中国核建

Stock Code: 611

China Nuclear Industry 23 International Corporation Limited

中 國 核 工 業 二 三 國 際 有 限 公 司

(Formerly Known As Tack Hsin Holdings Limited (德興集團有限公司))

Annual Report 2012

Contents

Corporate Information

BOARD OF DIRECTORS

Non-executive Director

Mr. Dong Yuchuan *(Chairman)*
(appointed on 16 December 2011)

Executive Directors

Mr. Chan Shu Kit *(Vice-Chairman)*
Mr. Lei Jian *(appointed on 27 June 2011)*
Mr. Han Naishan *(appointed on 27 June 2011)*
Mr. Guo Shuwei *(appointed on 16 December 2011)*
Mr. Chan Ho Man
Mr. Chung Chi Shing
Ms. Jian Qing
Mr. Song Limin *(Chief Executive Officer)*
(appointed on 19 August 2011)

Independent Non-executive Directors

Mr. Chan Ka Ling, Edmond
Mr. Chang Nan *(appointed on 27 June 2011)*
Dr. Dai Jinping *(appointed on 27 June 2011)*
Mr. Yu Lei *(appointed on 9 March 2012)*

AUDIT COMMITTEE

Mr. Chan Ka Ling, Edmond *(Chairman)*
Mr. Chang Nan *(appointed on 18 August 2011)*
Dr. Dai Jinping *(appointed on 18 August 2011)*
Mr. Yu Lei *(appointed on 9 March 2012)*

REMUNERATION COMMITTEE

Mr. Chan Ka Ling, Edmond *(Chairman)*
Mr. Dong Yuchuan *(appointed on 9 March 2012)*
Mr. Chan Shu Kit
Mr. Chang Nan *(appointed on 18 August 2011)*
Dr. Dai Jinping *(appointed on 18 August 2011)*
Mr. Yu Lei *(appointed on 9 March 2012)*

NOMINATION COMMITTEE

(All members were appointed on 19 March 2012)

Mr. Dong Yuchuan *(Chairman)*
Ms. Jian Qing
Mr. Chan Ka Ling, Edmond
Mr. Chang Nan
Dr. Dai Jinping
Mr. Yu Lei

COMPANY SECRETARY

Mr. Tam Cheuk Ho

PRINCIPAL BANKERS

Chong Hing Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
China Construction Bank (Hong Kong Branch)

AUDITORS

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants
31/F, Gloucester Tower
The Landmark
11 Pedder Street
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

Suite 2801, 28/F
China Resources Building
26 Harbour Road
Wanchai
Hong Kong

STOCK CODE

611

WEBSITE

www.cni23intl.com

Chairman's Statement

BUSINESS REVIEW

For the year under review, Hong Kong retail sector still enjoyed a boom market while local economy benefited from robust tourism driven by individual travelers and other relevant factors. Furthermore, restaurant operation was briefly affected owing to renovation of part of our restaurants during the year, though revenue of this segment maintained stable. On the other hand, hotel operation made significant progress.

In reviewing the operations of two Sunny Day Hotels, their average occupancy over the past twelve months was better than expected, mainly due to the impetus from retail sectors and individual visitors, and the intensive on-line marketing and promotion campaign, thus helping the full-year occupancy rate amount to 90%. We believe the hotel operation will contribute sustainable long-term revenue to the Group in future.

Financial Review

The Group's consolidated revenue for the twelve months ended 31 March 2012 amounted to HK$300,097,000, representing an increase of HK$4,262,000 compared to the consolidated revenue of HK$295,835,000 recorded last year. Consolidated profit attributable to owners of the Company for the year was HK$492,587,000 (2011: loss of HK$890,647,000). Basic earnings per share amounted to HK$0.71 (2011: loss of HK$2.35 per share).

The significant profit recorded for the current year was attributable to the net fair value changes of the following derivative financial instruments: (1) the unlisted warrants issued on 19 October 2009 (the "Warrants"); (2) zero coupon rate unsecured redeemable convertible bonds in the principal amount of HK$200,000,000 (the "2011 CBs") issued pursuant to the subscription agreement dated 20 January 2010 and ordinary shares of the Company converted during the year due to the settlement of the subscription agreement on 17 March 2011; and (3) zero coupon rate unsecured redeemable convertible bonds due 2014 in the principal amount of HK$120,000,000 (the "Acquisition CBs") issued on 1 September 2011. The relevant derivative financial liabilities and the profit arising from changes in fair value are non-cash in nature. As a result, the cash flow of the Group was not affected. The Company will in no event be obliged to settle any of such financial liabilities by incurring cash payout or disposing of any assets, except for the required redemption of the Acquisition CBs upon their expiration date. The Group's financial position has remained healthy. Profit for the year amounted to HK$493,427,000, excluding the net fair value gains from these derivative financial instruments of HK$506,248,000 and the imputed interest on the convertible bonds of HK$14,119,000, the Group would have recorded a profit for the year of HK$1,298,000 from its core business as of 31 March 2012.

During the past year, food prices soared up as local economy was directly affected by imported inflation, and our gross profit was squeezed inevitably. However, gross profit margin of the Group remained stable at 66% for the year, mainly because our management regularly monitored the food market information, constantly kept an eye on price changes, and timely and appropriately adopted purchasing measures, so as to maintain food quality, to balance the requirement of management economy and cost effectiveness and to promote environmental protection.

Liquidity and Financial Resources

As of 31 March 2012, the Group had no mortgage loans (2011: Nil). Net assets amounted to HK$224,507,000 (2011: deficiency of HK$690,108,000). The ratio of non-current liabilities to shareholders' equity was 0.22 (2011: -0.26). The substantial improvement in the gearing ratio in 2012 was primarily due to the above mentioned derivative financial liabilities and the changes in fair value, and such financial liabilities would not result in any significant cash outflow upon settlement.

The Group has adopted the prudent and healthy fiscal 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.

Chairman's Statement

Acquisition of Subsidiaries

On 23 December 2010, 29 December 2010 and 13 May 2011, the Company entered into agreements with an independent third party to acquire the entire issued share capital of Well Link Capital Limited, a company incorporated in the British Virgin Islands, at a total consideration of HK$200,000,000. Well Link Capital Limited holds 25% equity interests in 江蘇中核利柏特股份有限公司 (transliterated as Jiangsu China Nuclear Industry Libert INC), a company established in the People's Republic of China, through its wholly-owned subsidiary East King International Enterprises Limited. The acquisition was completed on 1 September 2011. Details of the acquisition were set out in the circular of the Company dated 12 August 2011.

Contingent Liabilities

As at 31 March 2012, the Group had no significant contingent liabilities.

Number of Employees and Remuneration Policy

As at 31 March 2012, the Group had 535 employees, the remuneration packages of whom are reviewed annually with reference to the prevailing market condition.

OUTLOOK

Since the Minimum Wage Ordinance came into effect on 1 May last year, the Group has implemented a management strategy by integrating and reconfiguring its internal resources according to the actual situation of various restaurants for the Group's long-term benefits. In order to alleviate the cost burden imposed by the minimum wage requirement, the management constantly reviews changes in different businesses, adjusts its marketing strategy and streamlines the internal process of the workforce.

The Group has been developing its business in the PRC market, with a strong belief that plenty of investment opportunities will emerge in this market so as to achieve our long-term pursuit of excellent management philosophy. It is also the corporate strategy of the Group to identify suitable business opportunities in the PRC and overseas markets with the aim to diversify its businesses to a section which is less susceptible to the global financial market or economics changes and which may bring in a steady revenue stream to the Group. Our efforts have laid a solid foundation for future development in other new markets. Meanwhile, through diversified business relationship in the PRC and overseas markets, the Group can absorb more useful market information to deal with the fast changing business environment in future. Though facing an environment of tough competition and challenges, the management remains optimistic about our prospects and is confident that the Group will advance with time.

By Order of the Board
Dong Yuchuan
Chairman

Hong Kong, 19 June 2012

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 2012.

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

CORPORATE GOVERNANCE PRACTICES OF CHINA NUCLEAR INDUSTRY 23 INTERNATIONAL CORPORATION 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 "Code on Corporate Governance Practices" (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange has been revised and renamed as the "Corporate Governance Code and Corporate Governance Report" with effect from 1 April 2012. As this Corporate Governance Report covers the year ended 31 March 2012, all the corporate governance principles and code provisions mentioned herein refer to those stated in the CG Code, not the revised Corporate Governance Code.

Throughout the year under review, the Company has complied with the code provisions as set out in the CG Code, except for the deviation from 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 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 laws 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.

Corporate Governance Report

(3) Board Composition

As at 31 March 2012, the Board comprises 13 members, consisting of 1 non-executive director, 8 executive directors and 4 independent non-executive directors.

The Board of the Company comprises the following directors:

Non-executive director:

Mr. Dong Yuchuan *(appointed on 16 December 2011) (Chairman of the Board, member of the Remuneration Committee and Chairman of the Nomination Committee)*

Executive directors:

Mr. Chan Shu Kit *(re-designated from the Chairman to the Vice-Chairman of the Company with effect from 16 December 2011) (Vice-Chairman of the Board and member of the Remuneration Committee)*
Mr. Lei Jian *(appointed on 27 June 2011)*
Mr. Han Naishan *(appointed on 27 June 2011)*
Mr. Guo Shuwei *(appointed on 16 December 2011)*
Mr. Chan Ho Man
Mr. Chung Chi Shing
Ms. Jian Qing *(Member of the Nomination Committee)*
Mr. Song Limin *(appointed on 19 August 2011) (Chief Executive Officer)*

Independent non-executive directors:

Mr. Chan Ka Ling, Edmond *(Chairman of the Audit Committee and the Remuneration Committee and member of the Nomination Committee)*
Mr. Chang Nan *(appointed on 27 June 2011) (Member of the Audit Committee, the Remuneration Committee and the Nomination Committee)*
Dr. Dai Jinping *(appointed on 27 June 2011) (Member of the Audit Committee, the Remuneration Committee and the Nomination Committee)*
Mr. Yu Lei *(appointed on 9 March 2012) (Member of the Audit Committee, the Remuneration Committee and the Nomination Committee)*
Mr. Kung Fan Cheong *(retired with effect from 18 August 2011) (Member of the Audit Committee and the Remuneration Committee)*
Mr. Lo Kin Cheung *(retired with effect from 18 August 2011) (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 20.

During the year ended 31 March 2012, 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/her 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 non-executive director and 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, Remuneration and Nomination Committees of the Company.

Corporate Governance Report

(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. Prior to the set up of a Nomination Committee with effect from 19 March 2012, the Board as a whole was responsible for reviewing 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. Details of the Nomination Committee are set out in the "Board Committees" section below.

During the period from 1 April 2011 to 18 March 2012, the Board reviewed its own structure, size and composition regularly to ensure that it had a balance of expertise, skills and experience appropriate for the requirements of the business of the Company. Where vacancies on the Board existed, the Board would 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 where necessary.

Mr. Dong Yuchuan has been appointed as a non-executive director with effect from 16 December 2011 and has entered into a letter of appointment with the Company for an initial term of one year 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 and Mr. Chan Ho Man, being the executive directors of the Company and have renewed a service contract 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.

Mr. Lei Jian and Mr. Han Naishan, being the executive directors of the Company and have executed a letter of appointment for a term of three 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.

Mr. Guo Shuwei has been appointed as an executive director with effect from 16 December 2011 and has entered into a letter of appointment with the Company for an initial term of one year 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 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. Song Limin has been appointed as an executive director with effect from 19 August 2011 and has entered into a service contract with the Company for an initial term of one year 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.

Corporate Governance Report

Mr. Chan Ka Ling, Edmond, being an independent non-executive director of the Company and has executed a letter of appointment for a term of two 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. Chang Nan and Dr. Dai Jinping, being the independent non-executive directors of the Company and have executed a letter of appointment for a term of three 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.

Mr. Yu Lei has been appointed as an independent non-executive director with effect from 9 March 2012 and has entered into a letter of appointment with the Company for an initial term of one year 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.

In accordance with Bye-laws 86(2) and 87 of the Company's Bye-laws, Mr. Dong Yuchuan, Mr. Chan Shu Kit, Mr. Lei Jian, Mr. Han Naishan, Mr. Guo Shuwei, Mr. Chan Ho Man, Mr. Chung Chi Shing, Ms. Jian Qing, Mr. Song Limin, Mr. Chan Ka Ling, Edmond, Mr. Chang Nan, Dr. Dai Jinping and Mr. Yu Lei, directors of the Company, would retire at the forthcoming 2012 Annual General Meeting and that all the retiring directors, being eligible, would offer themselves for re-election at the forthcoming 2012 Annual General Meeting.

The Company's circular dated 18 July 2012 contains detailed information of the directors standing for re-election.

(5) Training for Directors

Each newly appointed director receives formal, comprehensive and tailored induction on the first occasion of his/her appointment 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 2012, 20 Board meetings were held, out of which 4 were regular meetings 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 the Board Meetings, 4 Remuneration Committee meetings and 3 Audit Committee meetings were held during the year.

Corporate Governance Report

The attendance records of each director at the meetings of the Board, Remuneration Committee and Audit Committee during the year ended 31 March 2012 are set out below:

	Attendance/Number of Meetings		
Name of Director	**Board**	**Remuneration Committee**	**Audit Committee**
Dong Yuchuan *(Note 1)*	4/5	1/1	N/A
Chan Shu Kit *(Note 2)*	19/20	4/4	N/A
Lei Jian *(Note 3)*	9/17	N/A	N/A
Han Naishan *(Note 3)*	10/17	N/A	N/A
Guo Shuwei *(Note 4)*	4/5	N/A	N/A
Chan Ho Man	17/20	N/A	N/A
Chung Chi Shing	19/20	N/A	N/A
Jian Qing	18/20	N/A	N/A
Song Limin *(Note 5)*	11/15	N/A	N/A
Chan Ka Ling, Edmond	11/20	4/4	3/3
Chang Nan *(Note 6)*	8/17	3/3	2/2
Dai Jinping *(Note 6)*	9/17	2/3	2/2
Yu Lei *(Note 7)*	0/2	0/1	N/A
Kung Fan Cheong *(Note 8)*	1/3	1/1	1/1
Lo Kin Cheung *(Note 8)*	1/3	1/1	1/1

Notes:

1. Mr. Dong Yuchuan was appointed as a non-executive director and a member of Remuneration Committee with effect from 16 December 2011 and 9 March 2012 respectively.

2. Mr. Chan Shu Kit was re-designated from the chairman to the vice-chairman with effect from 16 December 2011.

3. Mr. Lei Jian and Mr. Han Naishan were appointed as executive directors with effect from 27 June 2011.

4. Mr. Guo Shuwei was appointed as an executive director with effect from 16 December 2011.

5. Mr. Song Limin was appointed as an executive director and chief executive officer with effect from 19 August 2011.

6. Mr. Chang Nan and Dr. Dai Jinping were appointed as independent non-executive directors with effect from 27 June 2011.

7. Mr. Yu Lei was appointed as an independent non-executive director with effect from 9 March 2012.

8. Mr. Kung Fan Cheong and Mr. Lo Kin Cheung retired as independent non-executive directors with effect from 18 August 2011.

Corporate Governance Report

Practices and Conduct of Meetings

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

Notice of regular Board meetings is served to all directors at least 14 days before the meeting. 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 where necessary.

The Chairman, Vice-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 and regulatory compliance, corporate governance and other major aspects of the Company.

The Company Secretary is responsible for keeping 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 final versions are 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.

As from 1 April 2011 to 18 August 2011, the Company did not have a separate Chairman and Chief Executive Officer and Mr. Chan Shu Kit held both positions. The Board believed that vesting the roles of both Chairman and Chief Executive Officer in the same person provided the Group with strong and consistent leadership and allowed for more effective planning and execution of long-term business strategies.

On 19 August 2011, Mr. Song Limin has been appointed as an Executive Director and also Chief Executive Officer of the Company. He is primarily responsible for the management of the Group's business in the PRC and Mr. Chan Shu Kit is primarily responsible for the management of the Group's catering and hotel businesses. Since then, the roles of chairman and chief executive officer are separated and performed by different individuals.

Mr. Chan Shu Kit has been re-designated as the Vice-Chairman and resigned as the Co-Chief Executive Officer of the Company with effect from 16 December 2011 and 9 March 2012 respectively.

Corporate Governance Report

C. BOARD COMMITTEES

The Board has established three committees, namely, the Remuneration Committee, Audit Committee and Nomination Committee (set up on 19 March 2012), 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 posted on the websites of the Stock Exchange and the Company.

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 expense.

(1) Remuneration Committee

The Remuneration Committee comprises 6 members, namely, Mr. Chan Ka Ling, Edmond (Chairman), Mr. Dong Yuchuan, Mr. Chan Shu Kit, Mr. Chang Nan, Dr. Dai Jinping and Mr. Yu Lei, the majority of which are independent non-executive directors.

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 consults with the Chairman and/or the Chief Executive Officer of the Company about these recommendations on remuneration policy and structure and remuneration packages.

The Remuneration Committee held 4 meetings during the year ended 31 March 2012 to review 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 4 independent non-executive directors, namely, Mr. Chan Ka Ling, Edmond (Chairman), Mr. Chang Nan, Dr. Dai Jinping and Mr. Yu Lei (including two independent non-executive directors with 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 3 meetings during the year ended 31 March 2012 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 2012 have been reviewed by the Audit Committee.

(3) Nomination Committee

The Nomination Committee comprises 6 members, namely Mr. Dong Yuchuan (Chairman), Ms. Jian Qing, Mr. Chan Ka Ling, Edmond, Mr. Chang Nan, Dr. Dai Jinping and Mr. Yu Lei, the majority of which are independent non-executive directors.

Principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of directors, making recommendations to the Board on the appointment and succession planning of directors, and assessing the independence of independent non-executive directors. An external recruitment agency may be engaged to carry out the recruitment and selection process where necessary.

As the Nomination Committee was set up on 19 March 2012, no Nomination Committee meeting was held during the year under review. From 2012 onwards, Nomination Committee will conduct meeting at least once a year.

D. MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted its own code of conduct regarding directors' dealings in the Company's securities (the "Company 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 Code and the Model Code throughout the year ended 31 March 2012.

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.

Corporate Governance Report

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 2012.

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 accounts for the year were audited by HLB Hodgson Impey Cheng whose term of office will expire upon the forthcoming annual general meeting. In March 2012, the practice of HLB Hodgson Impey Cheng was reorganized as HLB Hodgson Impey Cheng Limited. The Audit Committee has recommended to the Board that HLB Hodgson Impey Cheng Limited be nominated for appointment as the auditors of the Company at the forthcoming annual general meeting.

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 26.

The remuneration paid to the Company's external auditors, Messrs HLB Hodgson Impey Cheng, in respect of audit services and non-audit services (interim accounting service) for the year ended 31 March 2012 amounted to HK$880,000 and HK$200,000 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. The review covered the financial, operational, compliance and risk management aspects of the Group, 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 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.

The Audit Committee oversees the internal control system of the Group, reports to the Board on any material issues and makes recommendations.

The internal control system of the Group is designed to facilitate effective and efficient operations, to ensure reliability of financial reporting and compliance with applicable laws and regulations, to identify and manage potential risks, and to safeguard assets of the Group.

Corporate Governance Report

H. COMMUNICATION 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 chairmen of the Remuneration Committee, Audit Committee and Nomination Committee or, in their absence, other members of the respective committees and, where applicable, the chairman of the independent Board committee, are available to answer questions at shareholder meetings.

To promote effective communication, the Company maintains a website at http://www.cni23intl.com, where up-to-date information and updates on the Company's financial information, corporate governance practices 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 poll results will be posted on the websites of the Company and of the Stock Exchange after each shareholder meeting.

Directors' Report

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

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 21 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 2012 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 28 to 93.

The Board has resolved not to recommend a final dividend for the year ended 31 March 2012 (2011: 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 94. 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 16 and 17 to the financial statements, respectively.

SHARE CAPITAL

Details of movements in the Company's share capital during the year are set out in note 32 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 33(b) to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

As at 31 March 2012, the Company had no reserves available for distribution, calculated in accordance with the provisions of the Companies Act 1981 of Bermuda (as amended).

Directors' Report

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 were as follows:

Non-executive director:

Mr. Dong Yuchuan *(Chairman) (appointed on 16 December 2011)*

Executive directors:

Mr. Chan Shu Kit *(Vice-Chairman) (re-designated from the Chairman to the Vice-Chairman of the Company with effect from 16 December 2011)*
Mr. Lei Jian *(appointed on 27 June 2011)*
Mr. Han Naishan *(appointed on 27 June 2011)*
Mr. Guo Shuwei *(appointed on 16 December 2011)*
Mr. Chan Ho Man
Mr. Chung Chi Shing
Ms. Jian Qing
Mr. Song Limin *(Chief Executive Officer) (appointed on 19 August 2011)*

Independent non-executive directors:

Mr. Chan Ka Ling, Edmond
Mr. Chang Nan *(appointed on 27 June 2011)*
Dr. Dai Jinping *(appointed on 27 June 2011)*
Mr. Yu Lei *(appointed on 9 March 2012)*
Mr. Kung Fan Cheong *(retired with effect from 18 August 2011)*
Mr. Lo Kin Cheung *(retired with effect from 18 August 2011)*

In accordance with Bye-laws 86(2) and 87 of the Company's Bye-laws, Mr. Dong Yuchuan, Mr. Chan Shu Kit, Mr. Lei Jian, Mr. Han Naishan, Mr. Guo Shuwei, Mr. Chan Ho Man, Mr. Chung Chi Shing, Ms. Jian Qing, Mr. Song Limin, Mr. Chan Ka Ling, Edmond, Mr. Chang Nan, Dr. Dai Jinping and Mr. Yu Lei, directors of the Company, would retire at the forthcoming 2012 Annual General Meeting and that all the retiring directors, being eligible, would offer themselves for re-election at the forthcoming 2012 Annual General Meeting.

The Company has received annual confirmations of independence from each of the independent non-executive directors, Mr. Chan Ka Ling, Edmond, Mr. Chang Nan, Dr. Dai Jinping and Mr. Yu Lei and still considers them to be independent.

Directors' Report

DIRECTORS' SERVICE CONTRACTS

Mr. Dong Yuchuan has been appointed as a non-executive director with effect from 16 December 2011 and has entered into a letter of appointment with the Company for an initial term of one year 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 and Mr. Chan Ho Man, being the executive directors of the Company and have renewed a service contract 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.

Mr. Lei Jian and Mr. Han Naishan, being the executive directors of the Company and have executed a letter of appointment for a term of three 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.

Mr. Guo Shuwei has been appointed as an executive director with effect from 16 December 2011 and has entered into a letter of appointment with the Company for an initial term of one year 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 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. Song Limin has been appointed as an executive director and chief executive officer with effect from 19 August 2011 and has entered into a service contract with the Company for an initial term of one year 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 Ka Ling, Edmond, being an independent non-executive director of the Company and has executed a letter of appointment for a term of two 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. Chang Nan and Dr. Dai Jinping, being the independent non-executive directors of the Company and have executed a letter of appointment for a term of three 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.

Mr. Yu Lei has been appointed as an independent non-executive director with effect from 9 March 2012 and has entered into a letter of appointment with the Company for an initial term of one year 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.

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' Report

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in note 38 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 2012, 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	11.81

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 2012.

Save as disclosed above, as at 31 March 2012, 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.

Directors' Report

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES

At 31 March 2012, 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
中國核工業建設集團公司 (China Nuclear Engineering Group Co.*) *(note 1)*	Interest of controlled corporations	400,000,000	41.35
中國核工業建設股份有限公司 (China Nuclear Engineering Corporation Co., Ltd.*) *(note 1)*	Interest of controlled corporations	300,000,000	31.01
China Nuclear Industry 23 Construction Company Limited *(note 1)*	Interest of a controlled corporation	300,000,000	31.01
China Nuclear Industry 23 Construction (Hong Kong) Company Limited *(note 1)*	Directly beneficially owned	300,000,000	31.01
Zhong He Investment Company Limited *(note 1)*	Interest of a controlled corporation	100,000,000	10.34
China He Investment (Hong Kong) Company Limited *(note 1)*	Directly beneficially owned	100,000,000	10.34
Hoylake Holdings Limited *(note 2)*	Directly beneficially owned	114,240,000	11.81
Zhao Xu Guang *(note 3)*	Interest of controlled corporations	77,000,000	7.96
Prosper Alliance Investments Limited *(note 3)*	Directly beneficially owned	60,000,000	6.20
Cheung Mui *(note 4)*	Interest of a controlled corporation	60,000,000	6.20
Grand Honest Limited *(note 4)*	Directly beneficially owned	60,000,000	6.20
Lee Yu Leung	Directly beneficially owned	50,000,000	5.17

Notes:

1. 中國核工業建設集團公司 (China Nuclear Engineering Group Co.*) indirectly held interests in 100,000,000 shares by virtue of its interests in 中核投資有限公司 (Zhong He Investment Company Limited*), 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 Investment HK"). Zhong He Investment Company Limited is deemed to be interested in these shares by virtue of its 100% interests in China He Investment HK.

   On the other hand, 中國核工業建設集團公司 (China Nuclear Engineering Group Co.*) is deemed to be interested in 300,000,000 shares by virtue of its 79.2% interests in 中國核工業建設股份有限公司 (China Nuclear Engineering Corporation Co., Ltd.*) ("CNECC"), which in turn holds 80% interests in 中國核工業二三建設有限公司 (China Nuclear Industry 23 Construction Company Limited*) ("CNI23"). CNI23 is deemed to be interested in these shares by virtue of its 100% interests in 中國核工業二三建設（香港）有限公司 (China Nuclear Industry 23 Construction (Hong Kong) Company Limited).

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

3. Prosper Alliance Investments Limited is wholly owned by 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.

4. Grand Honest Limited is wholly owned by 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 2012.

* for identification purpose only

Directors' Report

(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
Jiang Hailing *(note 1)*	Interest of a controlled corporation	100,000,000	9.37
Shining Rejoice Limited *(note 1)*	Directly beneficially owned	100,000,000	9.37

Note:

1 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.

† 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.

Save as disclosed above, as at 31 March 2012, 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	Business experience
Mr. Dong Yuchuan	49	Chairman and non-executive director	Mr. Dong joined the Company on 16 December 2011 and he joined CNI23 in 1980. He has more than 30 years of experience in the nuclear power plant construction industry working within CNI23 and was responsible for construction of nuclear power plants in the People's Republic of China (the "PRC"), including Daya Bay (大亞灣核電站), Tianwan (phase I) (田灣核電站(一期)) and Ling'ao (phase II) (嶺澳核電站(二期)). Mr. Dong is currently the Vice President of CNECC, the Chairman of the Board and Director General of CNI23. Mr. Dong was awarded with national prizes, such as the Working Model of China Central Government Enterprises in 2004 and the Outstanding Entrepreneur of Hebei Province in 2008.
Mr. Chan Shu Kit	63	Vice-Chairman and executive director	Mr. Chan is a co-founder of the Group and has over 40 years' experience in the catering business. He is responsible for the overall corporate strategy of the Group's catering and hotel businesses and is acting as director of some of the subsidiary companies of the Company. He is the father of Mr. Chan Ho Man, an Executive Director.

Directors' Report

Name	Age	Position held	Business experience
Mr. Lei Jian	58	Executive director	Mr. Lei joined the Company on 27 June 2011. He is an electrical and mechanical engineer in the PRC and has over 40 years of experience working in many areas in the mining of nuclear industry, administering the affairs of various departments, construction management and property investment and has extensive experience in corporate management. He held managerial positions in Xinjiang Mining and Metallurgy Bureau of Nuclear Industry, Nuclear Industry Yanning Company, Administration Bureau of China Nuclear Industry Corporation and Beijing China Nuclear Construction Co., Ltd. In the PRC. Prior to joining the Company, he has been the Chairman and General Manager of Zhong He Investment Company Limited, the sole shareholder of China He Investment (Hong Kong) Company Limited which holds 100,000,000 shares of the Company.
Mr. Han Naishan	47	Executive director	Mr. Han joined the Company on 27 June 2011 and he joined CNI23, substantial shareholder of the Company, since 1989 and has held various managerial positions in CNI23. Mr. Han is an experienced engineer and also has extensive experience in corporate management. Mr. Han is the senior engineer of the researcher grade with special sponsorship from the State Council. Prior to joining the Company, Mr. Han has been the Deputy Director General and Chief Engineer of CNI23. Mr. Han is also the Chairman of the Board and Director General of Nuclear Engineering Research and Design Co., Ltd (formerly known as Nuclear Engineering Institute of Design and Research).
Mr. Guo Shuwei	45	Executive director	Mr. Guo joined the Company on 16 December 2011 and he joined CNI23 in 1988. He has more than 20 years of experience in the nuclear power plant construction industry working within CNI23. He also participated in the Daya Bay Nuclear Power Plant (大亞灣核電站) project in the PRC and in charge of the nuclear islands installation project of Ningde Nuclear Power Plant Units 1 and 2 in Fujian Province. Mr. Guo is currently the Deputy Director of the Nuclear Power Engineering Department of China Nuclear Engineering Group Co. (中國核工業建設集團公司) and the General Manager of the International Department of CNECC. Mr. Guo was awarded with prizes by CNI23 in 2004 and 2005 for his contribution.

Directors' Report

Name	Age	Position held	Business experience
Mr. Chan Ho Man	36	Executive director	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.
Mr. Chung Chi Shing	47	Executive director	Mr. Chung joined the Company on 1 December 2010. He has more than 20 years of working experience and was an Executive Director and Chief Executive Officer of Central China Enterprises Limited (Stock Code: 351) from 2000 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 (a manufacturer of printed circuit board drilling machines) since 2007. He is an Executive Director of Same Time Holdings Limited (stock code: 451), a company whose shares are listed on the Stock Exchange.
Ms. Jian Qing	40	Executive director	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 degree of Master in Business Administration 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.
Mr. Song Limin	36	Executive director and Chief Executive Officer	Mr. Song joined the Company on 19 August 2011. Mr. Song joined CNI23 in 2007 as the secretary to the Director General. From 25 May 2012, Mr. Song was no longer as the secretary of the Board of Directors of CNI23. Since Mr. Song has been serving CNI23 for several years, he has acquired substantial experiences. Mr. Song has also gained recognition in his work by achieving the award of the "Outstanding Worker" by Entrepreneurs Association of Hebei Province, the PRC from 2008 to 2010.

Directors' Report

Name	Age	Position held	Business experience
Mr. Chan Ka Ling, Edmond	53	Independent non-executive director	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). He is also as a Director of Kreston CAC CPA Limited.
Mr. Chang Nan	52	Independent non-executive director	Mr. Chang joined the Company on 27 June 2011. He has extensive experience in nuclear engineering and management. Mr. Chang held managerial positions in China Institute of Atomic Energy and Jiangsu Nuclear Power Corporation. Mr. Chang was a senior engineer of Ministry of Energy in 1992 and participated in Guangdong Nuclear Power Joint Venture Corporation to start up and put the first unit of Dayabay Nuclear Power Plant into commercial operation. He was also the Deputy Director of Nuclear Power Bureau in China National Nuclear Corporation in 1995. From 1996 to 2005, Mr. Chang served as Deputy Director General and then Director General of Jiangsu Nuclear Power Corporation being responsible for all activities related to the engineering and construction of Tianwan nuclear power project. Mr. Chang served as Director General of the Nuclear Power Department, China Power Investment Corporation from 2005 to 2009. Mr. Chang is currently a member of International Nuclear Safety Group, International Atomic Energy Agency, a member of the expert committee on Nuclear Safety and Environment, State Department of Environmental Protection and also a member of the expert committee of China Nuclear Energy Industry Association.

Directors' Report

Name	Age	Position held	Business experience
Dr. Dai Jinping	47	Independent non-executive director	Dr. Dai joined the Company on 27 June 2011. Dr. Dai started working as an Associate Professor in economics of Nankai University since 1994. She then became a Professor and Director in economics at the Institute of International Economics in 2000 and an Associate Dean of the School of Financial Engineering in 2002. Dr. Dai is currently the Associate Dean and Professor of the Institute of Financial Development Research of Nankai University, a Professor in Economics of the Institute of International Economics at Nankai University and also the Vice Director of the Professor Centre for Transnational Corporations Studies of Nankai University. Dr. Dai has also worked as part-time Professor or Visiting Professor of other Universities. She is now a part-time Professor in economics of each of Xiamen University, Shandong College of Economics and Shanghai Lixin Institute of Accounting, all in the PRC. Dr. Dai was a Visiting Professor of each of Greenwich University, U.K. from 1995 to 1996, Columbia University, U.S.A. from 2001 to 2002, Helsinki Polytechnic, Finland in 2005 and National Kaohsiung University of Applied Sciences, KUAS, Taiwan in 2005. Dr. Dai is the Managing Director of China Society of World Economics, Director of teaching committee and Vice-president of Tianjin Society of World Economics. Dr. Dai is an independent director of each of Ringpu (Tianjin) Biotechnology Co., Ltd. (天津瑞普生物技術股份有限公司), Tianjin Benefo Electric Co., Ltd. (天津百利電器股份有限公司), all of which are listed in the PRC.

Directors' Report

Name	Age	Position held	Business experience
Mr. Yu Lei	43	Independent non-executive director	Mr. Yu joined the Company on 9 March 2012, he has about nineteen years of extensive work experience. Mr. Yu began his career in 1993 as an accountant in the PRC assuming the duties in financial management, where he has acquired substantial experiences in financial analysis, internal control, tax planning, budget management and performing financial feasibility studies for investment projects. Mr. Yu was the assistant to the chief executive officer of the group in Great China International Group (China) Limited (大中華國際集團(中國)有限公司) in 2006 and is currently an assistant of the president of Shenzhen Zhuojia Industry Development Co., Ltd (深圳市卓佳實業集團有限公司). During his career, Mr. Yu has assumed different senior positions in various large corporations and has gained extensive knowledge and experience in supervising large scale investment projects, financial management and internal control compliance.

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

The accounts for the year were audited by HLB Hodgson Impey Cheng whose term of office will expire upon the forthcoming annual general meeting. In March 2012, the practice of HLB Hodgson Impey Cheng was reorganized as HLB Hodgson Impey Cheng Limited. A resolution for the appointment of HLB Hodgson Impey Cheng Limited as the auditors of the Company for the subsequent year is to be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

Dong Yuchuan
Chairman

Hong Kong, 19 June 2012

Independent Auditors' Report

HLB 國衛會計師事務所 Hodgson Impey Cheng

Chartered Accountants
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF CHINA NUCLEAR INDUSTRY 23 INTERNATIONAL CORPORATION LIMITED
(FORMERLY KNOWN AS TACK HSIN HOLDINGS LIMITED)
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of China Nuclear Industry 23 International Corporation Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 28 to 93, which comprise the consolidated and Company statements of financial position as at 31 March 2012, and 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 and to report our opinion 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 Standard on Auditing issued by the Hong Kong 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' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation 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

OPINION

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

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 March 2011 were audited by another auditors who expressed an unmodified opinion on those statements on 23 June 2011.

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

Hong Kong, 19 June 2012

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000
REVENUE	7	**300,097**	295,835
Other revenue and gains	7	**11,666**	2,769
Cost of inventories used		**(94,458)**	(93,728)
Staff costs		**(88,505)**	(83,099)
Rental expenses		**(41,084)**	(38,082)
Utility expenses		**(20,943)**	(21,974)
Depreciation	16	**(7,251)**	(6,630)
Other operating expenses		**(57,977)**	(48,638)
Fair value gains/(losses) on derivative financial instruments, net		**506,248**	(890,863)
Finance costs	8	**(14,119)**	(3,053)
Share of result of an associate, net	20	**972**	–
PROFIT/(LOSS) BEFORE TAXATION	9	**494,646**	(887,463)
Income tax expense	12	**(1,219)**	(1,621)
PROFIT/(LOSS) FOR THE YEAR		**493,427**	(889,084)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX			
Gain on property revaluation		**579**	38
Share of other comprehensive income of an associate		**600**	–
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**494,606**	(889,046)
PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		**492,587**	(890,647)
Non-controlling interests		**840**	1,563
		493,427	(889,084)
TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO:			
Owners of the Company		**493,766**	(890,609)
Non-controlling interests		**840**	1,563
		494,606	(889,046)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
– Basic (HK$ per share)	15	**0.71**	(2.35)
– Diluted (HK$ per share)	15	**(0.02)**	(2.35)
DIVIDEND	14	**–**	–

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	**21,517**	20,981
Investment properties	17	**38,000**	29,500
Prepaid land lease payments	18	**6,972**	7,073
Available-for-sale investment	22	**500**	500
Prepayment for acquisition of property, plant and equipment		**–**	1,253
Goodwill	19	**105,440**	–
Interest in an associate	20	**96,051**	–
Deferred tax assets, net	31	**2,324**	1,620
		270,804	60,927
CURRENT ASSETS			
Inventories		**6,898**	3,905
Trade receivables	23	**923**	969
Prepayments, deposits and other receivables	24	**19,167**	16,544
Tax recoverable		**–**	516
Cash and cash equivalents	25	**243,272**	336,720
		270,260	358,654
LESS: CURRENT LIABILITIES			
Trade payables	26	**5,354**	5,641
Other payables and accruals	27	**20,719**	20,622
Provision for long service payments	28	**1,453**	1,060
Tax payable		**663**	–
Derivative financial instruments	30	**239,026**	903,377
		267,215	930,700
NET CURRENT ASSETS/(LIABILITIES)		**3,045**	(572,046)
TOTAL ASSETS LESS CURRENT LIABILITIES		**273,849**	(511,119)
LESS: NON-CURRENT LIABILITIES			
Convertible bonds	29	**48,687**	178,924
Receipt in advance		**650**	–
Deferred tax liabilities, net	31	**5**	65
		49,342	178,989
Net assets/(liabilities)		**224,507**	(690,108)

Consolidated Statement of Financial Position

As at 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000
CAPITAL AND RESERVES			
Share capital	32	**96,732**	56,732
Reserves	33	**126,746**	(749,479)
Equity attributable to owners of the Company		**223,478**	(692,747)
Non-controlling interests		**1,029**	2,639
Total equity		**224,507**	(690,108)

Approved by the Board of Directors on 19 June 2012 and signed on its behalf by:

Chan Shu Kit
Director

Song Limin
Director

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2012

	Attributable to owners of the Company							
	Issued share capital	Share premium	Building revaluation reserve	(Accumulated losses)/ retained earnings	Exchange reserve	Total	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 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 building	–	–	38	–	–	38	–	38
Total comprehensive loss for the year	–	–	38	(890,647)	–	(890,609)	1,563	(889,046)
Exercise of warrants	400	10,345	–	–	–	10,745	–	10,745
Conversion of convertible bonds	20,000	656,977	–	–	–	676,977	–	676,977
Dividends paid to a non-controlling shareholder	–	–	–	–	–	–	(1,960)	(1,960)
At 31 March 2011 and 1 April 2011	56,732	711,292	463	(1,461,234)	–	(692,747)	2,639	(690,108)
Profit for the year	–	–	–	492,587	–	492,587	840	493,427
Other comprehensive income for the year:								
Surplus arising from revaluation of building	–	–	579	–	–	579	–	579
Share of other comprehensive income of an associate	–	–	–	–	600	600	–	600
Total comprehensive income for the year	–	–	579	492,587	600	493,766	840	494,606
Conversion of convertible bonds	40,000	382,459	–	–	–	422,459	–	422,459
Dividends paid to a non-controlling shareholder	–	–	–	–	–	–	(2,450)	(2,450)
At 31 March 2012	**96,732**	**1,093,751**	**1,042**	**(968,647)**	**600**	**223,478**	**1,029**	**224,507**

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before taxation		**494,646**	(887,463)
Adjustments for:			
Fair value (gains)/losses on derivative financial instruments		**(506,248)**	890,863
Finance costs	8	**14,119**	3,053
Interest income	7	**(1,399)**	(573)
Depreciation	16	**7,251**	6,630
Recognition of prepaid land lease payments	9	**101**	101
Fair value gains on investment properties	7	**(8,500)**	(500)
Written off of items of property, plant and equipment	9	**–**	41
Surplus arising from revaluation of buildings	7	**–**	(32)
Share of results of an associate	20	**(972)**	–
Operating cash flow before working capital changes		**(1,002)**	12,120
Increase in inventories		**(2,993)**	(1,365)
Decrease in trade receivables		**46**	390
Increase in prepayments, deposits and other receivables		**(1,370)**	(384)
Increase in prepayments for acquisition of property, plant and equipment		**–**	(1,253)
Decrease in trade payables		**(287)**	(323)
Increase in other payables and accruals		**97**	5,988
Increase in receipt in advance		**650**	–
Increase/(decrease) in provision for long service payments		**393**	(273)
Cash (used in)/generated from operations		**(4,466)**	14,900
Hong Kong profits tax paid		**(804)**	(4,498)
Net cash (outflows)/inflows from operating activities		**(5,270)**	10,402
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of items of property, plant and equipment	16	**(7,208)**	(974)
Purchase of available-for-sale investments	22	**–**	(500)
Interest received		**1,399**	573
Net cash outflow arising on acquisition of subsidiaries	34	**(79,919)**	–
Increase in short term deposits with original maturity of more than three months		**(96,206)**	(21,481)
Net cash outflows from investing activities		**(181,934)**	(22,382)

Consolidated Statement of Cash Flows

For the year ended 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of convertible bonds	29	–	200,000
Proceeds from exercise of warrants		–	3,600
Dividend paid to a non-controlling shareholder		(2,450)	(1,960)
Net cash (outflow)/inflow from financing activities		(2,450)	201,640
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(189,654)	189,660
Cash and cash equivalents at the beginning of the year		276,237	86,577
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		86,583	276,237
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	25	51,039	251,237
Time deposits	25	192,233	85,483
Cash and cash equivalents as stated in the consolidated statement of financial position		243,272	336,720
Time deposit with original maturity of more than three months		(156,689)	(60,483)
Cash and cash equivalents as stated in the consolidated statement of cash flows		86,583	276,237

The accompanying notes form an integral part of these consolidated financial statements

Statement of Financial Position

As at 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000
NON-CURRENT ASSETS			
Investments in subsidiaries	21	**538,595**	421,002
CURRENT ASSETS			
Cash and bank balances	25	**202**	60
LESS: CURRENT LIABILITIES			
Other payables and accruals	27	**12**	12
Derivative financial instruments	30	**239,026**	903,377
		239,038	903,389
NET CURRENT LIABILITIES		**(238,836)**	(903,329)
TOTAL ASSETS LESS CURRENT LIABILITIES		**299,759**	(482,327)
LESS: NON-CURRENT LIABILITIES			
Convertible bonds	29	**48,687**	178,924
Due to subsidiaries	21	**36,493**	29,334
		85,180	208,258
NET ASSETS/(LIABILITIES)		**214,579**	(690,585)
CAPITAL AND RESERVES			
Share capital	32	**96,732**	56,732
Reserves	33	**117,847**	(747,317)
TOTAL EQUITY		**214,579**	(690,585)

Approved by the Board of Directors on 19 June 2012 and signed on its behalf by:

Chan Shu Kit
Director

Song Limin
Director

The accompanying notes form an integral part of these financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

1. CORPORATE INFORMATION

China Nuclear Industry 23 International Corporation Limited is a limited liability company incorporated in Bermuda. The principal place of business of the Company is located at Suite 2801, 28th Floor, China Resources Building, 26 Harbour Road, Wanchai, 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. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Hong Kong Institute of Certified Public Accountants (the "HKICPA") has issued certain new and revised standards, amendments and interpretations that are mandatory for accounting periods beginning on or after 1 April 2011. The new and revised standards, amendments and interpretations adopted in the current year are referred to as new and revised HKFRSs. A summary of the effect on initial adoption of these new and revised HKFRSs is set out below.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010
HKFRS 1 (Amendments)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HKAS 24 (Revised)	Related Party Disclosures
HK(IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

Other than as further explained below regarding the impact of HKAS 24(Revised), and amendment to HKFRS 1, HKFRS 3, HKAS 1 and HKAS 27 included in Improvement to HKFRSs 2010, the adoption of the new and revised HKFRSs has had no significant financial effect on these consolidated financial statements.

HKAS 24 (as revised in 2009) clarifies and simplifies the definitions of related parties. The new definitions emphasise a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationships of an entity. The revised standard also introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The accounting policy for related parties has been revised to reflect the changes in the definitions of related parties under the revised standard.

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

HKFRSs (Amendments) – Improvements to HKFRSs issued in 2010. 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 financial position or performance of the Group. Details of the key amendments applicable to the Group are as follows:

(a) HKFRS 1 (Amendments) addresses the presentation and disclosure requirements for an entity which changes its accounting policies or its uses of the exemptions contained in this HKFRS. It also introduces the use of the revaluation basis as deemed cost and extends the use of the deemed cost exemption to entities with operations subject to rate regulation.

(b) HKFRS 3 (Amendments) 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 amendment limits the scope of measurement choices for non-controlling interests. Only the components of non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured at either fair value or at the present ownership instruments proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date at fair value, unless another measurement basis is required by another HKFRS.

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

(c) HKAS 1 (Amendments) clarifies that an analysis of each component of other comprehensive income can be presented either in the statement of changes in equity or in the notes to the financial statements. The Group elects to present the analysis of each component of other comprehensive income in the statement of changes in equity.

(d) HKAS 27 (Amendments) 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. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

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

HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[3]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[2]
HKAS 19 (as revised in 2011)	Employee Benefits[4]
HKAS 27 (as revised in 2011)	Separate Financial Statements[4]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[4]
HKAS 32 (Amendments)	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities[5]
HKFRS 1 (Amendments)	First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
HKFRS 1 (Amendments)	Government Loans[4]
HKFRS 7 (Amendments)	Financial Instruments: Disclosure – Transfers of Financial Assets[1]
HKFRS 7 (Amendments)	Financial Instruments: Disclosure – Offsetting Financial Assets and Financial Liabilities[4]
HKFRS 7 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosure[6]
HKFRS 9	Financial Instruments[6]
HKFRS 10	Consolidated Financial Statement[4]
HKFRS 11	Joint Arrangements[4]
HKFRS 12	Disclosure of Interests in Other Entities[4]
HKFRS 13	Fair Value Measurement[4]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[4]

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

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. The application of the standard is unlikely to have any material financial impact on the Group.

HKFRS 10 establishes a single control model that applies to all entities including special purpose entities or structured entities. It includes a new definition of control which is used to determine which entities are consolidated. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgment to determine which entities are controlled, compared with the requirements in HKAS 27 *Consolidated and Separate Financial Statements* and HK(SIC) – Int 12 *Consolidation – Special Purpose Entities*. HKFRS 10 replaces the portion of HKAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements. It also includes the issues raised in HK(SIC) – Int 12. The application of this new standard is unlikely to have any material financial impact on the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

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

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK(SIC) – Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. It describes the accounting for joint arrangements with joint control. It addresses only two forms of joint arrangements, i.e. joint operations and joint ventures, and removes the option to account for joint ventures using proportionate consolidation. The application of this new standard is unlikely to have any material financial impact on the Group.

HKFRS 12 includes the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities that are previously included in HKAS 27 *Consolidated and Separate Financial Statements*, HKAS 31 *Interests in Joint Ventures* and HKAS 28 *Investments in Associates*. It also introduces a number of new disclosure requirements for these entities.

Consequential amendments were made to HKAS 27 and HKAS 28 as a result of the issuance of HKFRS 10, HKFRS 11 and HKFRS 12. The Group expects to adopt HKFRS 10, HKFRS 11, HKFRS 12, and the consequential amendments to HKAS 27 and HKAS 28 from 1 January 2013.

HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but provides guidance on how fair value should be applied where its use has already been required or permitted under other HKFRSs. The Group expects to adopt the standard from 1 January 2013. The application of this new standard is unlikely to have any material financial impact on the Group.

HKAS 1 (Amendments) change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items which will never be reclassified. The Group expects to adopt the amendments from 1 January 2013. The amendments affect presentation only and have no impact on the Group's financial position or performance.

For other new and revised HKFRSs which are issued but not yet effective, the Group is in the process of making an assessment of the impact upon initial application. The Group is not yet in a position to state whether they would have a significant impact on the Group's results of operations and financial position.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with HKFRSs (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the HKICPA, accounting principles generally accepted in Hong Kong, the disclosure requirements of the Hong Kong Companies Ordinance and applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"). These consolidated financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

The preparation of consolidated financial statements in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Judgments made by management in the application of HKFRSs that have significant effect on the consolidated financial statements and estimates with a significant risk of material adjustments in the next year are discussed in Note 4 to the consolidated financial statements.

A summary of significant accounting policies adopted by the Group in the preparation of the consolidated financial statements is set out below:

Basis of preparation

The measurement basis used in the preparation of the consolidated financial statements is historical cost convention except for certain financial instruments, which are measured at revalued amounts or fair values, as explained in the accounting policies set out below.

Basis of consolidation

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

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if the results in the non-controlling interests having a deficit balance.

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

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

Changes in the Group's ownership interests in existing subsidiaries

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 statement of comprehensive income to the extent of dividends received and receivable. The Company's interests in subsidiaries that are not classified as held for sale in accordance with HKFRS 5 are stated at cost less any impairment losses.

Business combinations

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

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

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment transactions with share-based payment transactions of the Group are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

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

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 may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or another measurement basis required by another standard.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations (continued)

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and considered as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments being made against goodwill or gain on bargain purchase. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. Measurement period does not exceed one year from the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, or HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The policy described above is applied to all business combinations that take place on or after 1 January 2010.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost less accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit, and then to the other assets of the unit on a pro rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of tangible and intangible assets

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

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

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill and certain financial assets is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, however 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 impairment loss is credited to the statement of comprehensive income in the period in which it arises.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related party transactions

A related party is a person or entity that is related to the Group.

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group.

(b) An entity is related to the Group if any of the following conditions applies:

(i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation

Property, plant and equipment 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 purchases 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 consolidated statement of comprehensive income in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

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 consolidated statement of comprehensive income 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 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:

Building	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 of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

An item of property, plant and equipment 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 consolidated statement of comprehensive income in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

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

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 consolidated statement of comprehensive income in the year in which such expenditure is incurred.

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the consolidated statement of comprehensive income so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

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 lessee, rental payable under the operating leases net of any incentives received from the lessor are charged to the consolidated statement of comprehensive income on the straight-line basis over the lease terms.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets

Financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss" (FVTPL), "held-to-maturity investments", "available-for-sale financial assets" and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

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

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

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

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the consolidated statement of comprehensive income.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity date that the Group has the positive intention and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

Available-for-sale financial assets (AFS financial assets)

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

AFS financial assets are measured at fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. Where the AFS financial assets are disposed of or are determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

For equity investments classified as AFS financial assets that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments, they are measured at cost less any identified impairment losses at the end of the reporting period.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, deposits and cash and cash equivalents) are measured at amortised cost using the effective interest method, less any impairment.

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

Impairment of financial assets

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

For equity investments classified as AFS financial assets, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

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

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30-180 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

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

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

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

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

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

In respect of equity securities classified as AFS financial assets, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of debt securities classified as AFS financial assets, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments

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

Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Effective interest method

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

Interest expense is recognised on an effective interest basis other than financial liabilities classified as at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL on initial recognition.

A financial liability is classified as held for trading if:

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Financial liabilities at FVTPL (continued)

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

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

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the consolidated statement of comprehensive income.

Other financial liabilities

Other financial liabilities (including trade payables and other payables) are subsequently measured at amortised cost using the effective interest method.

Convertible bonds

The component of convertible bonds that exhibits characteristics of a liability is recognised as a liability in the consolidated 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 consolidated statement of comprehensive income.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which case the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

Derecognition

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis. Net realisable value is based on estimated selling prices for inventories less any estimated costs of completion and 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 pledged bank deposits, and short term highly liquid investments which 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 consolidated statement of financial positions, cash and bank balances comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Provisions and contingent liabilities

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.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefit is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Income tax

Income tax comprises the tax currently payable and deferred tax. Income tax is recognised in the consolidated statement of comprehensive income, or in equity if it relates to items that are recognised in the same or a different period 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.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arise from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward 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 carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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 at the end of the 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) from the rendering of services, when services are provided;

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

(d) interest income, on an accrual basis using the effective interest 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 schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefits 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 statement of comprehensive income 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.

The employees of the Group's subsidiaries which operate in the People's Republic of China (the "PRC") are required to participate in a central pension scheme operated by the local municipal government. The contributions are charged to the consolidated statement of comprehensive income as they become payable in accordance with the rules of the central pension scheme.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

These consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions are initially recorded using the functional currency rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. All differences are taken to the consolidated statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollar. At the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at the end of the reporting period, and their consolidated statement of comprehensive incomes are translated into Hong Kong dollars at the weighted average exchange rates for the year. Exchange differences arising are recognised in the exchange reserve.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of the reporting period. Exchange differences arising are recognised in the exchange reserve.

Segment reporting

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

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of business activities.

Segment revenue, expenses, results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment, but exclude exceptional items. Segment capital expenditure is the total cost incurred during the year to acquire segment assets (both tangible and intangible) that are expected to be used for more than one year. Corporate portions of expenses and assets mainly comprise corporate administrative and financing expenses and corporate financial assets respectively.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

(a) Impairment of property, plant and equipment

In accordance with HKAS 16, the Group estimates the useful lives of property, plant and equipment in order to determine the amount of depreciation expenses to be recorded. The useful lives are estimated at the time the asset is acquired based on historical experience, the expected usage, wear and tear of the assets, as well as technical obsolescence arising from changes in the market demands or service output of the assets. The Group also performs annual reviews on whether the assumptions made on useful lives continue to be valid. The Group tests annually whether the assets have suffered any impairment. The recoverable amount of an asset or a cash generating unit is determined based on value in use calculations which require the use of assumptions and estimates.

(b) 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 judgment. 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.

(c) 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.

(d) Fair value of investment properties and building

Investment properties and buildings are carried in the consolidated 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 considering information from current prices in an active market for similar properties or 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 are recognised in the profit or loss and fixed asset revaluation reserve. During the year, surplus arising from revaluation of buildings of approximately nil (2011: HK$32,000) and HK$579,000 (2011: HK$38,000) were recognised in the consolidated statement of comprehensive income and fixed asset revaluation reserve, respectively. Fair value gains on investment properties for the year ended 31 March 2012 were approximately HK$8,500,000 (2011: HK$500,000). Further details are contained in notes 16 and 17 to the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (continued)

(e) 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 2012 was approximately HK$3,173,000 (2011: HK$2,740,000). The amount of unrecognised tax losses at 31 March 2012 was approximately HK$70,448,000 (2011: HK$59,842,000). Further details are contained in note 31 to the consolidated financial statements.

(f) Estimation of fair value of derivative financial instruments

Where the fair value of financial assets and financial liabilities recorded in the consolidated 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.

5. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT

(a) Categories of financial instruments

	The Group		The Company	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Financial assets				
– Loans and receivables				
Loan to a subsidiary	**–**	–	**273,665**	356,073
Trade receivables	**923**	969	**–**	–
Financial assets included in prepayments, deposits and other receivables	**17,277**	15,939	**–**	–
Cash and bank balances	**243,272**	336,720	**202**	60
	261,472	353,628	**273,867**	356,133
Financial assets – Available-for-sale-financial assets				
Available-for-sale investments	**500**	500	**–**	–
Financial liabilities – Financial liabilities at amortised cost				
Due to subsidiaries	**–**	–	**36,493**	29,334
Trade payables	**5,354**	5,641	**–**	–
Financial liabilities included in other payables and accruals	**7,506**	7,934	**12**	12
Convertible bonds	**48,687**	178,924	**48,687**	178,924
	61,547	192,499	**85,192**	208,270

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

5. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (continued)

(a) Categories of financial instruments (continued)

	The Group		The Company	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Financial liabilities – Financial liabilities at fair value through profit or loss				
Derivative financial instruments	**239,026**	903,377	**239,026**	903,377

(b) 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, liquidity risk and equity price risk. The directors of the Company reviews and agrees policies for managing each of these risks and they are summarised below.

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 23 to the consolidated 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

5. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (continued)

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

Liquidity risk (continued)

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 *HK$'000*	3 to less than 12 months *HK$'000*	1 to less than 2 years *HK$'000*	2 to less than 3 years *HK$'000*	Total undiscounted amount *HK$'000*	Total carrying amount *HK$'000*
At 31 March 2012						
The Group						
Trade payables	**5,354**	**–**	**–**	**–**	**5,354**	**5,354**
Financial liabilities included in other payables and accruals	**7,506**	**–**	**–**	**–**	**7,506**	**7,506**
Convertible bonds	**–**	**–**	**–**	**120,000**	**120,000**	**48,687**
	12,860	**–**	**–**	**120,000**	**132,860**	**61,547**
At 31 March 2011						
The Group						
Trade payables	5,641	–	–	–	5,641	5,641
Financial liabilities included in other payables and accruals	7,934	–	–	–	7,934	7,934
Convertible bonds	–	–	–	200,000	200,000	178,924
	13,575	–	–	200,000	213,575	192,499

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For the year ended 31 March 2012

5. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (continued)

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

Liquidity risk (continued)

	On demand	Within 1 year	1 to less than 2 years	2 to less than 3 years	Total Undiscounted amount	Total carrying amount
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 March 2012						
The Company						
Due to subsidiaries	**–**	**–**	**36,493**	**–**	**36,493**	**36,493**
Financial liabilities included in other payables and accruals	**–**	**12**	**–**	**–**	**12**	**12**
Convertible bonds	**–**	**–**	**–**	**120,000**	**120,000**	**48,687**
	–	**12**	**36,493**	**120,000**	**156,505**	**85,192**
At 31 March 2011						
The Company						
Due to subsidiaries	–	–	29,334	–	29,334	29,334
Financial liabilities included in other payables and accruals	–	12	–	–	12	12
Convertible bonds	–	–	–	200,000	200,000	178,924
	–	12	29,334	200,000	229,346	208,270

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

5. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (continued)

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

Equity risk

The following table demonstrates the sensitivity to every 10% change in the fair value of the warrants and the embedded derivatives of convertible bonds as detailed in note 30, 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$'000*	Increase/ (decrease) in profit before taxation *HK$'000*	Increase/ (decrease) in equity *HK$'000*
2012			
If share price increased by 10%			
Warrant liabilities	**151,956**	**(21,038)**	**(21,038)**
Embedded derivatives of convertible bonds	**87,070**	**(15,231)**	**(15,231)**
If share price decreased by 10%			
Warrant liabilities	**151,956**	**21,033**	**21,033**
Embedded derivatives of convertible bonds	**87,070**	**13,975**	**13,975**
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

5. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (continued)

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

Fair value estimation

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

(i) The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active markets are determined with reference to quoted market bid and ask prices respectively.

(ii) The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models (e.g. discounted cash flow analysis using observable and/or unobservable inputs).

(iii) The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

Except as detailed in the following table, the directors of the Company consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate to their fair values:

	2012		2011	
	Carrying amount	**Fair value**	Carrying amount	Fair value
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Financial liabilities				
Convertible bonds	**48,687**	**79,621**	178,924	177,589

The Group's financial instruments that are measured subsequent to initial recognition at fair value are grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

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

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

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

5. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (continued)

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

Fair value estimation (continued)

As at 31 March 2012, the derivative financial instruments amounting to approximately HK$239,026,000 (2011: HK$903,377,000) are measured at fair value in Level 3 and the movement under the Level 3 fair value measurements during the year are as follows:

	Derivative financial instruments	
	2012	2011
	HK$'000	*HK$'000*
At beginning of the year	**903,377**	603,306
Issuance of convertible bonds	**80,794**	630,599
Fair value (gain)/losses recognised in the consolidated statement of comprehensive income	**(506,248)**	890,863
Conversion of convertible bonds	**(238,897)**	(604,994)
Settlement of forward contract	**–**	(609,252)
Exercise of warrants	**–**	(7,145)
At the end of the year	**239,026**	903,377

Fair value gain of approximately HK$120,863,000 included in the consolidated statement of comprehensive income for the year ended 31 March 2012 relate to derivative financial instruments held at the end of the reporting period.

(c) Capital risk 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 2012 and 2011.

5. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (continued)

(c) Capital risk management (continued)

Gearing ratio

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:

	2012 *HK$'000*	2011 *HK$'000*
Debt#	**48,687**	178,924
Total equity	**224,507**	(690,108)
Gearing ratio	**0.22**	(0.26)

Total debt comprises convertible bonds as detailed in note 29.

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.

6. 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:

- the restaurant segment comprises the Group's restaurant operations;
- the property segment comprises the Group's property investments;
- the hotel segment comprises the Group's hotel operations; and
- 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 gains/(losses)from the Group's derivative financial instruments, share of result of an associate as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude available-for-sale investment, goodwill, interest in an associate, 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. Except for the interest in an associate amounted to approximately HK$96,051,000 as at 31 March 2012, no non-current assets of the Group are located outside Hong Kong.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

6. SEGMENT INFORMATION (continued)

During the year ended 31 March 2012 and 2011, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

	Restaurant *HK$'000*	Property *HK$'000*	Hotel *HK$'000*	Corporate *HK$'000*	Total *HK$'000*
Year ended 31 March 2012					
Segment revenue:					
Sales to external customers	273,956	748	25,393	–	300,097
Intersegment sales	–	19,382	–	11,678	31,060
Other revenue and gains	122	8,500	1,340	305	10,267
Intersegment other revenue and gains	–	–	–	894	894
	274,078	28,630	26,733	12,877	342,318
Reconciliation:					
Elimination of intersegment sales					(31,060)
Elimination of intersegment other revenue and gains					(894)
Total					310,364
Segment results	55	8,217	9,471	(17,597)	146
Reconciliation:					
Interest income and unallocated gains					1,399
Imputed interest on convertible bonds					(14,119)
Fair value gains on derivative financial Instruments, net					506,248
Share of result of an associate					972
Profit before taxation					494,646
At 31 March 2012					
Segment assets	51,864	55,020	7,002	222,863	336,749
Reconciliation:					
Unallocated assets					204,315
Total assets					541,064
Segment liabilities	17,929	777	5,868	3,602	28,176
Reconciliation:					
Unallocated liabilities					288,381
Total liabilities					316,557
Other segment information:					
Depreciation	5,087	81	1,666	417	7,251
Fair value gains on investment properties	–	(8,500)	–	–	(8,500)
Additions to non-current assets	6,316	–	24	868	7,208*

* Additions to non-current assets represents additions to property, plant and equipment

6. SEGMENT INFORMATION (continued)

Included in the unallocated assets, there are goodwill and interest in an associate amounted to approximately HK$105,440,000 and HK$96,051,000 respectively arising from the acquisition of subsidiaries. Details of the acquisition were set out in note 34. Included in the unallocated liabilities, there are convertible bonds and derivative financial instruments amounted to approximately HK$48,687,000 and HK$239,026,000 respectively.

	Restaurant *HK$'000*	Property *HK$'000*	Hotel *HK$'000*	Corporate *HK$'000*	Total *HK$'000*
Year ended 31 March 2011					
Segment revenue:					
Sales to external customers	275,202	853	19,780	–	295,835
Intersegment sales	–	18,344	–	11,237	29,581
Other revenue and gains	1,232	532	195	237	2,196
Intersegment other revenue 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 revenue 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, net					(890,863)
Loss before taxation					(887,463)
At 31 March 2011					
Segment assets	44,811	45,944	9,355	317,335	417,445
Reconciliation:					
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)
Additions to non-current assets	438	–	13	523	974*

* Additions to non-current assets represents additions to property, plant and equipment

Included in the unallocated liabilities, there are convertible bonds and derivative financial instruments amounted to approximately HK$178,924,000 and HK$903,377,000 respectively.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

7. REVENUE, OTHER REVENUE 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 the Group's revenue, other revenue and gains is as follows:

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Revenue:		
Receipts from restaurant operations	**273,956**	275,202
Hotel operations	**25,393**	19,780
Gross rental income *(note 9)*	**748**	853
	300,097	295,835
Other revenue:		
Bank interest income	**1,399**	573
Others	**1,767**	1,664
	3,166	2,237
Gains:		
Fair value gains on investment properties *(note 17)*	**8,500**	500
Surplus arising from revaluation of buildings	**–**	32
	8,500	532
	11,666	2,769

8. FINANCE COSTS

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Imputed interest on convertible bonds *(note 29)*	**14,119**	3,053

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

9. PROFIT/(LOSS) BEFORE TAXATION

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

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Minimum lease payments under operating leases:		
Land and buildings	**41,084**	38,082
Office equipment	**173**	167
	41,257	38,249
Recognition of prepaid land lease payments *(note 18)*	**101**	101
Fair value gains on investment properties *(note 17)*	**(8,500)**	(500)
Written off of items of property, plant and equipment *(note 16)*	**–**	41
Auditors' remuneration	**880**	950
Staff costs (including directors' remuneration *(note 10)*):		
Wages, salaries and bonuses	**84,040**	79,712
Provision/(write back) for long service payments, net *(note 28)*	**802**	(239)
Pension scheme contributions	**3,663**	3,626
Total staff costs	**88,505**	83,099
Gross rental income	**(748)**	(853)
Less: outgoings	**94**	98
Net rental income	**(654)**	(755)

10. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Fees	**504**	450
Other emoluments:		
Salaries, allowances and benefits in kind	**3,874**	2,704
Pension scheme contributions	**48**	46
	4,426	3,200

(a) Independent non-executive directors

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

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Mr. Chan Ka Ling, Edmond	**150**	150
Mr. Chang Nan (appointed on 27 June 2011)	**114**	–
Dr. Dai Jinping (appointed on 27 June 2011)	**114**	–
Mr. Yu Lei (appointed on 9 March 2012)	**–**	–
Mr. Kung Fan Cheong (resigned on 18 August 2011)	**63**	150
Mr. Lo Kin Cheung (resigned on 18 August 2011)	**63**	150
	504	450

There were no other emoluments payable to the independent non-executive directors during the year (2011: Nil).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

10. DIRECTORS' REMUNERATION (continued)

(b) Executive directors and non-executive directors

	The Group			
	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Total remuneration
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
2012				
Executive directors:				
Mr. Chan Shu Kit	**–**	**1,008**	**12**	**1,020**
Mr. Lei Jian (appointed on 27 June 2011)	**–**	**–**	**–**	**–**
Mr. Han Naishan (appointed on 27 June 2011)	**–**	**–**	**–**	**–**
Mr. Guo Shuwei (appointed on 16 December 2011)	**–**	**–**	**–**	**–**
Mr. Chan Ho Man	**–**	**696**	**12**	**708**
Mr. Chung Chi Shing	**–**	**960**	**12**	**972**
Ms. Jian Qing	**–**	**720**	**12**	**732**
Mr. Song Limin (appointed on 19 August 2011)	**–**	**490**	**–**	**490**
	–	**3,874**	**48**	**3,922**
Non-executive director:				
Mr. Dong Yuchuan (appointed on 16 December 2011)	–	–	–	–
2011				
Executive directors:				
Mr. Chan Shu Kit	–	1,008	12	1,020
Mr. Kung Wing Yiu (resigned on 30 November 2010)	–	120	6	126
Mr. Chan Ho Man	–	696	12	708
Mr. Chung Chi Shing (appointed on 1 December 2010)	–	320	4	324
Ms. Jian Qing	–	560	12	572
	–	2,704	46	2,750

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2011: Nil).

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11. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included five (2011: three) directors, details of whose remuneration are set out in note 10 above. Details of the remuneration of the remaining two non-directors, highest paid employees for the year ended 31 March 2011 are as follows:

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	–	695
Pension scheme contributions	–	24
	–	719

The number of non-director, highest paid employees whose remuneration fell within the following band is as follows:

	Number of employees	
	2012	2011
Nil to HK$1,000,000	–	2

12. TAXATION

Hong Kong Profits Tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the year	**1,983**	1,832
Under-provision in prior year	–	228
Deferred *(note 31)*	**(764)**	(439)
Tax charge for the year	**1,219**	1,621

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

12. TAXATION (continued)

A reconciliation between tax charge and accounting profit at applicable tax rate is set out below:

	The Group			
	2012		2011	
	HK$'000	***%***	*HK$'000*	*%*
Profit/(loss) before taxation	**494,646**		(887,463)	
Tax at the statutory tax rate	**81,617**	**16.5**	(146,431)	(16.5)
Income not subject to tax	**(85,325)**	**(17.3)**	(424)	(0.0)
Expenses not deductible for tax	**3,965**	**0.8**	149,300	16.8
Tax losses utilised from previous periods	**(936)**	**(0.2)**	(1,001)	(0.1)
Tax loss not recognised	**1,993**	**0.4**	382	0.0
Temporary differences not recognised	**(95)**	**(0.0)**	(433)	(0.0)
Under-provision of tax charges in prior year	**–**	**–**	228	0.0
Tax charge for the year at the Group's effective rate	**1,219**	**0.2**	1,621	0.2

13. PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated profit/(loss) attributable to owners of the Company for the year ended 31 March 2012 included a profit of approximately HK$482,705,000 (2011: loss of HK$891,435,000) which has been dealt with in the financial statements of the Company (note 33 (b)).

14. DIVIDEND

No dividend has been declared or proposed by the directors of the Company in respect of the year ended 31 March 2012 (2011: Nil).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

15. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic earnings/(loss) per share amount is based on the profit/(loss) for the year attributable to owners of the Company, and the weighted average number of ordinary shares in issue during the year.

	2012 ***HK$'000***	2011 *HK$'000*
Earnings/(loss)		
Profit/(loss) attributable to owners of the Company, used in the basic earnings/(loss) per share calculation	**492,587**	(890,647)
Fair value gain on derivative financial instruments	**(512,524)**	–
Imputed interest expense for the year relating to the liabilities component of the dilutive convertible bonds	**4,638**	–
Loss attributable to owners of the Company, used in the diluted loss per share calculation	**(15,299)**	(890,647)
Number of shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings/(loss) per share calculation	**696,283,369**	379,410,661
Effect of dilution on weighted average number of ordinary shares:		
Warrants	**221,310,859**	–
Convertible bonds	**71,376,146**	–
Weighted average number of ordinary shares in issue during the year used in the diluted loss per share calculation	**988,970,374**	379,410,661

The Company's outstanding zero coupon convertible bonds with principal amount of HK$120,000,000 issued on 1 September 2011 were not included in the calculation of diluted loss per share because the effects of the aforesaid outstanding convertible bonds were anti-dilutive.

No adjustment has been made to the basic loss per share amounts presented for the year ended 31 March 2011 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.

16. PROPERTY, PLANT AND EQUIPMENT

The Group

	Building 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
Cost or valuation:								
At 1 April 2010	3,528	36,659	5,844	9,100	463	130	2,522	58,246
Additions	–	293	18	144	69	450	–	974
Surplus on revaluation	–	–	–	–	–	–	–	–
Written off	–	–	–	–	–	–	(41)	(41)
At 31 March 2011 and 1 April 2011	3,528	36,952	5,862	9,244	532	580	2,481	59,179
Additions	–	4,578	806	1,014	103	671	36	7,208
Surplus on revaluation	498	–	–	–	–	–	–	498
At 31 March 2012	4,026	41,530	6,668	10,258	635	1,251	2,517	66,885
Accumulated depreciation and impairment:								
At 1 April 2010	–	21,699	3,279	6,196	334	130	–	31,638
Charge for the year	70	4,343	792	1,269	66	90	–	6,630
Surplus on revaluation	(70)	–	–	–	–	–	–	(70)
At 31 March 2011 and 1 April 2011	–	26,042	4,071	7,465	400	220	–	38,198
Charge for the year	81	5,010	870	1,140	59	91	–	7,251
Surplus on revaluation	(81)	–	–	–	–	–	–	(81)
At 31 March 2012	–	31,052	4,941	8,605	459	311	–	45,368
Net book value:								
At 31 March 2012	**4,026**	**10,478**	**1,727**	**1,653**	**176**	**940**	**2,517**	**21,517**
At 31 March 2011	3,528	10,910	1,791	1,779	132	360	2,481	20,981
Analysis of cost or valuation:								
31 March 2012								
At cost	–	41,530	6,668	10,258	635	1,251	2,517	62,859
At valuation	4,026	–	–	–	–	–	–	4,026
	4,026	41,530	6,668	10,258	635	1,251	2,517	66,885
31 March 2011								
At cost	–	36,952	5,862	9,244	532	580	2,481	55,651
At valuation	3,528	–	–	–	–	–	–	3,528
	3,528	36,952	5,862	9,244	532	580	2,481	59,179

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For the year ended 31 March 2012

16. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group's buildings were revalued at 31 March 2012, by Asset Appraisal Limited, independent professionally qualified valuers, on a market approach, by reference to market evidence of transaction prices for similar properties.

Had these buildings been carried at historical cost less accumulated depreciation and impairment losses, their carrying amounts would have been approximately HK$2,682,000 at 31 March 2012 (2011: HK$2,763,000).

During the year, surplus arising from revaluation of buildings of approximately nil (2011: HK$32,000) and HK$579,000 (2011: HK$38,000) were recognised in the consolidated statement of comprehensive income and fixed asset revaluation reserve, respectively.

17. INVESTMENT PROPERTIES

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Carrying amount at beginning of the year	**29,500**	29,000
Fair value gain on revaluation *(note 7)*	**8,500**	500
Carrying amount at the end of the year	**38,000**	29,500

The Group's investment properties were revalued at 31 March 2012, by Asset Appraisal Limited, independent professionally qualified valuers, on a market approach, by reference to market evidence of transaction prices for similar properties.

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 36 to the consolidated financial statements. Details of the investment property are as follows:

Location	**Use**
Lot No. 237 in Demarcation District No. 331, No. 2 Cheung Fu Street, Lantau Island, New Territories	Investment property for rental income

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18. PREPAID LAND LEASE PAYMENTS

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Carrying amount at beginning of the year	**7,174**	7,275
Amortised for the year	**(101)**	(101)
Carrying amount at the end of the year	**7,073**	7,174
Current portion included in prepayments, deposits and other receivables	**(101)**	(101)
Non-current portion	**6,972**	7,073

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

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Long term leases	**4,998**	5,041
Medium term leases	**1,974**	2,032
	6,972	7,073

19. GOODWILL

Movement of goodwill during the year is as follows:

The Group

	HK$'000
Cost:	
At 1 April 2010 and 1 April 2011	–
Acquisition of subsidiaries *(note 34)*	105,440
At 31 March 2012	105,440
Impairment:	
At 1 April 2010, 1 April 2011 and 31 March 2012	–
Carrying amount:	
At 31 March 2012	**105,440**
At 31 March 2011	–

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19. GOODWILL (continued)

During the year ended 31 March 2012, the Group completed the acquisition of Well Link Capital Limited ("Well Link"). Details of the acquisition were set out in note 34.

For the purpose of impairment testing, goodwill has been allocated to individual cash-generating unit which is determined based on related segment. The carrying amount of goodwill (net of impairment losses) as at 31 March 2012 is regarded as unallocated assets in operating segment.

As at 31 March 2012, with regard to the current market situation, the directors of the Company reviewed the carrying amount of goodwill arising from the acquisition of subsidiaries. The recoverable amount of the cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budget covering five years approved by senior management. The discount rate applied to the cash flow projections is 13.34% per annum.

Key assumptions were used in the value in use calculation of the cash-generating unit which goodwill has been allocated for the year ended 31 March 2012. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted gross margins – Average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements and expected market development.

Discount rates – Pre-tax risk adjusted discount rates reflecting specific risks in relation to the relevant units.

20. INTEREST IN AN ASSOCIATE

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Cost of investment in an associate	**94,479**	–
Share of post-acquisition profit and other comprehensive income, net of dividends received	**1,572**	–
	96,051	–

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20. INTEREST IN AN ASSOCIATE (continued)

Notes:

(a) On 23 December 2010, 29 December 2010 and 13 May 2011, the Company entered into agreements with an independent third party, to acquire 100% of the entire issued share capital of Well Link at a total consideration of HK$200,000,000. The acquisition was completed on 1 September 2011. The principal activity of Well Link was 25% equity investment in China Nuclear Libert (as defined below). Details of the acquisition were set out in note 34.

(b) Particulars of the Group's interest in an associate as at 31 March 2012 are as follows:

Company name	Place and date of registration and operation	Issued and paid-in/ registered capital	Percentage of equity attributable to the Group	Principal activities
江蘇中核利柏特股份有限公司 (transliterated as Jiangsu China Nuclear Industry Libert INC) ("China Nuclear Libert")	The PRC/ 20 October 2006	RMB289,091,118	Indirect: 25%	Manufacturing and sale of pipes, steel products and related equipment for uses by chemical plant in the PRC and overseas

(c) The summarised financial information in respect of the Group's associate is set out below:

	2012 HK$'000	2011 HK$'000
Total assets	479,104	–
Total liabilities	(94,902)	–
Net assets	384,202	–
The Group's share of net assets of an associate	96,051	–

	2012 HK$'000	2011 HK$'000
Turnover	114,845	–
Profit for the year	3,886	–
The Group's share of result of an associate for the year, net	972	–
The Group's share of other comprehensive income of an associate for the year	600	–

Turnover and profit for the period of the associate of approximately HK$114,845,000 and HK$3,886,000 respectively represents China Nuclear Libert's turnover and profit for the period from the date of acquisition of Well Link, which indirectly held 25% equity interest in China Nuclear Libert, on 1 September 2011 by the Company, and up to 31 March 2012.

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21. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2012	2011
	HK$'000	*HK$'000*
Unlisted shares, at cost	**438,075**	238,075
Less: Provision for impairment loss of investment cost *(note (i))*	**(173,146)**	(173,146)
	264,929	64,929
Loan to a subsidiary *(note (ii))*	**273,666**	356,073
	538,595	421,002
Due to subsidiaries *(note (ii))*	**36,493**	29,334

Notes:

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

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

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

Name of subsidiary	Place of incorporation and operations[@]	Nominal value of issued capital	Percentage of equity interest attributable to the Company (Direct)	Percentage of equity interest attributable to the Company (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*	–	100%	Restaurant operations
Tack Hsin Restaurant (Mongkok) Limited	Hong Kong	HK$100* HK$680,000[#]	–	100%	Restaurant operations

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21. INVESTMENTS IN SUBSIDIARIES (continued)

Notes: (continued)

(ii) (continued)

Name of subsidiary	Place of incorporation and operations@	Nominal value of issued capital	Percentage of equity interest attributable to the Company (Direct)	Percentage of equity interest attributable to the Company (Indirect)	Principal activities
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	British Virgin Islands	US$1*	100%	–	Investment holding
Well Link Capital Limited	British Virgin Islands	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 of the Company, 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 of the Company, result in particulars of excessive length.

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22. AVAILABLE-FOR-SALE INVESTMENT

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Unlisted equity investment, at cost	**500**	500

As at 31 March 2012, the unlisted equity investment with a carrying amount of HK$500,000 (2011: HK$500,000) was stated at cost less impairment because the range of reasonable fair value estimates is so significant that the directors of the Company 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.

23. 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:

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Within three months	**923**	969

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

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Neither past due nor impaired	**923**	969

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

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24. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Prepayments	**1,890**	605
Deposits	**17,277**	15,910
Other receivables	**–**	29
	19,167	16,544

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.

25. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Cash and bank balances	**51,039**	251,237	**202**	60
Time deposits	**192,233**	85,483	**–**	–
	243,272	336,720	**202**	60

26. 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:

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Within three months	**5,354**	5,641

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

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27. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Deferred credit on operating lease	**6,976**	7,781	**–**	–
Receipts in advance	**858**	1,199	**–**	–
Other payables	**530**	153	**12**	12
Accruals	**12,355**	11,489	**–**	–
	20,719	20,622	**12**	12

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

28. PROVISION FOR LONG SERVICE PAYMENTS

	The Group	
	2012	2011
	HK$'000	*HK$'000*
At beginning of the year	**1,060**	1,333
Increase/(decrease) for the year	**802**	(239)
Amounts utilised during the year	**(409)**	(34)
At 31 March	**1,453**	1,060

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.

29. CONVERTIBLE BONDS

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

	Convertible Bond 1 HK$'000 (note (a))	Convertible Bonds 2 HK$'000 (note (b))	Convertible Bonds 3 HK$'000 (note (c))	Total HK$'000
Liability component				
At 1 April 2010	69,201	–	–	69,201
Fair value of the convertible bonds issued during the year	–	178,653	–	178,653
Imputed interest expense *(note 8)*	2,782	271	–	3,053
Conversion of convertible bonds	(71,983)	–	–	(71,983)
At 31 March 2011 and 1 April 2011	–	178,924	–	178,924
Fair value of the convertible bonds issued during the year	–	–	39,206	39,206
Imputed interest expense *(note 8)*	–	4,638	9,481	14,119
Conversion of convertible bonds	–	(183,562)	–	(183,562)
At 31 March 2012	**–**	**–**	**48,687**	**48,687**
Derivative component				
At 1 April 2010	226,252	–	–	226,252
Fair 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 and 1 April 2011	–	624,282	–	624,282
Fair value of the convertible bonds issued during the year	–	–	80,794	80,794
Fair value (gains)/losses on derivative financial instruments	–	(385,385)	6,276	(379,109)
Conversion of convertible bonds	–	(238,897)	–	(238,897)
At 31 March 2012	**–**	**–**	**87,070**	**87,070**

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29. 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 bondholder 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 and 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 ended 31 March 2011, Convertible Bonds 1 were fully converted.

(b) On 17 March 2011, the Company 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 bondholder 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 and 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. During the year ended 31 March 2012, Convertible Bonds 2 were fully converted.

(c) On 1 September 2011, the Company issued zero coupon convertible bonds in the principal amount of HK$120,000,000 ("Convertible Bonds 3") to an independent third party as part of consideration for acquisition of subsidiaries. The Convertible Bonds 3 are convertible at the option of the bondholder into the Company's ordinary shares of HK$0.10 each at a conversion price of HK$1.20 per share from the end of the first anniversary period from the issue date and up to (but excluding) the period of five business days ending on the maturity date. Any Convertible Bonds 3 not converted, cancelled, purchased or otherwise acquired will be redeemed by the Company on 1 September 2014. During the year ended 31 March 2012, no Convertible Bonds 3 were converted or redeemed.

The conversion option of the Convertible Bonds 1, Convertible Bonds 2 and Convertible Bonds 3 exhibits characteristics of an embedded derivative and is separated from the liability components. On initial recognition, the embedded 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 embedded derivative component is recognised as the liability component. At each reporting date, the embedded derivative component is remeasured and the change in fair value of that component is recognised in the consolidated statement of comprehensive income.

30. DERIVATIVE FINANCIAL INSTRUMENTS

	The Group and the Company	
	2012	2011
	HK$'000	*HK$'000*
Warrants *(note (a))*	**151,956**	279,095
Embedded derivatives of convertible bonds *(note 29)*	**87,070**	624,282
	239,026	903,377

Notes to the Consolidated Financial Statements

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30. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

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 at HK$0.90 per share 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.

Movement of warrants during the year is as follows:

	The Group and the Company	
	2012	2011
	HK$'000	*HK$'000*
At beginning of the year	**279,095**	89,618
Fair value (gain)/losses on warrants	**(127,139)**	196,622
Exercise of warrants	**–**	(7,145)
At the end of the year	**151,956**	279,095

(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 and 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 29 to the consolidated financial statements.

Movement of the forward contract during the year is as follows:

	The Group and the Company	
	2012	2011
	HK$'000	*HK$'000*
At beginning of the year	**–**	287,436
Fair value losses on forward contract	**–**	321,816
Settlement of forward contract	**–**	(609,252)
At the end of the year	**–**	–

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31. DEFERRED TAXATION

The Group

Deferred tax assets

	Losses available for offsetting against future taxable profits *HK$'000*
At 1 April 2010	2,290
Deferred tax credited to the consolidated statement of comprehensive income during the year *(note 12)*	450
At 31 March 2011 and 1 April 2011	2,740
Deferred tax credited to the consolidated statement of comprehensive income during the year *(note 12)*	433
At 31 March 2012	**3,173**

The Group

Deferred tax liabilities

	Depreciation allowance in excess of related deprecation *HK$'000*
At 1 April 2010	1,174
Deferred tax charged to the consolidated statement of comprehensive income during the year *(note 12)*	11
At 31 March 2011 and 1 April 2011	1,185
Deferred tax credited to the consolidated statement of comprehensive income during the year *(note 12)*	(331)
At 31 March 2012	**854**

31. DEFERRED TAXATION (continued)

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

The Group

	2012 *HK$'000*	2011 *HK$'000*
Net deferred tax assets recognised in the consolidated statement of financial position	**2,324**	1,620
Net deferred tax liabilities recognised in the consolidated statement of financial position	**5**	65

At the end of the reporting period, the Group had tax losses arising in Hong Kong of approximately HK$70,448,000 (2011: HK$59,842,000) 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.

32. SHARE CAPITAL

Ordinary shares

	Par value *HK$*	**Number of shares** *'000*	**Share capital** *HK$'000*
Authorised:			
At 1 April 2010, 31 March 2011 and 31 March 2012	0.10	5,000,000	500,000
Issued and fully paid:			
At 1 April 2010	0.10	363,322	36,332
Exercise of warrants *(note (a))*	0.10	4,000	400
Conversion of convertible bonds *(note (b))*	0.10	200,000	20,000
At 31 March 2011 and 1 April 2011		567,322	56,732
Conversion of convertible bonds *(note (c))*	0.10	400,000	40,000
At 31 March 2012		**967,322**	**96,732**

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32. SHARE CAPITAL (continued)

Ordinary shares (continued)

Notes:

(a) 1,000,000, 1,000,000, 500,000 and 1,500,000 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$0.90 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.

(c) In December 2011, Convertible Bonds 2 were fully converted into ordinary shares of the Company at the conversion price of HK$0.50 per share, resulting in the issuance of 400,000,000 ordinary shares of the Company.

33. RESERVES

(a) The 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 31 of the consolidated financial statements.

Building revaluation reserve

The building revaluation reserve has been set up and is dealt with in accordance with the accounting policies of "Property, plant and equipment and depreciation" as set out in note 3.

Exchange reserve

Exchange difference arising from the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Hong Kong dollars) are recognised directly in other comprehensive income and accumulated in the exchange reserve.

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33. RESERVES (continued)

(b) The Company

	Share premium account *HK$'000*	Contributed surplus *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
At 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 and 1 April 2011	711,292	203,630	(1,662,239)	(747,317)
Total comprehensive income for the year	–	–	482,705	482,705
Conversion of convertible bonds	382,459	–	–	382,459
At 31 March 2012	**1,093,751**	**203,630**	**(1,179,534)**	**117,847**

The application of share premium account is governed by Section 40 of the Companies Act 1981 of Bermuda.

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.

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34. ACQUISITION OF SUBSIDIARIES

On 23 December 2010, 29 December 2010 and 13 May 2011, the Company entered into agreements with an independent third party, to acquire the entire issued share capital of Well Link at a total consideration of HK$200,000,000. The acquisition was completed on 1 September 2011.

The assets acquired in the transaction are as follows:

	Fair values of identifiable assets of acquiree *HK$'000*
Net assets acquired:	
Interest in an associate	94,479
Cash and cash equivalents	81
	94,560
Goodwill arising on acquisition *(note 19)*	105,440
	200,000
Total consideration satisfied by:	
Cash consideration paid	80,000
Issuance of convertible bonds	120,000
	200,000
Net cash outflow arising on acquisition:	
Cash consideration	(80,000)
Cash and cash equivalents acquired	81
	(79,919)

Note:

During the year ended 31 March 2012, Well Link and its subsidiary and associate contributed approximately nil to the Group's turnover and a profit of approximately HK$929,000 to the Group's profit for the period from the date of acquisition to the end of the reporting period.

If the acquisition had been completed on 1 April 2011, the Group's turnover for the period would have been approximately HK$300,097,000, and profit for the year would have been approximately HK$499,185,000. The pro forma information is for illustrative purpose only and is not necessarily an indication of turnover and results of the Group that actually would have been achieved had the acquisition been completed on 1 April 2011, nor is it intended to be a projection of future results.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

35. CONTINGENT LIABILITIES

The Group and the Company had no contingent liabilities as at 31 March 2012 (2011: Nil).

36. OPERATING LEASE ARRANGEMENTS

As lessor

The Group leases its investment properties 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:

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Within one year	–	1,849
In the second to fifth years, inclusive	–	430
	–	2,279

As lessee

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

At 31 March 2012, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Within one year	**54,629**	26,321
In the second to fifth years, inclusive	**97,804**	64,899
After five years	**8,294**	15,893
	160,727	107,113

Notes to the Consolidated Financial Statements

For the year ended 31 March 2012

37. CAPITAL COMMITMENT

The Group and the Company had the following capital commitment as at the end of the reporting period:

	The Group and the Company	
	2012	2011
	HK$'000	*HK$'000*
Contracted, but not provided for:		
Acquisition of an investment	**–**	200,000

38. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, the Group had the following material transactions with related parties during the year:

(a) Transaction with a director:

	2012	2011
	HK$'000	*HK$'000*
Rental expenses paid	**90**	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:

	2012	2011
	HK$'000	*HK$'000*
Short term employee benefits	**5,348**	3,054
Pension scheme contribution	**104**	58
Total compensation paid to key management personnel	**5,452**	3,112

39. EVENT AFTER THE REPORTING PERIOD

No significant event after the reporting period took place subsequent to 31 March 2012.

40. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 19 June 2012.

Five Year Financial Summary

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

RESULTS

	Year ended 31 March				
	2012	2011	2010	2009	2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	**300,097**	295,835	287,826	277,497	261,654
PROFIT/(LOSS) FOR THE YEAR	**493,427**	(889,084)	(573,390)	5,824	13,653
Attributable to:					
Owners of the Company	**492,587**	(890,647)	(574,902)	4,606	13,281
Non-controlling interests	**840**	1,563	1,512	1,218	372
	493,427	(889,084)	(573,390)	5,824	13,653

ASSETS AND LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 March				
	2012	2011	2010	2009	2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total assets	**541,064**	419,581	209,711	124,969	131,674
Total liabilities	**(316,557)**	(1,109,689)	(696,535)	(35,724)	(35,711)
Non-controlling interests	**(1,029)**	(2,639)	(3,036)	(1,524)	(306)
	223,478	(692,747)	(489,860)	87,721	95,657