	(500)	–	–	(500)
Surplus arising from revaluation of buildings recognised directly in the income statement	–	(32)	–	–	(32)
Capital expenditure	438	–	13	523	974*

* Capital expenditure represents additions to property, plant and equipment.

4. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 March 2010

	Restaurant *HK$'000*	Property *HK$'000*	Hotel *HK$'000*	Corporate *HK$'000*	Total *HK$'000*
Segment revenue:					
Sales to external customers	274,294	799	12,733	–	287,826
Intersegment sales	–	17,670	–	11,395	29,065
Other income and gains	875	14,378	240	–	15,493
Intersegment other income and gains	–	–	–	812	812
	275,169	32,847	12,973	12,207	333,196
Reconciliation:					
Elimination of intersegment sales					(29,065)
Elimination of intersegment other income and gains					(812)
Total					303,319
Segment results	14,094	13,357	(2,398)	(35)	25,018
Reconciliation:					
Interest income and unallocated gains					43
Interest on bank loans and overdrafts					(289)
Imputed interest on convertible bonds					(2,854)
Fair value losses on derivative financial instruments					(591,849)
Loss before tax					(569,931)
Segment assets	42,043	45,768	11,495	109,114	208,420
Reconciliation:					
Corporate and other unallocated assets					1,291
Total assets					209,711
Segment liabilities	13,767	1,742	4,458	1,964	21,931
Reconciliation:					
Unallocated liabilities					674,604
Total liabilities					696,535
Other segment information:					
Depreciation	4,602	68	2,167	310	7,147
Fair value gains on investment properties	–	(6,000)	–	–	(6,000)
Surplus arising from revaluation of buildings recognised directly in the income statement	–	(32)	–	–	(32)
Capital expenditure	2,932	–	3,252	1,325	7,509*

* Capital expenditure represents additions to property, plant and equipment.

5. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts, and the rental income received and receivable from investment properties and hotel operations during the year.

An analysis of revenue, other income and gains is as follows:

	Group	
	2011	2010
	HK$'000	*HK$'000*
Revenue		
Receipts from restaurant operations	**275,202**	274,294
Hotel operations	**19,780**	12,733
Gross rental income *(note 7)*	**853**	799
	295,835	287,826
Other income		
Bank interest income	**573**	43
Others	**1,664**	1,126
	2,237	1,169
Gains		
Fair value gains on investment properties *(note 15)*	**500**	6,000
Surplus arising from revaluation of buildings	**32**	32
Gain on disposal of a property held for development	**–**	8,335
	532	14,367
	2,769	15,536

6. FINANCE COSTS

	Group	
	2011	2010
	HK$'000	*HK$'000*
Interest on bank loans and overdrafts	**–**	289
Imputed interest on convertible bonds	**3,053**	2,854
	3,053	3,143

7. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

		Group	
		2011	2010
	Notes	***HK$'000***	*HK$'000*
Minimum lease payments under operating leases:			
Land and buildings		**38,082**	36,912
Office equipment		**167**	171
		38,249	37,083
Recognition of prepaid land lease payments	*16*	**101**	101
Fair value gains on investment properties	*15*	**(500)**	(6,000)
Written off of items of property, plant and equipment	*14*	**41**	–
Auditors' remuneration		**950**	860
Staff costs (including directors' remuneration *(note 8)*):			
Wages, salaries and bonuses		**79,712**	79,030
Write back of provision for long service payments, net	*25*	**(239)**	(858)
Pension scheme contributions		**3,626**	3,638
Total staff costs		**83,099**	81,810
Gross rental income	*5*	**(853)**	(799)
Less: Outgoings		**98**	172
Net rental income		**(755)**	(627)

8. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Group			
	Executive directors		Independent non-executive directors	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Fees	**–**	–	**450**	300
Other emoluments:				
Salaries, allowances and benefits in kind	**2,704**	2,101	**–**	–
Pension scheme contributions	**46**	39	**–**	–
	2,750	2,140	**450**	300

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	Group	
	2011	2010
	HK$'000	*HK$'000*
Kung Fan Cheong	**150**	100
Chan Ka Ling, Edmond	**150**	100
Lo Kin Cheung	**150**	100
	450	300

There were no other emoluments payable to the independent non-executive directors during the year (2010: Nil).

8. DIRECTORS' REMUNERATION (continued)

(b) Executive directors

	Group			
	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Total remuneration
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
2011				
Chan Shu Kit	**–**	**1,008**	**12**	**1,020**
Kung Wing Yiu (resigned on 30 November 2010)	**–**	**120**	**6**	**126**
Chan Ho Man	**–**	**696**	**12**	**708**
Jian Qing	**–**	**560**	**12**	**572**
Chung Chi Shing (appointed on 1 December 2010)	**–**	**320**	**4**	**324**
	–	**2,704**	**46**	**2,750**
2010				
Chan Shu Kit	–	1,008	12	1,020
Kung Wing Yiu	–	180	9	189
Chan Ho Man	–	696	12	708
Jian Qing (appointed on 19 October 2009)	–	217	6	223
	–	2,101	39	2,140

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2010: Nil).

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three (2010: three) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining two (2010: two) non-director, highest paid employees for the year are as follows:

	Group	
	2011	2010
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**695**	696
Pension scheme contributions	**24**	24
	719	720

The remuneration of the two (2010: two) non-director, highest paid employees fell within the band of nil to HK$1,000,000.

10. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

	Group	
	2011	2010
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the year	**1,832**	2,989
Underprovision in prior year	**228**	–
Deferred *(note 28)*	**(439)**	470
Total tax charge for the year	**1,621**	3,459

10. INCOME TAX (continued)

A reconciliation of the tax charge/(credit) applicable to loss before tax at the statutory rate, and a reconciliation of the applicable rate (i.e., the statutory tax rates) to the effective tax rate, are as follows:

	Group			
	2011		2010	
	HK$'000	*%*	*HK$'000*	*%*
Loss before tax	**(887,463)**		(569,931)	
Tax at the statutory tax rate	**(146,431)**	**(16.5)**	(94,039)	(16.5)
Income not subject to tax	**(424)**	**(0.0)**	(158)	(0.0)
Expenses not deductible for tax	**149,300**	**16.8**	98,367	17.3
Tax losses utilised from previous periods	**(1,001)**	**(0.1)**	(1,713)	(0.3)
Tax losses not recognised	**382**	**0.0**	803	0.1
Temporary differences not recognised	**(433)**	**(0.0)**	199	0.0
Underprovision of tax charges in prior year	**228**	**0.0**	–	–
Tax charge at the Group's effective rate	**1,621**	**0.2**	3,459	0.6

11. LOSS ATTRIBUTABLE TO OWNERS OF THE PARENT

The consolidated loss attributable to owners of the parent for the year ended 31 March 2011 includes a loss of HK$891,435,000 (2010: HK$573,435,000) which has been dealt with in the financial statements of the Company (note 30(b)).

12. DIVIDEND

The board of directors resolved not to declare any dividend (2010: interim dividend of HK1 cent per ordinary share in issue) in 2011.

13. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the parent of approximately HK$890,647,000 (2010: HK$574,902,000), and the weighted average number of ordinary shares of 379,410,661 (2010: 361,075,045) in issue during the year.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 March 2011 and 2010 in respect of a dilution as the impact of warrants and convertible bonds outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

14. PROPERTY, PLANT AND EQUIPMENT

Group

	Buildings HK$'000	Furniture and fixtures HK$'000	Air-conditioning plant HK$'000	Electrical appliances HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Kitchen utensils, linen and uniforms HK$'000	Total HK$'000
31 March 2011								
At 31 March 2010 and 1 April 2010:								
Cost or valuation	3,528	36,659	5,844	9,100	463	130	2,522	58,246
Accumulated depreciation	–	(21,699)	(3,279)	(6,196)	(334)	(130)	–	(31,638)
Net carrying amount	3,528	14,960	2,565	2,904	129	–	2,522	26,608
At 1 April 2010, net of accumulated depreciation	3,528	14,960	2,565	2,904	129	–	2,522	26,608
Additions	–	293	18	144	69	450	–	974
Surplus on revaluation	70	–	–	–	–	–	–	70
Depreciation provided during the year	(70)	(4,343)	(792)	(1,269)	(66)	(90)	–	(6,630)
Written off	–	–	–	–	–	–	(41)	(41)
At 31 March 2011, net of accumulated depreciation	3,528	10,910	1,791	1,779	132	360	2,481	20,981
At 31 March 2011:								
Cost or valuation	3,528	36,952	5,862	9,244	532	580	2,481	59,179
Accumulated depreciation	–	(26,042)	(4,071)	(7,465)	(400)	(220)	–	(38,198)
Net carrying amount	3,528	10,910	1,791	1,779	132	360	2,481	20,981
Analysis of cost or valuation:								
At cost	–	36,952	5,862	9,244	532	580	2,481	55,651
At 31 March 2011 valuation	3,528	–	–	–	–	–	–	3,528
	3,528	36,952	5,862	9,244	532	580	2,481	59,179

14. PROPERTY, PLANT AND EQUIPMENT (continued)

Group

	Buildings HK$'000	Furniture and fixtures HK$'000	Air-conditioning plant HK$'000	Electrical appliances HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Kitchen utensils, linen and uniforms HK$'000	Total HK$'000
31 March 2010								
At 31 March 2009 and 1 April 2009:								
Cost or valuation	3,558	30,799	5,323	8,080	372	130	2,505	50,767
Accumulated depreciation	–	(17,108)	(2,270)	(4,777)	(276)	(130)	–	(24,561)
Net carrying amount	3,558	13,691	3,053	3,303	96	–	2,505	26,206
At 1 April 2009, net of accumulated depreciation	3,558	13,691	3,053	3,303	96	–	2,505	26,206
Additions	–	5,860	521	1,020	91	–	17	7,509
Surplus on revaluation	40	–	–	–	–	–	–	40
Depreciation provided during the year	(70)	(4,591)	(1,009)	(1,419)	(58)	–	–	(7,147)
At 31 March 2010, net of accumulated depreciation	3,528	14,960	2,565	2,904	129	–	2,522	26,608
At 31 March 2010:								
Cost or valuation	3,528	36,659	5,844	9,100	463	130	2,522	58,246
Accumulated depreciation	–	(21,699)	(3,279)	(6,196)	(334)	(130)	–	(31,638)
Net carrying amount	3,528	14,960	2,565	2,904	129	–	2,522	26,608
Analysis of cost or valuation:								
At cost	–	36,659	5,844	9,100	463	130	2,522	54,718
At 31 March 2010 valuation	3,528	–	–	–	–	–	–	3,528
	3,528	36,659	5,844	9,100	463	130	2,522	58,246

The Group's buildings were revalued at 31 March 2011, by CS Surveyors Limited, independent professionally qualified valuers, on an open market, existing use basis.

Had these buildings been carried at historical cost less accumulated depreciation and impairment losses, their carrying amounts would have been approximately HK$2,763,000 at 31 March 2011 (2010: HK$2,845,000).

During the year, surplus arising from revaluation of buildings of approximately HK$32,000 (2010: HK$32,000) and HK$38,000 (2010: HK$8,000) were recognised in the income statement and fixed asset revaluation reserve, respectively.

15. INVESTMENT PROPERTIES

	Group 2011 HK$'000	2010 HK$'000
Carrying amount at beginning of the year	**29,000**	23,000
Fair value gain on revaluation	**500**	6,000
Carrying amount at 31 March	**29,500**	29,000

The Group's investment properties were revalued at 31 March 2011, by CS Surveyors Limited, independent professionally qualified valuers, on an open market, existing use basis.

The investment properties are situated in Hong Kong and are held under medium term leases. They are leased to third parties under operating leases, further summary details of which are included in note 32(a) to the financial statements. Details of the investment property are as follows:

Location	**Use**
Lot No. 237 in Demarcation District No. 331, Cheung Sha, Lantau Island, New Territories	Investment property for rental income

16. PREPAID LAND LEASE PAYMENTS

	Group 2011 HK$'000	2010 HK$'000
Carrying amount at beginning of the year	**7,275**	7,376
Recognised during the year *(note 7)*	**(101)**	(101)
Carrying amount at 31 March	**7,174**	7,275
Current portion included in prepayments, deposits and other receivables	**(101)**	(101)
Non-current portion	**7,073**	7,174

The prepaid land lease payments are situated in Hong Kong and are held under the following lease terms:

	HK$'000
Long term leases	5,084
Medium term leases	2,090
	7,174

17. PROPERTY HELD FOR DEVELOPMENT

	Group 2011 HK$'000	Group 2010 HK$'000
Carrying amount at beginning of the year (at cost)	**–**	4,665
Disposal	**–**	(4,665)
Carrying amount at 31 March (at cost)	**–**	–

Property held for development represents a development project which is situated in Hong Kong and is held under a medium term lease. Details of the property held for development are as follows:

Location	**Use**
Lot Nos. 2902-2906 & 2908 in Demarcation District No. 1, Tung Chung, Lantau Island, New Territories	Residential

18. INVESTMENTS IN SUBSIDIARIES

	Notes	Company 2011 HK$'000	Company 2010 HK$'000
Unlisted shares, at cost		**238,075**	238,075
Impairment	*(b)*	**(173,146)**	(177,146)
		64,929	60,929
Loan to a subsidiary	*(a)*	**356,073**	157,548
		421,002	218,477
Due to subsidiaries	*(a)*	**29,334**	32,891

18. INVESTMENTS IN SUBSIDIARIES (continued)

Notes:

(a) The balances with the subsidiaries are unsecured, interest-free and are expected to be repayable after one year.

(b) Impairment loss was recognised for certain unlisted investments because the relevant subsidiaries had suffered losses for years or ceased operations.

(c) Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation and operations@	Nominal value of issued capital	Percentage of equity interest attributable to the Company Direct	Indirect	Principal activities
First Charm Development Limited	Hong Kong	HK$100*	–	100	Property investment
Golden Target (Hong Kong) Limited	Hong Kong	HK$1*	–	100	Hotel operations
Grandward Limited	Hong Kong	HK$100* HK$2#	–	100	Property holding
Jade Terrace Restaurant (Causeway Bay) Limited	Hong Kong	HK$100* HK$680,000#	–	100	Restaurant operations
Newfame Development Limited	Hong Kong	HK$1*	–	100	Property development
Tack Hsin (BVI) Holdings Limited	British Virgin Islands/ Hong Kong	HK$17,763,202*	100	–	Investment holding
Tack Hsin Restaurant (London) Limited	Hong Kong	HK$100* HK$2#	–	100	Restaurant operations
Tack Hsin Restaurant (Peninsula) Limited	Hong Kong	HK$100* HK$2,380,000#	–	100	Restaurant operations
Top Excel Investment Limited	Hong Kong	HK$10,000*	–	51	Restaurant operations
Vastpro Developments Limited	Hong Kong	HK$2*	–	100	Property holding
Hurray Enterprises Limited	Hong Kong	US$1*	100	–	Investment holding

@ Unless otherwise stated, the place of operations is the place of incorporation.
* Ordinary shares
# Non-voting deferred shares

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

19. AVAILABLE-FOR-SALE INVESTMENT

	Group	
	2011	2010
	HK$'000	*HK$'000*
Unlisted equity investment, at cost	**500**	–

As at 31 March 2011, the unlisted equity investment with a carrying amount of HK$500,000 (2010: nil) was stated at cost because the range of reasonable fair value estimates is so significant that the directors are of the opinion that their fair value cannot be measured reliably. The Group does not intend to dispose of them in the near future.

20. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly by cash and credit card settlement, except for certain well-established customers where the terms vary with these customers. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	Group	
	2011	2010
	HK$'000	*HK$'000*
Within three months	**969**	1,359

The aged analysis of the trade receivables that are not considered to be impaired is as follows:

	Group	
	2011	2010
	HK$'000	*HK$'000*
Neither past due nor impaired	**969**	1,359

Trade receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default. The Group does not hold any collateral or other credit enhancements over these balances.

21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group	
	2011	2010
	HK$'000	*HK$'000*
Prepayments	**605**	454
Deposits	**15,910**	15,705
Other receivables	**29**	1
	16,544	16,160

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

22. CASH AND CASH EQUIVALENTS

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Cash and bank balances	**251,237**	40,567	**60**	60
Time deposits	**85,483**	85,012	**–**	–
	336,720	125,579	**60**	60

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one month to three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and deposits are deposited with creditworthy banks with no recent history of default.

23. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	Group	
	2011	2010
	HK$'000	*HK$'000*
Within three months	**5,641**	5,964

The trade payables are non-interest-bearing and are normally settled on 30-day terms.

24. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Deferred credit on operating lease	**7,781**	7,924	**–**	–
Receipts in advance	**1,199**	926	**–**	–
Other payables	**153**	147	**12**	11
Accruals	**11,489**	5,637	**–**	–
	20,622	14,634	**12**	11

Other payables are non-interest-bearing and have an average term of 30 days.

25. PROVISION FOR LONG SERVICE PAYMENTS

	Group	
	2011	2010
	HK$'000	*HK$'000*
At beginning of the year	**1,333**	2,372
Decrease for the year *(note 7)*	**(239)**	(858)
Amounts utilised during the year	**(34)**	(181)
At 31 March	**1,060**	1,333

The Group provides for probable future long service payments expected to be made to employees under the Employment Ordinance. The provision is based on the best estimate of the probable future payments which have been earned by the employees from their services to the Group at the end of the reporting period.

26. CONVERTIBLE BONDS

The convertible bonds issued have been split as to the embedded derivative and the liability components. The following tables summarise the movements in the liability and derivative components of the Group's and the Company's convertible bonds during the year:

Group and Company

	Convertible Bonds 1 *HK$'000* *(note (a))*	Convertible Bonds 2 *HK$'000* *(note (a),(b))*	Total *HK$'000*
Liability component			
At 1 April 2009	–	–	–
Nominal value of the convertible bonds issued during the year	66,347	–	66,347
Imputed interest expense *(note 6)*	2,854	–	2,854
At 31 March 2010 and 1 April 2010	69,201	–	69,201
Nominal value of the convertible bonds issued during the year	–	178,653	178,653
Imputed interest expense *(note 6)*	2,782	271	3,053
Conversion of convertible bonds	(71,983)	–	(71,983)
At 31 March 2011	**–**	**178,924**	**178,924**
Derivative component			
At 1 April 2009	–	–	–
Nominal value of the convertible bonds issued during the year	13,653	–	13,653
Fair value loss on derivative financial instruments	212,599	–	212,599
At March 2010 and 1 April 2010	226,252	–	226,252
Nominal value of the convertible bonds issued during the year	–	630,599	630,599
Fair value loss/(gain) on derivative financial instruments	378,742	(6,317)	372,425
Conversion of convertible bonds	(604,994)	–	(604,994)
At 31 March 2011	**–**	**624,282**	**624,282**

26. CONVERTIBLE BONDS (continued)

Notes:

(a) On 16 November 2009, the Company issued zero coupon convertible bonds in the principal amount of HK$80,000,000 ("Convertible Bonds 1") for cash to an independent third party. The Convertible Bonds 1 are convertible at the option of the bond holder into the Company's ordinary shares of HK$0.10 each at a conversion price of HK$0.40 per share from the end of the three-month period from the issue date up to (but excluding) the period of five business days ending on the maturity date. Any Convertible Bonds 1 not converted will be redeemed by the Company on 16 November 2012. During the year, Convertible Bonds 1 were fully converted.

(b) On 17 March 2011, the Company settled the forward contract, as further described in note 27(b) of the financial statements, and issued zero coupon convertible bonds in the principal amount of HK$200,000,000 ("Convertible Bonds 2") for cash to an independent third party. The Convertible Bonds 2 are convertible at the option of the bond holder into the Company's ordinary shares of HK$0.10 each at a conversion price of HK$0.50 per share from the end of the three-month period from the issue date up to (but excluding) the period of five business days ending on the maturity date. Any Convertible Bonds 2 not converted will be redeemed by the Company on 17 March 2014.

The conversion option of Convertible Bonds 1 and 2 exhibits characteristics of an embedded derivative and is separated from the liability components. On initial recognition, the fair value of the liability component of these convertible bonds was estimated at the issuance date using an equivalent market interest rate for a similar bond without a conversion option or other embedded derivative. The embedded derivative component is measured at fair value and presented as a derivative financial instrument. At each reporting date, the embedded derivative component is remeasured and the change in fair value of that component is recognised in the consolidated income statement.

27. DERIVATIVE FINANCIAL INSTRUMENTS

		Group and Company	
		2011	2010
	Notes	***HK$'000***	*HK$'000*
Warrants	*(a)*	**279,095**	89,618
Embedded derivatives of convertible bonds	*26*	**624,282**	226,252
Forward contract	*(b)*	**–**	287,436
		903,377	603,306

Notes:

(a) On 19 October 2009, the Company issued 72,000,000 warrants at HK$0.02 each to certain independent third parties. Each warrant carries the right to subscribe for one ordinary share of HK$0.90 each for the period of three years commencing from 19 October 2009. The subscription price was adjusted to HK$0.62 each from 17 March 2011. Any warrant rights not exercised will be expired on 18 October 2012.

Movements of warrants during the year are as follows:

	Group and Company	
	2011	2010
	HK$'000	*HK$'000*
At beginning of the year	**89,618**	–
Issue of warrants	**–**	1,440
Fair value losses on warrants	**196,622**	91,814
Exercise of warrants	**(7,145)**	(3,636)
At 31 March	**279,095**	89,618

27. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Notes: (continued)

(b) On 20 January 2010, the Company entered into a convertible bond subscription agreement (the "Subscription Agreement") with an independent subscriber (the "Subscriber") pursuant to which the Company has conditionally agreed to issue, and the Subscriber has conditionally agreed to subscribe for Convertible Bonds 2, which can be convertible at the option of the bond holder into the Company's ordinary shares of HK$0.10 at a conversion price of HK$0.50 each from the end of the three-month period from the issue date up to (but excluding) the period of five business days ending on the maturity date. Any portion of Convertible Bonds 2 not converted will be redeemed by the Company on the date falling on the third anniversary of the issue date of the bonds.

At as 31 March 2010, the Company had fulfilled the precedent requirements pursuant to the Subscription Agreement and was contractually obligated to issue the Convertible Bonds 2. In this regard, before the issuance of Convertible Bonds 2, the Subscription Agreement is a forward contract within the scope of HKAS 39 and was recognised at its fair value as an asset or a liability on the commitment date and is subsequently remeasured at fair value. The Group and the Company had recognised a derivative financial liability of HK$287,436,000 in respect of the forward contract in 2010.

On 17 March 2011, the Company settled the forward contract and issued Convertible Bonds 2, further details of which are set out in note 26 to the financial statements.

Movements of the forward contract during the year are as follows:

	Group and Company *HK$'000*
At 1 April 2010	287,436
Fair value losses on forward contract	321,816
Settlement of forward contract	(609,252)
At 31 March 2011	**–**

28. DEFERRED TAX

Group

Deferred tax assets

	Losses available for offsetting against future taxable profits *HK$'000*
At 1 April 2009	2,386
Deferred tax charged to the income statement during the year *(note 10)*	(96)
Gross deferred tax assets at 31 March 2010	2,290
Deferred tax credited to the income statement during the year *(note 10)*	450
Gross deferred tax assets at 31 March 2011	**2,740**

28. DEFERRED TAX (continued)

Group

Deferred tax liabilities

	Depreciation allowance in excess of related depreciation *HK$'000*
At 1 April 2009	800
Deferred tax charged to the income statement during the year *(note 10)*	374
Gross deferred tax liabilities at 31 March 2010	1,174
Deferred tax charged to the income statement during the year *(note 10)*	11
Gross deferred tax liabilities at 31 March 2011	**1,185**

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

	2011 ***HK$'000***	2010 *HK$'000*
Net deferred tax assets recognised in the consolidated statement of financial position	**1,620**	1,291
Net deferred tax liabilities recognised in the consolidated statement of financial position	**65**	175

At the end of the reporting period, the Group had tax losses arising in Hong Kong of approximately HK$59,842,000 (2010: HK$63,592,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as the utilisation of which is uncertain.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

29. SHARE CAPITAL

	Group and Company 2011 HK$'000	2010 HK$'000
Authorised:		
5,000,000,000 ordinary shares of HK$0.10 each	**500,000**	500,000
Issued and fully paid:		
567,321,620 (2010: 363,321,620) ordinary shares of HK$0.10 each	**56,732**	36,332

During the year, the movements in share capital were as follows:

(a) 1,000,000, 1,000,000, 500,000 and 1,500,000 (2010: in total 3,000,000) shares of HK$0.10 each were issued for cash on 7 October 2010, 26 October 2010, 6 December 2010 and 21 December 2010 at the subscription price of HK$0.9 per share, pursuant to the exercise of the Company's warrants for a cash consideration, before expenses, of HK$3,600,000.

On 17 March 2011, the Company adjusted the subscription price of the warrant to HK$0.62 per share, resulting in the increase in 29,354,839 warrants.

At the end of the reporting period, the Company had 94,354,839 warrants outstanding. The exercise in full of such warrants would, under the present capital structure of the Company, result in issue of 94,354,839 additional ordinary shares of HK$0.10 each.

(b) In February and March 2011, Convertible Bonds 1 were fully converted into ordinary shares of the Company at the conversion price of HK$0.40 per share, resulting in the issuance of 200,000,000 ordinary shares of the Company.

A summary of the transactions during the year in the Company's issued share capital is as follows:

	Notes	Number of shares in issue	Issued capital *HK$'000*	Share premium account *HK$'000*	Total *HK$'000*
At 1 April 2009		360,321,620	36,032	37,934	73,966
Exercise of warrants	*(a)*	3,000,000	300	6,036	6,336
At 31 March 2010 and 1 April 2010		363,321,620	36,332	43,970	80,302
Exercise of warrants	*(a)*	4,000,000	400	10,345	10,745
Conversion of convertible bonds	*(b)*	200,000,000	20,000	656,977	676,977
At 31 March 2011		**567,321,620**	**56,732**	**711,292**	**768,024**

30. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 26 of the financial statements.

The Group's contributed surplus represented the difference between the nominal value of the shares and share premium account of the subsidiaries acquired, over the nominal value of the Company's shares issued in exchange therefor.

(b) Company

	Note	Share premium account HK$'000	Contributed surplus HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2009		37,934	207,248	(197,369)	47,813
Total comprehensive loss for the year		–	–	(573,435)	(573,435)
Interim dividend	*12*	–	(3,618)	–	(3,618)
Exercise of warrants		6,036	–	–	6,036
At 31 March 2010 and 1 April 2010		43,970	203,630	(770,804)	(523,204)
Total comprehensive loss for the year		–	–	(891,435)	(891,435)
Exercise of warrants		10,345	–	–	10,345
Conversion of convertible bonds		656,977	–	–	656,977
At 31 March 2011		**711,292**	**203,630**	**(1,662,239)**	**(747,317)**

The Company's contributed surplus represented the excess of the fair value of the shares of the subsidiaries acquired, over the nominal value of the Company's shares issued in exchange therefor. Under the Companies Act 1981 of Bermuda (as amended), a company may make distributions to its members out of the contributed surplus if to do so would not render the Company's ability to pay its liabilities as they become due or the realisable value of its assets would not thereby become less than the aggregate of its liabilities and its issued share capital and share premium account.

31. CONTINGENT LIABILITIES

At the end of the reporting period, the Company had no contingent liabilities not provided for in these financial statements.

As at 31 March 2010, the Company provided a guarantee to a third party in connection with rental payments of a subsidiary amounting to HK$7,008,000.

As at 31 March 2011 and 2010, the Group had no significant contingent liabilities.

32. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties (note 15 to the financial statements) and certain kitchen utensils under operating lease arrangements, with original lease terms of one to three years. The terms of the leases generally require the tenants to pay security deposits.

At 31 March 2011, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	Group	
	2011	2010
	HK$'000	*HK$'000*
Within one year	**1,849**	842
In the second to fifth years, inclusive	**430**	–
	2,279	842

(b) As lessee

The Group leases certain of its office premises, restaurant premises and office equipment under operating lease arrangements, with remaining lease terms ranging from one month to nine years.

At 31 March 2011, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group	
	2011	2010
	HK$'000	*HK$'000*
Within one year	**26,321**	35,221
In the second to fifth years, inclusive	**64,899**	67,889
After five years	**15,893**	25,730
	107,113	128,840

33. COMMITMENT

In addition to the operating lease commitments detailed in note 32 above, the Group and the Company had the following commitment as at the end of the reporting period:

	Group and Company	
	2011	2010
	HK$'000	*HK$'000*
Contracted, but not provided for:		
Acquisition of an investment	**200,000**	7,314

34. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transaction with a related party during the year:

	Group	
	2011	2010
	HK$'000	*HK$'000*
Transaction with a director:		
Rental expenses paid	**72**	72

The Group paid rental expenses to a director of the Company. The rentals were determined with reference to open market rentals.

(b) Compensation of key management personnel of the Group:

	2011	2010
	HK$'000	*HK$'000*
Short term employee benefits	**3,054**	2,450
Post-employment benefits	**58**	51
Total compensation paid to key management personnel	**3,112**	2,501

35. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Financial assets				
– Loans and receivables				
Loan to a subsidiary	**–**	–	**356,073**	157,548
Trade receivables	**969**	1,359	**–**	–
Financial assets included in prepayments, deposits and other receivables	**15,939**	15,706	**–**	–
Cash and bank balances	**336,720**	125,579	**60**	60
	353,628	142,644	**356,133**	157,608
Financial assets				
– Available-for-sale financial assets				
Available-for-sale investments	**500**	–	**–**	–
Financial liabilities				
– Financial liabilities at amortised cost				
Due to subsidiaries	**–**	–	**29,334**	32,891
Trade payables	**5,641**	5,964	**–**	–
Financial liabilities included in other payables and accruals	**7,934**	8,071	**12**	11
Convertible bonds	**178,924**	69,201	**178,924**	69,201
	192,499	83,236	**208,270**	102,103
Financial liabilities				
– Financial liabilities at fair value through profit or loss				
Derivative financial instruments	**903,377**	603,306	**903,377**	603,306

36. FAIR VALUE HIERARCHY

The carrying amounts of the Group's and the Company's financial instruments are approximate to their fair values.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

As at 31 March 2011, the derivative financial instruments amounting to HK$903,377,000 (2010: HK$603,306,000) are measured at fair value in Level 3.

The movements in fair value measurements in Level 3 during the year are as follows:

	Derivative financial instruments	
	2011	2010
	HK$'000	*HK$'000*
At beginning of the year	**603,306**	–
Issuance of warrants	**–**	1,440
Issuance of convertible bonds	**630,599**	13,653
Fair value losses recognised in the income statement	**890,863**	591,849
Conversion of convertible bonds	**(604,994)**	–
Settlement of forward contract	**(609,252)**	–
Exercise of warrants	**(7,145)**	(3,636)
At 31 March	**903,377**	603,306

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivatives, mainly comprise cash, short term deposits and convertible bonds. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and equity price risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk

Most of the trade of the Group is on cash terms. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 20 to the financial statements.

The Group places its cash deposits with major international banks in Hong Kong. This investment policy limits the Group's exposure to concentrations of credit risk.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The maturity profile of the financial liabilities of the Group and the Company as at the end of the reporting periods, based on the contractual undiscounted payments, were as follows:

	Less than 3 months	3 to less than 12 months	1 to less than 2 years	2 to less than 3 years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Group – 2011					
Trade payables	**5,641**	**–**	**–**	**–**	**5,641**
Financial liabilities included in other payables and accruals	**7,934**	**–**	**–**	**–**	**7,934**
Convertible bonds	**–**	**–**	**–**	**178,924**	**178,924**
	13,575	**–**	**–**	**178,924**	**192,499**
Group – 2010					
Trade payables	5,964	–	–	–	5,964
Financial liabilities included in other payables and accruals	8,071	–	–	–	8,071
Convertible bonds	–	–	–	69,201	69,201
	14,035	–	–	69,201	83,236

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

	On demand HK$'000	Within 1 year HK$'000	1 to less than 2 years HK$'000	2 to less than 3 years HK$'000	Total HK$'000
Company – 2011					
Due to subsidiaries	**–**	**–**	**29,334**	**–**	**29,334**
Financial liabilities included in other payables and accruals	**–**	**12**	**–**	**–**	**12**
Convertible bonds	**–**	**–**	**–**	**178,924**	**178,924**
	–	**12**	**29,334**	**178,924**	**208,270**
Company – 2010					
Due to subsidiaries	–	–	32,891	–	32,891
Financial liabilities included in other payables and accruals	–	11	–	–	11
Convertible bonds	–	–	–	69,201	69,201
Guarantee given to a third party in connection with rental payments of a subsidiary	7,018	–	–	–	7,018
	7,018	11	32,891	69,201	109,121

Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from changes in the price of the Company's own shares to the extent that the Company's own equity investments underlie the fair values of derivative financial instruments. The Group was exposed to this risk through the conversion rights attached to the convertible bonds and subscription rights attached to warrants issued by the Company and the forward contract regarding the issuance of convertible bonds.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Equity price risk (continued)

The following table demonstrates the sensitivity to every 10% change in the fair value of the warrants, the embedded derivatives of convertible bonds and the forward contract as detailed in note 27, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period.

	Carrying amount *HK$'000*	Increase/ (decrease) in profit before tax *HK$'000*	Increase/ (decrease) in equity *HK$'000*
2011			
If share price increased by 10%			
Warrant liabilities	**279,095**	**(33,367)**	**(33,367)**
Embedded derivatives of convertible bonds	**624,282**	**(72,607)**	**(72,607)**
If share price decreased by 10%			
Warrant liabilities	**279,095**	**33,187**	**33,187**
Embedded derivatives of convertible bonds	**624,282**	**72,607**	**72,607**
2010			
If share price increased by 10%			
Warrant liabilities	89,618	(13,211)	(13,211)
Embedded derivatives of convertible bonds	226,252	(27,088)	(27,088)
Forward contract	287,436	(39,928)	(39,928)
If share price decreased by 10%			
Warrant liabilities	89,618	13,019	13,019
Embedded derivatives of convertible bonds	226,252	27,088	27,088
Forward contract	287,436	39,928	39,928

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2011 and 2010.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management (continued)

The Group monitors capital using gearing ratio, which is total debts divided by total equity. The Group's policy is to maintain a stable gearing ratio. The gearing ratios as at the end of the reporting periods were as follows:

	2011 ***HK$'000***	2010 *HK$'000*
Convertible bonds	**178,924**	69,201
Total equity	**(690,108)**	(486,824)
Gearing ratio	**(0.26)**	(0.14)

The Group monitors its current and expected cashflow requirements to ensure it maintains sufficient cash and cash equivalents and has available funding to meet its working capital requirement.

38. EVENT AFTER THE REPORTING PERIOD

Subsequent to the reporting period, on 13 May 2011, the Company entered into a supplemental agreement with an independent third party to conditionally acquire 100% equity interest in Well Link Capital Limited ("Well Link"), upon the completion of acquisition, the Group will indirectly hold 25% interest in Zhangjiagang FTZ Libaite Steel Products Co., Ltd. ("Libaite"). Libaite is engaged in the manufacturing of pipes and related equipment for uses by chemical plants in Mainland China. The purchase consideration was in form of HK$80,000,000 cash and the issuance of convertible bonds by the Company in the principal amount of HK$120,000,000, convertible into 100,000,000 shares at the initial conversion price of HK$1.20 each.

39. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 23 June 2011.

Five Year Financial Summary

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

RESULTS

	Year ended 31 March				
	2011	2010	2009	2008	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	**295,835**	287,826	277,497	261,654	192,707
PROFIT/(LOSS) FOR THE YEAR	**(889,084)**	(573,390)	5,824	13,653	1,075
Attributable to:					
Equity holders of the parent	**(890,647)**	(574,902)	4,606	13,281	792
Minority interests	**1,563**	1,512	1,218	372	283
	(889,084)	(573,390)	5,824	13,653	1,075

ASSETS, LIABILITIES AND MINORITY INTERESTS

	As at 31 March				
	2011	2010	2009	2008	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total assets	**419,581**	209,711	124,969	131,674	124,630
Total liabilities	**(1,109,689)**	(696,535)	(35,724)	(35,711)	(37,041)
Minority interests	**(2,639)**	(3,036)	(1,524)	(306)	(140)
	(692,747)	(489,860)	87,721	95,657	87,449