



**Far East Consortium  
International Limited**  
遠東發展有限公司

# 2011

Annual Report 年報

Stock Code 股份代號 : 035





**UPPER WEST SIDE  
MELBOURNE  
AUSTRALIA**







# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Deacon Te Ken CHIU, J.P. (Chairman)  
David CHIU, Tan Sri Dato', B.Sc.  
(Deputy Chairman and  
Chief Executive Officer)  
Dennis CHIU, B.A.  
Craig Grenfell WILLIAMS, B. ENG. (CIVIL)

### Non-Executive Directors

Ching Lan JU CHIU, J.P.  
Daniel Tat Jung CHIU

### Independent Non-Executive Directors

Jian Yin JIANG  
Kwok Wai CHAN  
Peter Man Kong WONG, J.P.

## AUDIT COMMITTEE

Kwok Wai CHAN (Chairman)  
Peter Man Kong WONG  
Jian Yin JIANG

## REMUNERATION COMMITTEE

Kwok Wai CHAN (Chairman)  
David CHIU  
Peter Man Kong WONG

## EXECUTIVE COMMITTEE

Deacon Te Ken CHIU  
David CHIU  
Dennis CHIU  
Craig Grenfell WILLIAMS  
Chris Cheong Thard HOONG  
Denny Chi Hing CHAN  
Boswell Wai Hung CHEUNG

## MANAGING DIRECTOR

Chris Cheong Thard HOONG, B. ENG, ACA

## CHIEF OPERATING OFFICER

Denny Chi Hing CHAN

## CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY

Boswell Wai Hung CHEUNG

## AUTHORIZED REPRESENTATIVES

Deacon Te Ken CHIU  
David CHIU

## LEGAL ADVISORS

Woo, Kwan, Lee & Lo  
Reed Smith Richards Butler  
Maples and Calder  
HWL Ebsworth Lawyers

## AUDITOR

Deloitte Touche Tohmatsu  
Certified Public Accountants  
Hong Kong

## PRINCIPAL BANKERS

### Hong Kong

Cathay United Bank Company, Limited  
Citic Bank International Limited  
Dah Sing Bank, Limited  
DBS Bank (Hong Kong) Limited  
Hang Seng Bank Limited  
Nanyang Commercial Bank, Limited  
Public Bank (Hong Kong) Limited  
The Hongkong and Shanghai Banking Corporation Limited  
Wing Hang Bank, Limited

### Malaysia

Affin Islamic Bank Berhad  
Affin Bank Berhad  
OCBC Bank (Malaysia) Berhad  
Public Bank Berhad

### Singapore

The Hongkong and Shanghai  
Banking Corporation Limited

### Australia

Australia and New Zealand Banking Group Limited  
Bank of Western Australia  
Commonwealth Bank of Australia Limited

### China

Agricultural Bank of China Limited  
China Construction Bank Corporation  
DBS Bank (China) Limited  
HSBC Bank (China) Company Limited  
Shanghai Pudong Development Bank Company, Limited

## PLACE OF INCORPORATION

Cayman Islands

## REGISTERED OFFICE

P.O. Box 1043, Ground Floor,  
Caledonian House, Mary Street,  
George Town,  
Grand Cayman, Cayman Islands,  
British West Indies

## PRINCIPAL OFFICE

16th Floor, Far East Consortium Building,  
121 Des Voeux Road Central,  
Hong Kong

## SHARE REGISTRAR

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

## LISTING INFORMATION

Ordinary Shares (Code: 035)  
Convertible Bonds 2015 (Code: 4317)  
The Stock Exchange of Hong Kong Limited

## WEBSITE

<http://www.fecil.com.hk>

Note: This annual report was originally prepared in English and was subsequently translated into Chinese. In the event of any inconsistency between the 2 versions, the English version shall prevail.

# Contents

Chairman's Statement	4-5
Report of Deputy Chairman and Chief Executive Officer	6-9
Profile of Directors and Senior Management	10-12
Five-Year Financial Summary	13
Management Discussion and Analysis	14-31
Directors' Report	32-43
Corporate Governance Report	44-51
Independent Auditor's Report	52
Consolidated Income Statement	53
Consolidated Statement of Comprehensive Income	54
Consolidated Statement of Financial Position	55-56
Consolidated Statement of Changes in Equity	57-58
Consolidated Statement of Cash Flows	59-60
Notes to the Consolidated Financial Statements	61-125
List of Major Properties Held by the Group	126-143
Glossary	144-147



# CHAIRMAN'S STATEMENT



# Chairman's Statement

The global financial crisis in 2008 led to the implementation of quantitative measures in a number of major economies in order to boost the recovery of their economy. The downgrade of the government debt rating of certain member states of European Union casted uncertainties to the global financial market and affected the recovery of global economy.

As a result of the effort and dedication of the management team and all staff members of the Group had a fruitful year in the financial year 2011. The Group successfully launched a series of property development projects in a number of regions including Australia, Hong Kong, Singapore and Shanghai of Mainland China. Results of the presales were very successful. At the same time, the Group also successfully listed the hotel division, namely Kosmopolito Hotels International Limited on the Hong Kong Stock Exchange in October 2010. The listing of KHI enhanced the equity of the Group and established a new platform that focuses on hospitality business. In addition, our car park business, with operations in Australia, New Zealand and Malaysia, also showed a steady continuous growth in business.



Going forward, Hong Kong economy will maintain a steady growth and will continue to enjoy the benefit of the rapid economic development of Mainland China. The Group is well prepared to take on new challenges that may arise in the competitive market environment. I am optimistic and confident that the success of the Group will continue. Given the rapidly changing of the global economic



conditions, we will continue to closely monitor the change of the market conditions and selectively assess any good investment opportunity in the Asia Pacific Regions. At the same time, we will be vigilant and will continue our effort in implementing a good policy of risk management and enhance the spirit of enterprise of the Group.

Lastly, I would like to take this opportunity to express my sincere gratitude to the directors, senior management and all staff members of the Group for their effort in making an immense contribution to the Group in the financial year 2011. I would also like to thank our shareholders and business partners for their trust and support. We will keep encouraging all our staff members to continue the success and lead the Group into a new phase of development.

**Deacon Te Ken CHIU**

*Chairman*



An aerial night photograph of a city skyline, likely New York City, showing numerous illuminated skyscrapers and a dense urban landscape. A large red rectangular overlay is positioned on the left side of the image, containing the title text in white. The background image shows the city lights reflecting on the water in the foreground, with a mix of modern glass skyscrapers and older buildings.

# Report of Deputy Chairman and Chief Executive Officer



## Report of Deputy Chairman and Chief Executive Officer



I am pleased to present the annual results of Far East Consortium International Limited for the financial year ended 31st March, 2011 ("Financial Year 2011").

We witnessed steady growth in our overall business which recorded an increase in net profit attributable to our shareholders of 21.7% in the Financial Year 2011. The increase in profit was mainly generated from good performance of our hotel division, full year contribution from car park division, sales of completed properties of California Garden in Shanghai of Mainland China and The Mercer by Kosmopolito in Hong Kong, increase on investment property fair value and gain on disposal of available for sales investments.

In the last few years, the Company made significant efforts to expand the business which has revenue streams of a recurring nature, namely the hotel and car park operations. We also made an effort to expand our development pipeline in order to smooth the future development contribution. The increase in contribution from the hotel and car park divisions and increase in projects in our development pipeline in the Financial Year 2011 are direct results of these strategic initiatives.

On 11th October, 2010, the successful spin-off and listing of our hotel division namely Kosmopolito Hotels International Limited (Stock code: 2266) on the Stock Exchange, has marked an important milestone of the development of the Group. The successful spin-off and listing not only strengthened the cash position of the Company, it unlocked a spin off gain of approximately HK\$418 million and unveiled a significant revaluation surplus of the hotel division which is not reflected in the balance sheet of the Company. Following the spin-off, the Company still holds 73.1% of stake of KHI and the new platform provides us with a more focused approach to grow our hotel business in the region.

On the property development and investment business, we have become increasingly more active in residential property and serviced apartment development with an increased pipeline. The Company's increased emphasis on the division follows the success of the Company in building up its recurring cashflow business in hotel and car park. As at 31st March, 2011, the Company recorded a total pre-sale of properties under development of approximately HK\$2.6 billion.

In Mainland China, our flagship development project California Garden in Shanghai, continued to make contribution to our Group in terms of revenue and profit. We started the construction works of approximately 1,000 apartments and approximately 150 town houses in the current phrases. In addition, we commenced the construction works for building up a total number of 5 residential towers in our Jin Di Hua Yuen project in Guangzhou.

We have drawn up a plan to revamp Shanghai Ching Chu Xintiandi, a shopping mall project in California Garden in Shanghai. Once completed, the retail outlets will be leased out and it will add to our recurring cashflow streams. Further, we are also investigating the possibility of building a mall adjacent to the Shanghai Ching Chu Xintiandi project. Once completed, the two developments will be linked together providing an easy mutual access between the 2 malls.

In Australia, we successfully launched our residential development project, Upper West Side, which is located in central Melbourne. Over 80% of the 700 apartments in Phase 1 were presold in the Financial Year 2011. The sale of 584



apartments in Phase 2 was launched under the name of Madison at Upper West Side in April 2011. Additionally, we completed the development and sold over 86% of the townhouses in the Jarrah Estate development in Bundoora of Melbourne in which we held 25% of stake in the project. We also disposed of our development site at Northcote to focus our efforts on larger development.

In October 2010, we presold, through KHI, all of the 68 apartments of Dorsett Residence which is located next to our Dorsett Regency "On New Bridge" Hotel in Singapore at the total sales proceeds of approximately SGD80.2million or HK\$494.5 million.

During the Financial Year 2011, KHI decided to pursue the development of the excess land at Grand Dorsett Subang Hotel into hotel residence. A development order has been granted by relevant local authority. KHI is presently in the initial stage of discussion with various parties and is considering the available options.

In Hong Kong, we made significant progress in a number of our existing residential development projects. We planned to launch a number of developments with the total sales value of approximately HK\$2 billion in the next 12-24 months.

As our long term strategic objective for property development division is to increase our number of development projects to smooth the earning contribution and growth, we have been active in reviewing good acquisition opportunity to increase our land reserve. In September 2010, we acquired a redevelopment site at San Wai Street, Hunghom in Hong Kong. We also acquired a piece of land at Jalan Imbi of Kuala Lumpur in Malaysia in October 2010 for residential/serviced apartment development.

At present, the Group has 10 million sq. ft. GFA development pipeline. We expect that property development division will contribute significant revenue in the next few financial years.

As regard our hotel operations, we experienced a strong recovery in business and leisure travel in 2010. In particular, the continued strong growth in tourist arrivals resulted in a healthy increase in occupancy rates of our hotels in Hong Kong and South East Asia. KHI is one of the largest listed hotel companies in Hong Kong equipped with a defensive portfolio and a strong asset backing. KHI owns 21 hotels (15 are in operation and 6 are under development) with approximately 7,000 rooms in total numbers across Asia. It has a strong

presence in Hong Kong and Malaysia with a primary focus on expansion in Mainland China and Asia.

KHI continued to grow steadily and maintained a high occupancy rate in the Financial Year 2011 at overall average rate of about 80%. Hong Kong recorded an occupancy rate of approximately 92% and was our best performing region. KHI's overall RevPAR grew 28% in comparison with the last financial year.

Following the successful launch of Yue Shanghai Hotel in Mainland China and newly opening of the Cosmo Hotel Mongkok and The Mercer by Kosmopolito in Hong Kong, there are 3 more new hotels to be added in the coming financial year 2012, namely Dorsett Regency Hong Kong, Dorsett Regency Kwun Tong and Dorsett Regency Kwai Chung. The addition of these new hotels together with other pipeline hotels will contribute to further growth in the division in the coming financial years.

On car park division, we added a net 1,000 parking bays to our car park portfolio in the Financial Year 2011. Currently our car park division managed approximately 250 car parks comprising more than 46,000 car park bays. Our car park business has contributed a steady increase in revenue and net profit, and



## Report of Deputy Chairman and Chief Executive Officer



provided an increased recurring income to the Company. We will continue to make selective acquisition in car park and grow our car park management business in the regions.

In entering the financial year 2012, although booking of sales may be slower in the current financial year as majority of our presold development is scheduled to be completed in 2 to 3 years time, the long term prospects of our business are good given our strong current pipeline in hotel and property development and the generally positive outlook of the economies across the region in particular Asia Pacific and Mainland China. Our relatively low land costs also put us in an advantageous position.

Going forward, leveraging on our hotel experience, we will increase our emphasis on serviced apartment, both for rent and for sale. We will maintain the strategy of expanding our property portfolio with more recurring cashflow streams and selectively adding our development pipeline. I am confident that with resolute focus on implementing our strategic plan, we shall be able to take on challenges and capture any new opportunities that may arise.

We always say that employees are the most valuable asset of the Company. They

contribute to our continuous growth in the region and our capability to grasp the prosperous opportunities ahead. I would like to take this opportunity to express my gratitude to my fellow management team for their wise counsel and intelligence, and the staff members of the Group for their contribution and support.

### **David CHIU**

*Deputy Chairman and  
Chief Executive Officer*

# Profile of Directors and Senior Management

## **Mr. Deacon Te Ken CHIU, J.P.**

### **(Executive Director, Chairman)**

Mr. CHIU, aged 86, is the founder of the Far East Group. He is a director of certain subsidiaries of the Company. Besides, he is also the chairman of Far East Holdings International Limited (stock code: 36) and Far East Hotels and Entertainment Limited (stock code: 37). Mr. CHIU has more than 50 years of business experience in property investment and development; operation of entertainment and tourism related business; hotel ownership and management; financing and banking. He was a member of the Chinese People's Political and Consultative Conference from the 6th to 9th; the founder of the Yan Chai Hospital and the vice patron of the Community Chest since 1968; the founder and permanent honorary chairman of The New Territories General Chamber of Commerce; the founder and chairman of the Ju Ching Chu Secondary Schools since 1966. Mr. CHIU is the husband of Madam Ching Lan JU CHIU (Non-executive Director of the Company), the father of Tan Sri Dato' David CHIU (Executive Director of the Company), Mr. Dennis CHIU (Executive Director of the Company) and Mr. Daniel Tat Jung CHIU (Non-executive Director of the Company).

## **Tan Sri Dato' David CHIU, B.Sc.**

### **(Executive Director, Deputy Chairman and Chief Executive Officer)**

Tan Sri Dato' David CHIU, aged 57, holds a double degree of Bachelor of Science in Business Administration and Economics at the University of Sophia, Japan. He is a prominent businessman with over 30 years' experience in the property development and extensive experience in the hotel development. In his business career, he established a number of highly successful business operation through organic growth and acquisitions, covering mainland China, Hong Kong, Japan, Malaysia, Singapore and Australia. Since 1978, Tan Sri Dato' David CHIU had been the Managing Director of Far East Consortium Limited (the predecessor of the Company). He was appointed as Deputy Chairman and Chief Executive Officer of the Company on 8th December, 1994 and 8th October, 1997 respectively. He is also a director of certain subsidiaries of the Company. Besides, he is a non-executive director of Far East Hotels and Entertainment Limited (stock code: 37) and Kosmopolito Hotels International Limited (stock code: 2266, a subsidiary of the Company).

With regard to Tan Sri Dato' David CHIU's devotion to the community services, he is a trustee member of "The Better Hong Kong Foundation" and the former chairman of "the Festival Celebration for the Chinese People's Liberation Army Force" in Hong Kong. He is also a member of the "Concerted Efforts Resource Centre", a member of "Hong Kong General Chamber of Commerce", a member of the "Constitutional Reform Synergy" and a member of "The Real Estate Developers Association of Hong Kong". In Malaysia, Tan Sri Dato' David CHIU was awarded an honorary award which carried the title "Dato" and a more senior honorary title of "Tan Sri" by His Majesty, King of Malaysia in 1997 and 2005 respectively. He is the son of Mr. Deacon Te Ken CHIU (Chairman of the Company) and Madam Ching Lan JU CHIU (Non-executive Director of the Company), the brother Mr. Dennis CHIU (Executive Director of the Company) and Mr. Daniel Tat Jung CHIU (Non-executive Director of the Company).

## **Mr. Dennis CHIU, B.A.**

### **(Executive Director)**

Mr. CHIU, aged 52, was appointed as an Executive Director of the Far East Consortium Limited (the predecessor of the Company) in 1978. He has been actively involved in the business development in the Mainland China, Singapore and Malaysia. Mr. CHIU is an executive director of Far East Holdings International Limited (stock code: 36) and a non-executive director of Far East Hotels and Entertainment Limited (stock code: 37). He is also a non-executive director of Fortune Oil PLC, a company listed on the stock exchange in London. He is the son of Mr. Deacon Te Ken CHIU (Chairman of the Company) and Madam Ching Lan JU CHIU (Non-executive Director of the Company), the brother of Tan Sri Dato' David CHIU (Executive Director of the Company) and Mr. Daniel Tat Jung CHIU (Non-executive Director of the Company).

## **Mr. Craig Grenfell WILLIAMS, B.ENG. (CIVIL)**

### **(Executive Director)**

Mr. WILLIAMS, aged 59, was appointed as Executive Director of the Company in 2000. He is responsible for all property development in Australia. He resides in Melbourne, Australia. He holds a degree of Bachelor of Civil Engineering from Melbourne University. Before joining the Australian operations of the Company, he was a director of all development companies of the Lend Lease Group, Australia's largest property developer. Mr. WILLIAMS has extensive experience in all facets of property development and is the immediate Past President of the St. Kilda Road Campaign Inc. He is a director of Care Park Group Pty. Ltd., a subsidiary of the Company and a director of Tokai Kanko Co., Ltd., a company listed on the Tokyo Stock Exchange.



## Profile of Directors and Senior Management

### **Madam Ching Lan JU CHIU, J.P.**

#### **(Non-executive Director)**

Madam CHIU, aged 71, was appointed as Director of Far East Consortium Limited (the predecessor of the Company) in 1972. Since 1975, she is the honorary vice-president of Hong Kong Girl Guides Association. She has been active in social circles and was lady chairman of Yan Chai Hospital for 1977/78. Madam CHIU is the founder and honorary chairman of New Territories Women's and Juveniles Welfare Association. She is a committee member and supervisor of Ju Ching Chu Secondary School and the chairman of Kowloon Women's Welfare Club. She is a member of Shanghai Standing Committee Chinese People's Political Consultative Conference since 1982. She has also been the honorary vice-president of Hong Kong Federation of Women since 1997. Madam CHIU is a non-executive director of Far East Hotels and Entertainment Limited (stock code: 37). She is the wife of Mr. Deacon Te Ken CHIU (Chairman of the Company), the mother of Tan Sri Dato' David CHIU (Executive Director of the Company), Mr. Dennis CHIU (Executive Director of the Company) and Mr. Daniel Tat Jung CHIU (Non-executive Director of the Company).

### **Mr. Daniel Tat Jung CHIU**

#### **(Non-executive Director)**

Mr. CHIU, aged 50, was appointed as a Director of Far East Consortium Limited (the predecessor of the Company) in 1984. He has extensive experience in Mainland China trade, petroleum trading and infrastructure investments. He also takes an active part in several kinds of projects in Hong Kong and Mainland China. Mr. CHIU is the major shareholder and vice chairman of Fortune Oil PLC. He is the founder of Harrow International School. He is the son of Mr. Deacon Te Ken CHIU (Chairman of the Company) and Madam Ching Lan JU CHIU (Non-executive Director of the Company), the brother of Tan Sri Dato' David CHIU (Executive Director of the Company) and Mr. Dennis CHIU (Executive Director of the Company).

### **Mr. Jian Yin JIANG**

#### **(Independent Non-executive Director)**

Mr. JIANG, aged 81, was appointed as an Independent Non-executive Director of the Company in July 2004. He graduated from the Law Faculty of the Shanghai Zhengdan University. Mr. JIANG had worked as various positions including a principal of secondary school, an officer of regional education institute, secretary of the Party General Branch of a faculty of university, vice dean, secretary of vocational college and vice director of the Journal of Arts of National Universities (全國高等學校文科學術文摘), accumulating extensive experience in administration and managements. He is currently the chief consultant of 美時醫療技術(上海)有限公司.

### **Mr. Kwok Wai CHAN**

#### **(Independent Non-executive Director)**

Mr. CHAN, aged 52, was appointed as an Independent Non-executive Director of the Company in November 2005. He is a member of The Hong Kong Securities Institute and an associate member of CPA Australia. Mr. CHAN is a director of High Progress Consultants Limited and also an independent non-executive director of Chinese Estates Holdings Limited (stock code: 127), Junefield Department Store Group Limited (stock code: 758), China Investments Holdings Limited (stock code: 132), Tern Properties Company Limited (stock code: 277) and National Electronics Holdings Limited (stock code: 213).

### **Mr. Peter Man Kong WONG, J.P.**

#### **(Independent Non-executive Director)**

Mr. WONG, aged 62, was appointed as an Independent Non-executive Director of the Company in May 2007. He graduated from the University of California at Berkeley with a Bachelor of Science Degree and was an awardee of the "Young Industrialist Award of Hong Kong" in 1988. He has over 38 years of experience in industrial, commercial and public service. Mr. WONG is the chairman of M.K. Corporation Limited and North West Development Limited. Besides, he is an independent non-executive director of China Travel International Investment Hong Kong Limited (stock code: 308), Chinney Investments Limited (stock code: 216), Glorious Sun Enterprises Limited (stock code: 393), Sino Hotels (Holdings) Limited (stock code: 1221) and Sun Hung Kai & Co, Limited (stock code: 86). He is also a non-executive director of Hong Kong Ferry (Holdings) Co. Ltd. (stock code: 50) and New Times Energy Corporation Limited (stock code: 166). Mr. WONG is a deputy of the 11th National People's Congress of Mainland China.

## Profile of Directors and Senior Management

### **Mr. Chris Cheong Thard HOONG, B. ENG, ACA**

#### **(Managing Director)**

Mr. HOONG, aged 42, joined the Group in September 2008 as the Managing Director. He is responsible for the formulation and implementation of the Group overall strategies for development. He brings with him a wealth of knowledge in corporate development and extensive experience in mergers and acquisitions as well as international capital markets.

Prior to joining the Group, Mr. HOONG was the chief executive officer of China LotSynergy Holdings Limited (stock code: 8161). He was instrumental in implementing a number of important initiatives which established international relationships for the company and built solid foundations for business expansion whereas he is currently a non-executive director of the company. Mr. HOONG was an investment banker for over 12 years and had held senior positions at Deutsche Bank and UBS where he was responsible for corporate finance business in Asia. He is also a non-executive director of Kosmopolito Hotels International Limited (stock code: 2266, a subsidiary company of the Company), a director of Care Park Group Pty. Ltd., a subsidiary of the Company, a director of Tokai Kanko Co., Ltd., a company listed on the Tokyo Stock Exchange and a non-executive director of Land & General Berhad, a company listed on the KLSE Bursa Malaysia.

Mr. HOONG is a member of the Institute of Chartered Accountants in England and Wales and holds a bachelor's degree in Mechanical Engineering from Imperial College, University of London.

### **Mr. Denny Chi Hing CHAN**

#### **(Chief Operating Officer)**

Mr. CHAN, aged 48, was promoted as the Group's Chief Operating Officer in March 2004. He is responsible for the Hong Kong and the Mainland China based activities with emphasis on the commercial management, property development and investment, and project development. He joined the Company in 1990 as the Group Chief Accountant and promoted as the Group Financial Controller in 2002. From 1990 to 2003, he was responsible for the Group's financial, treasury and accounting functions. He has extensive experience in accounting and auditing of Hong Kong listed companies. Mr. CHAN is a director of various subsidiaries of the Company. He is a non-executive director of Kosmopolito Hotels International Limited (stock code: 2266, a subsidiary company of the Company) and an independent non-executive director of Hidili Industry International Development Limited (stock code: 1393).

Prior to joining the Group, he was an audit manager of a big four international accounting firm with over ten years of audit experience.

### **Mr. Boswell Wai Hung CHEUNG**

#### **(Chief Financial Officer and Company Secretary)**

Mr. Cheung, aged 40, joined the Company as Chief Financial Officer and Company Secretary in September 2010. He is responsible for all financial functions, company secretarial compliances and investors' relationship of the Company. Currently, he is also a director of Care Park Group Pty. Ltd., a subsidiary of the Company, and an audit committee member of Tokai Kanko Co., a company listed on the Tokyo Stock Exchange.

Prior to joining the Company, Mr. Cheung was chief operating officer and company secretary of Fook Woo Group Holdings Limited (stock code: 923), senior financial strategy advisor of China Pacific Insurance (Group) Company Limited (stock code: 2601), an executive director and a non-executive director of Bright International Group Limited (now named as Dejin Resources Group Company Limited, stock code: 1163), and also held audit posts in Deloitte Touche Tohmatsu and Ernst & Young.

Mr. Cheung graduated in Scotland with a Bachelor's degree in Accounting in 1992, obtained a Master degree of Business Administration from University of Leicester in England in 1995 and a Master degree of Professional Accounting in 2007. Mr. Cheung is a Chartered Marketer of the Chartered Institute of Marketing in the United Kingdom, a non-practicing member of the HKICPA and a qualified accountant of CPA Australia.



## Five-Year Financial Summary

	For the year ended 31st March,				2011
	2007	2008	2009	2010	HK\$'000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
RESULTS					
Revenue	875,176	2,159,514	1,732,841	2,342,235	<b>1,654,446</b>
Profit before taxation	693,823	658,396	221,947	492,856	<b>555,029</b>
Taxation	(157,394)	(215,016)	(116,847)	(134,484)	<b>(108,548)</b>
Profit for the year	536,429	443,380	105,100	358,372	<b>446,481</b>
Earnings per share	37 cents	28 cents	5 cents	18 cents	<b>21 cents</b>

	At 31st March,				2011
	2007	2008	2009	2010	HK\$'000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
ASSETS AND LIABILITIES					
Total assets	8,712,356	9,585,961	10,514,725	13,135,051	<b>15,168,734</b>
Total liabilities	(4,664,260)	(4,633,817)	(5,631,389)	(6,913,272)	<b>(7,249,941)</b>
Minority interests	4,048,096 (26,148)	4,952,144 (39,467)	4,883,336 (30,456)	6,221,779 (95,780)	<b>7,918,793 (892,205)</b>
Shareholders' funds	4,021,948	4,912,677	4,852,880	6,125,999	<b>7,026,588</b>

Note: The figures for the prior year 2009/10 have been restated pursuant to the adoption of the applicable Hong Kong Financial Reporting Standards as explained in note 2 to the financial statements. Figures for the years prior to 2009/10 have not been restated as it would involve delay and expenses out of proportion to the benefit of shareholders.



# MANAGEMENT DISCUSSION AND ANALYSIS











# Management Discussion and Analysis



## FINANCIAL HIGHLIGHTS

- **Net profit attributable to owners at approximately HK\$394 million, up 21.7% from the previous financial year. Earnings per share increased from HK\$0.18 to HK\$0.21**
- **Net gearing ratio<sup>(i)</sup> at 32.5% and cash position at approximately HK\$2.3 billion as at 31st March, 2011**
- **Presale of property development at approximately HK\$2.6 billion for the year ended 31st March, 2011**
- **Gain resulting from spin-off of KHI at approximately HK\$418 million, recognized in reserve in the consolidated financial statements of the Company for the year ended 31st March, 2011**
- **Net assets attributable to shareholders increased from HK\$3.2 per share to HK\$3.7 per share. Adjusting for hotel revaluation surplus<sup>(i)</sup>, net assets attributable to shareholders as at 31st March, 2011 was HK\$6 per share**
- **Final dividend of HK\$0.05 per share for the year ended 31st March, 2011 recommended (2010: final dividend of HK\$0.04 per share)**

Note (i): The hotel revaluation surplus of HK\$5,979 million as at 31st March, 2011 was not recognized in the Company's consolidated financial statements, but adjusted for the calculation of the net gearing ratio and net assets attributable to shareholders per share.



## FINANCIAL REVIEW

### 1. Annual results

For the year ended 31st March, 2011, the Company's consolidated revenue was HK\$1,654 million, decreasing by 29.4% as compared to the previous financial year ended 31st March, 2010. The reduction was mainly due to lower property sales recorded in financial year 2011 versus financial year 2010. Hotel operation performance of KHI and the car park operation business contributed revenue of HK\$867 million and HK\$464 million respectively, increased by 40.7% and 66.5% respectively. Rental revenue from investment properties remained steady, increased by 4.9% from the previous financial year. The nature of the revenue in relation to hotel operation, car park business and rental income from investment properties is considered as recurring income. For the year ended 31st March, 2011, recurring income increased by approximately 46.1% reached HK\$1,392 million. It is one of our medium-term plans to build up our business with stable and consistent return from recurring income businesses. For the year ended 31st March, 2011, the recurring income portion was approximately 84.1% of our consolidated revenue.

Gross profit was HK\$756 million for the year ended 31st March, 2011, decreased by 5.4% only in comparison with the previous financial year. However, gross profit margin increased to 45.7% from 34.1%. This was mainly due to a number of reasons:— (1) For the year ended 31st March, 2011, major sales of properties came from California Garden in Shanghai of Mainland China, which provided a gross profit margin of approximately 71.5% (2010: 62.1%); (2) Gross profit margin from KHI increased to 54.5% from 53.8% as of the previous financial year; and (3) Gross profit margin from investment properties and car park business increased to 60.9% and 25.1% respectively from 58% and 20.8% respectively as of the previous financial year.

Net profit attributable to owners of the Company for the financial year ended 31st March, 2011 amounted to HK\$394 million, increased by 21.7% from the previous financial year. Major contributions during the financial year 2011 were derived from KHI's hotel operation steady performance; sale of a hotel, The Mercer by Kosmopolito, in Hong Kong; full year contribution from car park operation; sales of properties in California Garden in Shanghai of Mainland China; and the increase in fair value of investment properties.





## 2. Liquidity and financial resources

	<b>KHI Consolidated Group</b>	
	(HK\$ million)	(HK\$ million)
Bank and cash balances	897	2,264
Bank loans, convertible bonds and borrowings	3,562	5,969
Carrying amount of total equity	2,897	7,027
Add: revaluation surplus	5,979	4,365
Total equity	8,876	11,392
Net gearing ratio	30.0%	32.5%

Carrying amount of total equity attributable to owners of the Company as at 31st March, 2011 was HK\$7,027 million, increased by 14.7% as compared to HK\$6,126 million as at 31st March, 2010. As at 31st March, 2011, fair value of KHI's hotel portfolio exceeded its carrying amount was in the amount of approximately HK\$5,979 million, which was not recognized in the Company's consolidated statement of financial position. Taking into account of the revaluation surplus of the hotel assets, the net gearing ratio of KHI was 30% and the net gearing ratio of the Company was 32.5%. The Company maintained a strong financial position and had sufficient financial resources to cater for its operating activities as well as the existing and potential investment activities.

## Management Discussion and Analysis



Tan Sri Dato' David CHIU (4th from left) tossed for the success with the board of directors at the listing ceremony of KHI



Senior officials of Stock Exchange joined the management team of KHI for a photo at the trading hall to congratulate the listing of KHI

### 3. Kosmopolito Hotels International Limited – Spin Off

KHI was spun off and listed on the Stock Exchange on 11th October, 2010. IPO proceeds came to over HK\$1.1 billion, net of listing expenses. The proceeds enhanced both the Company and KHI liquidity. As at 31st March, 2011, the Company owned 73.1% of KHI. Gain resulted from the spin-off was approximately HK\$418 million. This gain was recognized in reserve in the consolidated financial statements of the Company for the financial year ended 31st March, 2011 under the current financial reporting standard.

### 4. Property presales

For the financial year ended 31st March, 2011, the Company's presales of properties under development amounted to approximately HK\$2.6 billion. Pre-sales of Stage 1 of Upper West Side in Melbourne, Australia amounted to approximately HK\$2.1 billion and pre-sales of apartments at Dorsett Regency "On New Bridge" Hotel in Singapore (through KHI) amounted to approximately HK\$494.5 million.





**Upper West Side**  
Melbourne, Australia

## BUSINESS REVIEW

### 1. Property division

The property division includes property development and investment property holding.

With respect to property development, the Company is committed to provide quality residential property, geographically covering Mainland China, Malaysia, Australia, Hong Kong and Singapore. This coverage enables the Company to capture the troughs of different property cycles in different locations. As at 31st March, 2011, GFA in our property development pipeline reached more than 10 million sq.

ft. For the year ended 31st March, 2011, the Company increased its development pipeline in terms of GFA by more than 10%.

However, during the year ended 31st March, 2011, revenue from property development decreased by 82.2% to HK\$245 million due to a decrease in completion of property development projects. As at 31st March, 2011, the Company had a total number of 17 residential development projects, of which 8 projects are expected to be completed within the coming 2 to 3 financial years, amounting to approximately 2 million sq. ft. GFA. We expect sales of properties to be on the rise in the coming years.

## Management Discussion and Analysis



**California Garden**  
Shanghai, Mainland China

The followings is a list of our major property development pipeline.

Development projects	Location	Approximate GFA (sq. ft)	Completion schedule (Financial Year)
1. California Garden	Shanghai, Mainland China	5,000,000	2012-2017
2. Hua Di Jia Yuen	Guangzhou, Mainland China	1,030,000	2015
3. Upper West Side	Melbourne, Australia	1,300,000	2014-16
4. 684 Clear Water Bay Road	Sai Kung, Hong Kong	20,000	2012
5. No. 1-11A San Wai Street	Hunghom, Hong Kong	66,000	2014
6. No. 287-293 Sai Yeung Choi Street North	Sham Shui Po, Hong Kong	39,000	2014
7. No. 90-100 Hill Road	Pok Fu Lam, Hong Kong	45,000	2015
8. Lot 470, Section 67, Imbi Road	Kuala Lumpur, Malaysia	166,000	2014-15



## Management Discussion and Analysis



**California Garden**  
Shanghai, Mainland China



**Hua Di Jia Yuen**  
Guangzhou, Mainland China

### Mainland China

#### California Garden, Shanghai

Our flagship residential development in Mainland China is California Garden in Shanghai. This development is within half an hour metro train ride from the city centre and located next to Shanghai University. As at 31st March, 2011, California Garden consisted of approximately 5 million sq. ft. GFA, comprising various residential types, such as mid rise, low rise, high rise and townhouses.

For the year ended 31st March, 2011, sales of properties in California Garden came to HK\$153 million. During the financial year 2011, 3 shop lots, 3 apartments and 36 townhouses with approximately 83,000 sq. ft. GFA were sold. Phases 16 and 17 were in the construction stage, amounted to approximately 1 million sq. ft. GFA. They are expected to be presold in the second half of financial year 2012 and the financial year 2013. Approximately 700,000 sq. ft. GFA of Phase 16 are expected to be completed in the financial year 2014. Approximately 300,000 sq. ft. GFA of Phase 17 are expected to be completed in the financial year 2013.

#### Hua Di Jia Yuen, Guangzhou

Hua Di Jia Yuen is located along with Huadi River in Guangzhou. The development project consists of approximately 1.03 million sq. ft. GFA. It planned to build a community with 5 residential towers. Construction work is expected to commence in the second half of the financial year ended March 31, 2012. Presale and completion are expected to take place in the financial year 2014 and 2015 respectively.



**California Garden**  
Shanghai, Mainland China



**Upper West Side**  
Melbourne, Australia

### Australia

The Company focused its core development projects in Australia during the last financial year 2011. The Bundoora development of 88 two-bedroom townhouses was completed in October 2010. As at 31st March, 2011, 76 units amounting to more than HK\$200 million were delivered and settled. The Company has a 25% interest in the project. The remaining apartments at Royal Domain Tower and North Bank Place were sold for approximately HK\$16 million and HK\$4 million respectively during the second half of the financial year ended 31st March, 2011. The development site at Northcote was also disposed of for approximately HK\$55 million before year ended 31st March, 2011, following the

decision to focus on the much larger and more profitable development at Upper West Side.

### Upper West Side, Melbourne

Upper West Side is a residential development project of approximately 1.3 million sq. ft. GFA, located in the heart of Melbourne CBD. It is expected to build approximately 3,000 apartments, divided into 4 stages. Pre-sale of Stage 1 of 700 apartments with approximately 400,000 sq. ft. GFA was launched in July 2010. As at 31st March, 2011, 83% of Stage 1 was presold, amounting to sales value of approximately HK\$2.1 billion. Construction had been commenced in the second half of the financial year 2011 and completion is expected to take place in the first half of the financial year 2014.

Stage 2 of Upper West Side is named as Madison at Upper West Side. It consists of 584 apartments with approximately 400,000 sq. ft. GFA. Sales and marketing had already been commenced in April 2011. Construction is expected to commence towards the end of the financial year 2012. Completion of Stage 2 is expected to take place in the financial year 2015. Stages 3 and 4, comprise approximately 500,000 sq. ft. GFA in total, will be launched following the first and second stages and the whole project is expected to be completed in 5 to 6 years. We believe that the total value from the whole project will bring in more than HK\$8 billion in revenue to the Company.



## Management Discussion and Analysis



**684 Clear Water Bay Road,**  
Sai Kung, Hong Kong



**No. 1-11A San Wai Street**  
Hungghom, Hong Kong

### Hong Kong

The Company plans to launch 4 developments in Hong Kong market. These developments cover a range of property type: from a 4 villas development with a total of 20,000 sq. ft. GFA to high rise apartments of more than 20 floors, namely, (i) 684 Clearwater Bay Road in Sai Kung, (ii) No. 1-11A San Wai Street in Hungghom, (iii) No. 287-293 Sai Yeung Choi Street North in Sham Shui Po, and (iv) No. 90-100 Hill Road in Pok Fu Lam. Total GFA of these four developments is approximately 170,000 sq. ft..

### 684 Clear Water Bay Road, Sai Kung

This is a redevelopment project converting 6 old villas into 4 villas, with a total GFA of 20,000 sq. ft. The developments situated in the prestige Sai Kung region with rare offers of new villas with private swimming pools. Construction and architectural works had been completed during the financial year 2011. The development has been launched to the market for sale.

### No. 1-11A San Wai Street, Hungghom

In the second half of financial year 2011, the Company entered into an agreement to acquire at the price of HK\$325 million a redevelopment site comprising residential and commercial properties at San Wai Street, Hungghom, which is located at the heart of Kowloon. The site is conveniently located to the future To Kwa Wan MTR station of the Central – Shatin Line which will be completed in 2018 according to Shatin to Central link project of MTR Corporation Limited. GFA of the redevelopment site is approximately 66,000 sq. ft. It is expected to launch presale in the second half of the financial year 2012, and the development will be completed in the financial year 2014. This development demonstrated our new focus on serviced apartment development.





## Management Discussion and Analysis



**No. 90-100 Hill Road**  
Pok Fu Lam, Hong Kong



**No. 287-293 Sai Yeung Choi Street North**  
Sham Shui Po, Hong Kong



**Lot 470 Section 67, Imbi Road**  
Kuala Lumpur, Malaysia

### **No. 287-293 Sai Yeung Choi Street North, Sham Shui Po**

This is a residential redevelopment site with GFA 39,000 sq. ft.. This project was acquired in December 2010 through compulsory auction under Cap. 545. Construction works had been commenced in the first half of the financial year 2012. It is expected to launch presale of the property in the second half of the financial year 2012, and completion of the project is expected to take place in the financial year 2014.

### **No. 90-100 Hill Road, Pok Fu Lam**

This is a residential redevelopment site, located at the upper part of Hill Road, close to the University of Hong Kong with conveniently access to the Hong Kong University MTR station in the West Island Lane which will be completed in 2014 according to West Island line project of MTR Corporation Limited. GFA of the site is approximately 45,000 sq. ft. It plans to build up a residential tower of 120 residential units. It is still in finalization of the legal proceedings in acquisition of the whole site through compulsory auction under Cap 545. The project is expected to be completed in the financial year 2015.

### **Malaysia**

#### **Lot 470, Section 67, Imbi Road, Kuala Lumpur**

In the second half of the financial year 2011, the Company entered into an agreement to acquire a piece of vacant land located at Imbi Road, Central Kuala Lumpur with GFA at approximately 166,000 sq. ft. for approximately HK\$80 million. This is a residential serviced apartment project. Construction and earthworks are expected to commence in the second half of the financial year 2012. Presales and completion are expected to be in the financial years 2013 and 2014/2015 respectively.

### **Investment properties**

Investment properties mainly comprise retail and office buildings located in Shanghai of Mainland China, Hong Kong, Australia, Singapore and Malaysia. As at the end of March 2011, the total value of investment properties was recorded at HK\$2.6 billion, increasing by 18.4% from the previous financial year 2010. A revaluation gain of HK\$313 million was made during the financial year 2011. Revenue and gross profit of investment properties holding came to HK\$61 million and HK\$37 million respectively for the year ended 31st March, 2011.

The Company has drawn up a plan to revamp Shanghai Ching Chu Xintiandi in Mainland China, a shopping mall project in California Garden. Further, the Company is investigating the possibility of building a mall adjacent to the Shanghai Ching Chu Xintiandi project. These two developments will be linked together providing easy mutual access. It is expected that these 2 developments will further strengthen our recurring rental cashflow stream.

## **2. Kosmopolito Hotels International Limited**

Our hotel business spreads over Hong Kong, Malaysia, Mainland China and Singapore. Currently KHI owns 21 hotels, of which 15 hotels are in operation across the region, namely 8 hotels operating in Hong Kong, 2 hotels in Mainland China, and 5 hotels in Malaysia. The total number of rooms under KHI operation was approximately 4,000 as at 31st March, 2011. For the year ended 31st March, 2011, KHI's performance showed a strong rebound from the financial year 2010, reversing the downward trend over the previous two financial years.

Note (i): The legal titles of ownership of all hotels have been obtained, save for Dorsett Regency CBD, Zhongshan which is in the process of obtaining its title certificates.

## Management Discussion and Analysis

Operating results for the 12 months ended 31st March, 2011 are as follows:

Region	Revenue Per Available Room ("RevPAR") (HK\$)		Occupancy (%)		Average Room Rate (HK\$)	
	31.3.2011	†Change %	31.3.2011	†Change %	31.3.2011	†Change %
Hong Kong*	746.1	33%	92%	11%	815.4	21%
Malaysia	331.8	14%	73%	6%	456.5	8%
Mainland China <sup>#</sup>	283.6	119%	47%	-4%	604.0	126%
Group Wide	<b>534.9</b>	<b>28%</b>	<b>79%</b>	<b>5%</b>	<b>679.9</b>	<b>22%</b>

\* Includes Cosmo Mongkok Hotel which opened in July 2010.

<sup>#</sup> Includes Yue Shanghai Hotel which opened in February 2010.

† As compared to the previous financial year.

For the year ended 31st March, 2011, revenue increased by 40.7% as compared to the previous financial year due to higher RevPAR and contribution from new hotels. Continuous economic growth in Asia, particularly in Mainland China and Hong Kong, were positive contributing factors. Demand for hotel accommodation across the region was strong and grew at a rapid pace. During the year ended 31st March, 2011, RevPAR increased by 33% in Hong Kong while the overall RevPAR was up 28%. In Mainland China, RevPAR increased by 119%. The significant increase of RevPAR in Mainland China was brought about by our Yue Shanghai Hotel, which commenced operation in February 2010 and started to provide contribution in the second

half of the financial year 2011. The average room rate in Mainland China also increased by 126% during the year ended 31st March, 2011.

As a result of strong revenue growth and gain recorded on the sale of The Mercer by Kosmopolito, KHI achieved a net profit for the year ended 31st March, 2011 of HK\$208 million (2010: HK\$45.8 million).

The rise in capital value of our hotel properties, resulted in a surplus of approximately HK\$5,979 million as at 31st March, 2011, which was not accounted for in the consolidated financial statements of the Company. KHI is currently operating 15 owned hotels with approximately 4,000 rooms in total. In the next couple of years, the

number of room is expected to increase by 6 new hotels providing additional accommodation of about 2,400 rooms. In March 2011, KHI sold The Mercer by Kosmopolito and obtained its management contract. This is the first hotel management contract obtained in Hong Kong. We are proactively seeking hotel investment and hotel management opportunities to enhance our presence.

## Management Discussion and Analysis

### Hotel Assets Portfolio Hotels in Operation

As at 31st March, 2011, KHI was operating 15 hotels, representing 3,834 rooms across Hong Kong, Malaysia and Mainland China:

Company owned hotel properties	Location	Target market segment*	Total rooms*	Commencement
Cosmopolitan Hotel	Hong Kong	mid-scale	454	January 2005
Central Park Hotel	Hong Kong	boutique	142	April 2005
Dorsett Kowloon Hotel	Hong Kong	value	141	May 2005
Cosmo Hotel	Hong Kong	boutique	142	October 2005
Lan Kwai Fong Hotel @ Kau U Fong	Hong Kong	boutique	162	March 2006
Dorsett Seaview Hotel	Hong Kong	value	268	October 2006
Dorsett Far East Hotel	Hong Kong	value	240	January 2007
Cosmo Hotel Mongkok	Hong Kong	boutique	285	July 2010
Dorsett Regency Hotel Kuala Lumpur	Malaysia	mid-scale	320	April 1998
Grand Dorsett Subang Hotel	Malaysia	upscale	478 <sup>#</sup>	February 2007
Grand Dorsett Labuan Hotel	Malaysia	upscale	178	September 2007
Maytower Hotel	Malaysia	boutique	179	October 2008
Dorsett Johor Hotel	Malaysia	value	252	October 2008
Wuhan Cosmopolitan Hotel	Mainland China	mid-scale	329	June 2008
Yue Shanghai Hotel	Mainland China	boutique	264	February 2010
			<u>3,834</u>	

\* The hotel names, target market segments and total rooms may change.

<sup>#</sup> On the assumption that the proposed 125 additional rooms located on 13th Floor to 17th Floor of Grand Dorsett Subang are fully completed.



## Management Discussion and Analysis

### Hotels Under Development

The 6 owned hotels that are under development are largely progressing as planned with slight delays mainly with the 2 hotels in Mainland China. The details are as follows:

Company owned hotels under development*	Location	Target market segment*	Total rooms*	Commencement*
Dorsett Regency Hong Kong	Hong Kong	mid-scale	209	June 2011
Dorsett Regency Kwun Tong	Hong Kong	mid-scale	380	December 2011
Dorsett Regency Kwai Chung	Hong Kong	mid-scale	506	March 2012
Hotel Kosmopolito City Centre, Chengdu	Mainland China	up-scale	547	June 2012
Dorsett Regency CBD, Zhongshan <sup>#</sup>	Mainland China	mid-scale	416	July 2012
Dorsett Regency "On New Bridge"	Singapore	mid-scale	285	June 2013
			<u>2,343</u>	

\* The hotel names, target market segments and total rooms may change.

<sup>#</sup> This hotel is in the process of obtaining its legal title of ownership.



**Yue Shanghai hotel**  
Shanghai, Mainland China



**Grand Dorsett Labuan Hotel**  
Labuan, Malaysia

**Dorsett Regency Hotel**  
Hong Kong



**Grand Dorsett Subang Hotel**  
Kuala Lumpur, Malaysia



**Dorsett Regency Hotel**  
Kwai Chung, Hong Kong

For the year ended 31st March, 2011, 2 hotels were completed and their operations had been commenced. In July 2010, Cosmo Hotel Mongkok in Hong Kong began its operation. The hotel consists of a total number of 25 floors comprised of 285 rooms. This hotel focuses on tourism business, such as those from Mainland China, South East Asia, Japan and Korea. In February 2010, Yue Shanghai Hotel in Mainland China commenced its operation. The hotel consists of 18 floors comprised of 264 rooms. Due to its location being close to Shanghai Exhibition Centre and Century Park in Pudong, Shanghai, the hotel caters for both business customers and tourist customers.

**Dorsett Regency Hotel**  
Kuala Lumpur, Malaysia



**Dorsett Regency Hotel**  
On New Bridge, Singapore





### Car Park Division

A number of our hotels will complete their development and will commence operation, namely Dorett Regency Hotel Hong Kong, Dorsett Regency Kwun Tong and Dorsett Regency Kwai Chung. They provide approximately 1,100 rooms. These developments will add to hotel operation and hence further consolidate our market share in Hong Kong. Hotels in Chengdu and Zhongshan of China will bring up approximately 1,000 rooms to strengthen our hotel portfolio in Mainland China. Our Dorsett Regency "On New Bridge" Hotel in Singapore will also further reinforce our market in South East Asia.

In the second half of the financial year 2011, a development order was obtained to develop a site located right next to our Grand Dorsett Subang Hotel in Kuala Lumpur in Malaysia. The site is presently vacant. KHI is in initial discussion with various parties and is considering available options for this hotel residence development project.

In Singapore, construction of our new Dorsett Regency "On New Bridge" Hotel is underway. Presales of the 68 apartments adjacent to the hotel were completed in the second

half of the financial year 2011. Completion is expected to be in the second half of the financial year 2014.

### 3. Car park division

The Company's car park division managed both third-party-owned car parks and self-owned car parks in Australia, New Zealand, and Kuala Lumpur of Malaysia. As at 31st March, 2011, the Company had approximately 250 car parks consisting of over 46,000 car park bays under our management. Of these, the Company owned 20 car parks consisting of approximately 5,600 car park bays.

The division operates in Australia and New Zealand under the name of CarePark Group, which is one of the largest car park operators in Australia and New Zealand. For the year ended 31st March, 2011, CarePark Group added approximately 1,000 car park bays under its management, bringing the total number of car park bays under its management to a total number of approximately 44,000 as at 31st March, 2011. CarePark Group also has a number of contracts with city councils for parking meter collection. In Malaysia, the Company managed over 2,000

self-owned car park bays as at 31st March, 2011. This operation is primarily located in the Hartamas area in Kuala Lumpur.

For the year ended 31st March, 2011, revenue and profit after tax significantly grew by 66.5% and 38.1% to HK\$464 million and HK\$24 million respectively, mainly due to its full year contribution as the car park business was acquired in the second half of the year ended 31st March, 2010.



# Directors' Report

The Directors present their annual report and the audited financial statements of the Group for the year ended 31st March, 2011.

## PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. Its subsidiaries are engaged in property development and investment, hotel operation, car park operation, and treasury management. These divisions are the basis on which the Group reports its primary segment information.

## PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

Details of the Company's principal subsidiaries, associates and jointly controlled entities at 31st March, 2011 are set out in notes 48, 49 and 22 to the consolidated financial statements, respectively.

## RESULTS AND DIVIDENDS

The results of the Group for the year are set out in the consolidated income statement on page 53.

An interim dividend of HK2 cents per share amounting to HK\$38,167,203.52 was paid to the shareholders during the year. The Directors recommended the payment of a final dividend for the year of HK5 cents (2010: HK4 cents) per share (the "Proposed Final Dividend"). The Proposed Final Dividend will be paid in the form of a scrip dividend with shareholders being given an option to elect to receive cash in lieu of all or part of their scrip dividend entitlements (the "Scrip Dividend Scheme").

The Scrip Dividend Scheme will be subject to (i) shareholders' approval of the Proposed Final Dividend at the 2011 AGM and (ii) Stock Exchange granting listing of and permission to deal in the new shares to be allotted thereunder. For the purpose of determining the number of new shares to be allotted, the market value of new shares will be calculated as the average of the closing prices of the existing shares of the Company on the Stock Exchange for the 5 trading days prior to and including 20th September, 2011. Full details of the Scrip Dividend Scheme will be set out in a circular which is expected to be sent to shareholders together with a form of election on or around 28th September, 2011. Dividend warrants and/or new share certificates will be posted on or around 31st October, 2011.

## **CLOSURE OF REGISTER OF MEMBERS**

### **(a) For determining the entitlement to attend and vote at the 2011 AGM**

As set out above, the 2011 AGM is scheduled to be held on Thursday, 8th September, 2011. For determining the entitlement to attend and vote at the 2011 AGM, the Register of Members of the Company will be closed from Wednesday, 7th September, 2011 to Thursday, 8th September, 2011, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the 2011 AGM, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Standard Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wan Chai, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 6th September, 2011.

### **(b) For determining the entitlement to the Proposed Final Dividend**

As stated above, the Proposed Final Dividend is subject to the approval of shareholders at the 2011 AGM. For determining the entitlement to the Proposed Final Dividend, the Register of Members of the Company will also be closed from Friday, 16th September, 2011 to Tuesday, 20th September, 2011, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for entitlement to the Proposed Final Dividend, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Standard Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wan Chai, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 15th September, 2011.

## **FINANCIAL SUMMARY**

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 13.

## **DISTRIBUTABLE RESERVES**

In the opinion of the Directors, the reserves of the Company which are available for distribution to shareholders at 31st March, 2011, amounted to approximately HK\$732,474,000 (2010: HK\$930,161,000), representing the retained profits.

## **INVESTMENT PROPERTIES**

The Group revalued all of its investment properties at 31st March, 2011. The increase in fair value of investment properties, which has been credited directly to consolidated income statement, amounted to HK\$312,796,000.

Details of these and other movements during the year in the investment properties of the Group are set out in note 16 to the consolidated financial statements.

**PROPERTY, PLANT AND EQUIPMENT**

During the year, the Group spent approximately HK\$282,438,000 on development and refurbishment of hotel properties.

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

**MAJOR PROPERTIES**

Details of the major properties of the Group at 31st March, 2011 are set out on pages 126 to 143.

**SHARE CAPITAL**

Details of movements during the year in the share capital of the Company are set out in note 35 to the consolidated financial statements.

**PURCHASE, SALE OR REDEMPTION OF SECURITIES**

During the year ended 31st March, 2011, the Company via its subsidiary, Singford Holdings Limited, purchased a total of 4,070,000 shares on the Stock Exchange at an aggregate consideration (before expenses) of HK\$9,266,280 and details of which are as follows:

Month of repurchase	No. of ordinary share of HK\$0.1 each	Price per share		Aggregate consideration paid HK\$
		Highest HK\$	Lowest HK\$	
March 2010	2,250,000	2.31	2.24	5,119,120
April 2010	1,540,000	2.38	2.18	3,529,110
May 2010	280,000	2.23	2.19	618,050
	4,070,000			9,266,280

The above shares were subsequently cancelled, the issued share capital of the Company was reduced by the nominal value of these shares and the premium paid on repurchase was charged to share premium.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities during the year ended 31st March, 2011.

The purchase were made for the benefit of the shareholders with a view to enhancing the net asset value per share and earnings per share of the Group.



## **Directors' Report**

### **DIRECTORS**

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

#### **Executive Directors**

Mr. Deacon Te Ken CHIU (Chairman)

Tan Sri Dato' David CHIU (Deputy Chairman and Chief Executive Officer)

Mr. Dennis CHIU

Mr. Craig Grenfell WILLIAMS

#### **Non-executive Directors**

Madam Ching Lan JU CHIU

Mr. Daniel Tat Jung CHIU

#### **Independent Non-executive Directors**

Mr. Jian Yin JIANG

Mr. Kwok Wai CHAN

Mr. Peter Man Kong WONG

Pursuant to the provisions of the Articles, Mr. Craig Grenfell WILLIAMS and Madam Ching Lan JU CHIU shall retire by rotation at the 2011 AGM and are eligible to offer themselves for re-election in the meeting. Madam Ching Lan JU CHIU has indicated to the Company that she will not offer herself for re-election and will therefore retire at the 2011 AGM whereas Mr. Craig Grenfell WILLIAMS will offer himself for re-election at the 2011 AGM.

### **DIRECTORS' SERVICE CONTRACTS**

None of the Directors proposed for re-election at the 2011 AGM has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

### **DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE**

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

### **DIRECTORS' INTERESTS IN COMPETING BUSINESS**

During the year and up to the date of this report, none of the Directors (not being the Independent Non-executive Directors) are considered to have interests in the businesses which compete or are likely to compete with the businesses of the Group pursuant to the Listing Rules.

## CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

## DIRECTORS' INTERESTS

At 31st March, 2011, the interests of the Directors in the shares of the Company and its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept under Section 352 of SFO; or as otherwise notified to the Company and the Model Code were as follows:

### (a) Long position in shares of the Company:

Name of director	Capacity	Number of ordinary shares held	Approximate % of the relevant issued share capital*
Deacon Te Ken CHIU	Beneficial owner	12,474,691	0.65%
	Interest of controlled corporations	134,631,343 <sup>(i)</sup>	7.02%
David CHIU	Beneficial owner	13,034,698	0.68%
	Interest of spouse	557,000	0.03%
	Interest of controlled corporations	657,003,028 <sup>(ii)</sup>	34.25%
Dennis CHIU	Beneficial owner	8,757	0.00%
	Interest of controlled corporations	5,241,905 <sup>(iii)</sup>	0.27%
Ching Lan JU CHIU	Beneficial owner	1,555,958	0.08%
Daniel Tat Jung CHIU	Beneficial owner	44,561	0.00%
	Interest of controlled corporation	3,877,218 <sup>(iv)</sup>	0.20%

Notes:

- (i) These Shares were held by various companies controlled by Mr. Deacon Te Ken CHIU.
- (ii) 656,991,225 Shares were held by Sumptuous Assets Limited and 11,803 Shares were held by Modest Secretarial Services Limited, companies controlled by Tan Sri Dato' David CHIU.
- (iii) 1,364,687 Shares were held by Chiu Capital N.V., a company controlled by Mr. Dennis CHIU, and 3,877,218 Shares are held by First Level Holdings Limited, a company controlled by Mr. Dennis CHIU and Mr. Daniel Tat Jung CHIU.
- (iv) These Shares were held by First Level Holdings Limited, a company controlled by Mr. Dennis CHIU and Mr. Daniel Tat Jung CHIU, and are entirely duplicated and included in the corporate interest of Mr. Dennis CHIU.

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

## Directors' Report

### (b) Interest in shares of associated corporations:

Name of director	Name of associated corporation	Capacity	Number of ordinary shares held	Approximate % of the relevant issued share capital*
Deacon Te Ken CHIU	KHI	Beneficial owner	685,295	0.03%
		Interest of controlled corporations	416,529 <sup>(i)</sup>	0.02%
	Kanic Property Management Limited	Interest of controlled corporations	2 <sup>(ii)</sup>	50.00%
David CHIU	KHI	Interest of spouse	8,355	0.00%
		Interest of controlled corporations	1,469,773,254 <sup>(iii)</sup>	73.49%
	Oi Tak Enterprises Limited	Interest of controlled corporation	250,000 <sup>(iv)</sup>	25.00%
Dennis CHIU	KHI	Beneficial owner	30	0.00%
		Interest of controlled corporations	78,423 <sup>(v)</sup>	0.00%
Daniel Tat Jung CHIU	KHI	Interest of controlled corporation	58,158 <sup>(vi)</sup>	0.00%

#### Notes:

- (i) 228,855 shares in KHI were held by Far East International Investment & Finance Ltd. and 187,674 shares in KHI were held by Parma Investment Ltd., companies controlled by Mr. Deacon Te Ken CHIU.
- (ii) 1 share in Kanic Property Management Limited was held by Far East Organization Limited and 1 share in Kanic Property Management Limited was held by Tat Fung Enterprises Company, Limited, companies controlled by Mr. Deacon Te Ken CHIU.
- (iii) 7,773,254 shares in KHI were held by Sumptuous Assets Limited, a company controlled by Tan Sri Dato' David CHIU. 1,462,000,000 shares in KHI were held by Ample Bonus Limited, a wholly owned subsidiary of the Company in which Tan Sri Dato' David CHIU owned approximately 34.2% interest in the issued share capital of the Company and was therefore deemed to have an interest in the shares in KHI.
- (iv) These shares in Oi Tak Enterprises Limited were held by Commodious Property Limited, a company controlled by Tan Sri Dato' David CHIU.
- (v) 20,265 shares in KHI were held by Chiu Capital N.V., a company controlled by Mr. Dennis CHIU, and 58,158 shares in KHI were held by First Level Holdings Limited, a company controlled by Mr. Dennis CHIU and Mr. David Tat Jung CHIU.
- (vi) These shares in KHI were held by First Level Holdings Limited, a company controlled by Mr. Dennis CHIU and Mr. Daniel Tat Jung CHIU, and are entirely duplicated and included in the interest of controlled corporation of Mr. Dennis CHIU.

\* The percentage represents the number of ordinary shares interested divided by the number of the respective associated corporations' issued shares as at 31st March, 2011.

Save as disclosed above, none of the Directors had registered an interest and 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 at 31st March, 2011.



## SHARE OPTION SCHEME

### (a) FECIL Share Option Scheme

FECIL Share Option Scheme for the purpose of providing incentives and rewards to employees or executives or officers of the Company or any of its subsidiaries (including executive and non-executive directors) and business consultants, agents and legal or financial advisers who will contribute or have contributed to the Company or any of its subsidiaries. Under FECIL Share Option Scheme, the directors of the Company may grant options to eligible employees including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

The following table discloses movements in the Company's share option during the year:

Category of grantee	Date of grant	Exercise price per share HK\$	Number of share options				Exercise period	
			Outstanding at 01.04.2010	Granted during the year	Exercised during the year	Lapsed/ cancelled during the year		
						Outstanding at 31.03.2011		
Senior management								
Chris Cheong Thard HOONG	08.05.2009	1.500	1,850,000	—	—	—	1,850,000	16.09.2009–15.09.2019
			1,850,000	—	—	—	1,850,000	16.09.2010–15.09.2019
			1,850,000	—	—	—	1,850,000	16.09.2011–15.09.2019
			1,850,000	—	—	—	1,850,000	16.09.2012–15.09.2019
			7,400,000	—	—	—	7,400,000	
Denny Chi Hing CHAN	21.10.2004	2.075	500,000	—	—	—	500,000	01.01.2007–20.10.2014 <sup>(1)</sup>
			1,800,000	—	—	—	1,800,000	01.01.2008–20.10.2014 <sup>(1)</sup>
			2,000,000	—	—	—	2,000,000	01.01.2009–20.10.2014 <sup>(1)</sup>
			4,300,000	—	—	—	4,300,000	
Bill Kwai Pui MOK	21.10.2004	2.075	1,200,000	—	—	—	1,200,000	01.01.2007–20.10.2014 <sup>(1)</sup>
			1,800,000	—	—	—	1,800,000	01.01.2008–20.10.2014 <sup>(1)</sup>
			2,000,000	—	—	—	2,000,000	01.01.2009–20.10.2014 <sup>(1)</sup>
			5,000,000	—	—	—	5,000,000	

## Directors' Report

Category of grantee	Date of grant	Exercise price per share HK\$	Number of share options				Outstanding at 31.03.2011	Exercise period
			Outstanding at 01.04.2010	Granted during the year	Exercised during the year	Lapsed/ cancelled during the year		
Other employees in aggregate	21.10.2004	2.075	250,000	–	–	–	250,000	01.11.2004–20.10.2014 <sup>(1)</sup>
			425,000	–	–	–	425,000	01.01.2006–20.10.2014 <sup>(1)</sup>
			1,075,000	–	–	–	1,075,000	01.01.2007–20.10.2014 <sup>(1)</sup>
			2,275,000	–	–	–	2,275,000	01.01.2008–20.10.2014 <sup>(1)</sup>
			2,975,000	–	–	–	2,975,000	01.01.2009–20.10.2014 <sup>(1)</sup>
			7,000,000	–	–	–	7,000,000	
Other employees in aggregate	25.08.2006	3.290	450,000	–	–	–	450,000	01.01.2009–24.08.2016 <sup>(2)</sup>
			500,000	–	–	–	500,000	01.01.2010–24.08.2016 <sup>(2)</sup>
			950,000	–	–	–	950,000	
Total			24,650,000	–	–	–	24,650,000	

Notes:

- (1) The extension of expiry date from 31st December, 2010 to 20th October, 2014 was approved by shareholders at the annual general meeting held on 4th August, 2010.
- (2) The extension of expiry date from 31st December, 2010 to 24th August, 2016 was approved by shareholders at the annual general meeting held on 4th August, 2010.

As at the date of this annual report, the total number of shares available for issue under FECIL Share Option Scheme is 57,974,000, representing approximately 3.02% of the issued share capital of the Company as at the date of this annual report. Further information on FECIL Share Option Scheme and the options granted by the Company is set out in note 46 to the consolidated financial statements.

## (b) Kosmopolito Share Option Scheme

Kosmopolito Share Option Scheme was adopted for the purpose of providing incentives or rewards to selected eligible participants for their contribution to the Group. Eligible participants of Kosmopolito Share Option Scheme include directors of Kosmopolito (including executive directors, non-executive directors and independent non-executive directors) and employees of the Kosmopolito and the Group and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, service providers of any member of the Group who the board of Kosmopolito considers, in its sole discretion, have contributed or will contribute to the Group.

Details of the movement of share options under Kosmopolito Share Option Scheme during the year were as follows:

	Number of share options				Outstanding at 31.3.2011	Exercise period
	Outstanding at 1.4.2010	Granted during the year	Exercised during the year	Lapsed during the year		
<b>Directors of Kosmopolito</b>						
Bill Kwai Pui MOK	–	3,545,454	–	–	3,545,454	11.10.2011-10.10.2018
Chee Seng CHU	–	3,522,727	–	–	3,522,727	11.10.2011-10.10.2016
Wai Keung LAI	–	1,590,909	–	–	1,590,909	11.10.2011-10.10.2018
Winnie Wing Kwan CHIU	–	2,272,727	–	–	2,272,727	11.10.2011-10.10.2018
Chris Cheong Thard HOONG	–	2,836,363	–	–	2,836,363	11.10.2011-10.10.2018
Denny Chi Hing CHAN	–	3,545,454	–	–	3,545,454	11.10.2011-10.10.2018
<b>Employees in aggregate</b>	–	3,522,727	–	–	3,522,727	11.10.2011-10.10.2016
	–	9,772,719	–	909,090	8,863,629	11.10.2011-10.10.2018
<b>Total</b>	–	30,609,080	–	909,090	29,699,990	

No share options were cancelled during the year. Further information on Kosmopolito Share Option Scheme and the options granted by Kosmopolito is set out in note 46 to the consolidated financial statements.

As at the date of this annual report, the total number of shares available for issue under Kosmopolito Share Option Scheme is 170,300,010, representing approximately 8.52% of the issued share capital of Kosmopolito as at the date of this annual report.



## **DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

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

## **SUBSTANTIAL SHAREHOLDERS' INTERESTS**

As at 31st March, 2011, according to the register of interests in shares or short positions as recorded in the register, required to be kept under Section 336 of the SFO (other than the interests of Directors as set out above) and as far as the Directors are aware, the following persons had interests of 5% or more or short positions in the shares of the Company:

<b>Name of substantial shareholder</b>	<b>Capacity</b>	<b>Number of ordinary shares held</b>	<b>Approximate % of the relevant issued share capital*</b>
Sumptuous Assets Limited	Beneficial owner	656,991,225 <sup>(i)</sup> (Long position)	34.25%
Penta Investment Advisers Limited	Investment manager	556,773,697 <sup>(iii)</sup> (Long position)	29.02%
Penta Master Fund, Limited	Beneficial owner	178,575,797 (Long position)	9.30%
Penta Asia Long/Short Fund, Ltd.	Beneficial owner	114,808,336 (Long position)	5.98%
UBS AG	Beneficial owner	866,222 (Long position)	0.04%
		870,000 (Short position)	0.04%
	Person having a security interest	112,486,277 (Long position)	5.86%
	Interest of controlled corporation	5,000 <sup>(iii)</sup> (Long position)	0.00%
		5,000 <sup>(iii)</sup> (Short position)	0.00%

## Directors' Report

Notes:

- (i) The interests of Sumptuous Assets Limited were also disclosed as the interests of Tan Sri Dato' David CHIU in the above section headed "Directors' Interests".
- (ii) The long position in the Shares was held by Penta Asia Domestic Partners, L.P. and Old Peak Ltd., controlled corporations of Penta Management (BVI) Ltd. which in turn was controlled by Penta Investment Advisers Limited.
- (iii) The long/short positions in the Shares were held by UBS Securities LLC, a controlled corporation of UBS AG.

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

Save as disclosed above, as at 31st March, 2011, the Company has not been notified of any persons (other than Directors or chief executives of the Company) who had an interest or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

## DONATIONS

During the year, the Group made charitable and other donations amounting to approximately HK\$2,000,000.

## MAJOR CUSTOMERS AND SUPPLIERS

The aggregate purchases attributable to the Group's five largest suppliers were less than 30% of total purchases and the aggregate revenue attributable to the Group's five largest customers was less than 30% of total turnover during the year.

## EMOLUMENT POLICY

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

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

The Company has adopted FECIL Share Option Scheme as an incentive to Directors and eligible participants, details of the scheme is set out in note 46 to the consolidated financial statements.

## CORPORATE GOVERNANCE

A report on the principal corporate governance practices adopted by the Company is set out on pages 44 to 51.

## SUFFICIENCY OF PUBLIC FLOAT

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

## **Directors' Report**

### **PRE-EMPTIVE RIGHTS**

There are no provisions for pre-emptive rights under the Memorandum and Articles of Association of the Company and the Companies Law of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

### **AUDITOR**

A resolution will be submitted to the 2011 AGM to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

**David CHIU**

*Deputy Chairman and Chief Executive Officer*

27th June, 2011



# Corporate Governance Report

The Board presents this Corporate Governance Report in the Company's annual report for the year ended 31st March, 2011.

## CORPORATE GOVERNANCE PRACTICES OF THE COMPANY

The Company recognizes the importance of maintaining good corporate governance practices. The Board sets policies and implements corporate governance practices appropriate to the conduct of the Group's business.

In the opinion of the Board, the Company has complied with the code provisions (the "Code Provisions"), set out in the CG Code, during the year ended 31st March, 2011, except for deviations from Code Provisions A.4.1, A.4.2, A.5.4 and E.1.2. Key corporate governance principles and practices of the Company as well as details of the foregoing deviations of Code Provisions are summarized below.

## A. THE BOARD

### A.1 Responsibilities and Delegation

The Board is responsible for the management and control of the business and affairs of the Group, and oversees the Group's business strategic direction and performance, with the objectives of promoting the success of the Group and enhancing shareholder value. Directors carry out their duties in good faith and in the interests of the Company and its shareholders. They have access to relevant information as well as the advice and services of the Company Secretary and senior management. They are also able to seek independent professional advice in appropriate circumstances at the Company's expense, upon reasonable request made to the Board.

The Board reserves for its decision on all major policy, strategy, financial and risk management and control matters. The day-to-day management, administration and operations of the Group are delegated to the senior management led by the Chief Executive Officer. 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 senior management team.

### A.2 Board Composition

The Board currently comprises nine directors, four of whom are executive directors, two are non-executive directors and three are independent non-executive directors. The composition of the Board is set out in the "Board Meetings" section below and the "Corporate Information" section of this annual report. The respective profiles of the current directors and the relationship among them are disclosed in the section "Profile of Directors and Senior Management" on pages 10 to 12.

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 of the Company.

Throughout the year ended 31st March, 2011, the Company has met the requirements of Listing Rule 3.10 of having at least three independent non-executive directors with one of them possessing appropriate professional qualifications and accounting and related financial management expertise. In addition, the Company has received from each of the three independent non-executive directors an annual written confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of them independent.

The Board has a balanced composition of executive directors, non-executive directors and independent non-executive directors such that there is a sufficient independent element in the Board to exercise independent judgement on key issues of strategy, policy, performance, accountability and standards of conduct.

### **A.3 Chairman and Chief Executive Officer**

The positions of Chairman and Chief Executive Officer of the Company are currently held by Mr. Deacon Te Ken CHIU and Tan Sri Dato' David CHIU respectively, with segregated roles and duties.

The Chairman provides leadership, oversees the functioning of the Board and steers the Board towards corporate goals. The Chief Executive Officer focuses on implementing objectives, policies and strategies approved and delegated by the Board, managing the Group's business in all aspects and coordinating overall business operations.

### **A.4 Appointment, Re-election and Removal of Directors**

The procedures and process of appointment, re-election and removal of directors are laid down in the Articles.

Code Provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election. Although the Company's directors (including non-executive directors) do not have a specific term of appointment, they are subject to retirement by rotation and shareholders' re-election at annual general meetings in accordance with the Articles. The Board considers that such provision in the Articles meets the objective of the said Code Provision A.4.1.

Under the second part of the Code Provision A.4.2 of the CG Code, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. The Chairman of the Board, however, is not subject to retirement by rotation in accordance with clause 115(B) of the Articles. In order to uphold good corporate governance practices, Mr. Deacon Te Ken CHIU, the Chairman of the Board, voluntarily retired from his office and offered himself for re-election at the 2009 annual general meeting of the Company notwithstanding that he was not required to do so pursuant to the said clause 115(B) of the Articles. As such, the Company has taken appropriate measure to meet the requirements of such Code Provision A.4.2.

The Company has not set up a nomination committee and the Board as a whole is responsible for reviewing Board composition, developing and formulating relevant procedures for nomination and appointment of directors, monitoring the succession planning of directors and assessing the independence of independent non-executive directors. During the year ended 31st March, 2011, the Board, through its meeting held on 14 June 2010 (with the presence of Mr. Deacon Te Ken CHIU, Tan Sri Dato' David CHIU, Mr. Kwok Wai CHAN, Mr. Peter Man Kong WONG and Mr. Jian Yin JIANG) had reviewed the structure and composition of the Board, recommended the re-election of the retiring directors at the 2010 annual general meeting of the Company and assessed the independence of the Company's independent non-executive directors.

Where vacancies on the Board exist, the Board shall carry out the selection process by making reference to the skills, experience, professional knowledge, personal integrity, the Company's need and other relevant statutory requirements and regulations.

Pursuant to the provisions in the Articles, Mr. Craig Grenfell WILLIAMS and Madam Ching Lan JU CHIU shall retire by rotation at the Company's 2011 AGM and are eligible to offer themselves for re-election in the meeting. Madam Ching Lan JU CHIU has indicated to the Company that she will not offer herself for re-election and will therefore retire at the 2011 AGM whereas Mr. Craig Grenfell WILLIAMS will offer himself for re-election at the 2011 AGM.

The Board recommended the re-appointment of Mr. WILLIAMS standing for re-election at the 2011 AGM. The Company's circular, sent together with this annual report, contains detailed information of Mr. WILLIAMS as required by the Listing Rules.

## A.5 Board Meetings

### A.5.1 Board Practices and Conduct of Meetings

Schedules for regular Board meetings are normally agreed with the directors in advance in order to facilitate them to attend. In addition to the above, notice of at least 14 days is given of a regular Board meeting. For other Board meetings, reasonable notice is generally given.

Draft agenda of each Board meeting is usually sent to all directors together with the notice in order to give them an opportunity to include any other matters in the agenda for discussion in the meeting. Board papers together with appropriate and reliable information are usually sent to the directors at least 3 days before each Board meeting to keep the directors apprised of the latest developments and financial position of the Group and to enable them to make informed decisions. The Board and each director also have separate and independent access to the senior management whenever necessary.

The Chief Financial Officer and Company Secretary and other relevant senior management normally attend regular Board meetings and, where necessary, other Board meetings to advise on business developments, financial and accounting matters, statutory compliance, corporate governance and other major aspects of the Group.

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

According to the current Board practice, any material transaction, which involves a conflict of interest for a substantial shareholder or a director, will be considered and dealt with by the Board at a duly convened Board meeting. The Articles 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.

### A.5.2 Directors' Attendance Records in Board Meetings

The Board has met regularly with a total of 4 Board meetings held during the year ended 31st March, 2011 at approximately quarterly intervals for reviewing and discussing on the financial and operating performance and business plan of the Group and other related matters. The attendance records of each director at the Board meetings are set out below:

Name of Director	Attendance/ Number of Board Meetings Held
<b>Executive Directors</b>	
Mr. Deacon Te Ken CHIU, Chairman	3/4
Tan Sri Dato' David CHIU, Deputy Chairman and Chief Executive Officer	4/4
Mr. Dennis CHIU	2/4
Mr. Craig Grenfell WILLIAMS	3/4
<b>Non-executive Directors</b>	
Madam Ching Lan JU CHIU	0/4
Mr. Daniel Tat Jung CHIU	0/4
<b>Independent Non-executive Directors</b>	
Mr. Jian Yin JIANG	1/4
Mr. Kwok Wai CHAN	2/4
Mr. Peter Man Kong WONG	2/4



### **A.6 Model Code for Securities Transactions**

The Company has adopted the Model Code as its own code of conduct regarding directors' securities transactions in the Company. Save as disclosed underneath, all the directors have confirmed, following specific enquiry made by the Company, that they have complied with the required standard set out in the Model Code during the year ended 31st March, 2011.

One of the Company's directors acquired 300,000 shares of the Company in the market at the end of the afternoon session (at 3:59 p.m.) on 15th June, 2010 (the "Acquisition"), being the publication date of the Company's annual results announcement for the year ended 31st March, 2010 (which was in breach of Rule A3(a) of the Model Code), as he mistakenly took the "black-out period" (the "BOP") for trading set out in Rule A3(a) of the Model Code to end immediately upon publication of the said annual results at 6:07 a.m. on 15th June, 2010. In light of the fact that the said annual results had already been released for most of the trading day prior to the Acquisition, it was considered that the Acquisition was not in violation of the principles advocated pursuant to the BOP rules. Going forward, the director in question has undertaken to comply strictly with the above BOP rules as well as the requirements in Rule B8 of the Model Code (i.e. to first notify the Chairman or a director designated by the Board in writing and receive a dated acknowledgement before any dealing in the Company's securities).

The Company has also applied the principles of the Model Code for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company and/or its securities. No incident of non-compliance of the principles of the Model Code by the Group's employees has been noted by the Company.

The Company has introduced new measures to strengthen implementation of the Model Code, in view of the aforesaid incident of unintentional breach of the BOP rules.

The Company has been notifying directors and relevant employees, if any, of the prohibitions on dealings in the securities of the Company according to the Model Code, whenever BOPs arise. In addition, the Company now requires directors and relevant employees to copy their notifications of intended dealings to the Company Secretary as well as one designated director for receiving such notifications.

To strengthen internal control, the Company will also engage an independent professional adviser to conduct a review of the Group's internal control system, identify weaknesses and make recommendations.

## **B. BOARD COMMITTEES**

The Board has established an Audit Committee and a Remuneration Committee for overseeing particular aspects of the Company's affairs. Each Committee has its own defined scope of duties and terms of reference, which are of no less exacting terms than those set out in the CG Code. These terms of reference are posted on the Company's website and are available to shareholders of the Company upon written request. The Board Committees should report to the Board on their decisions or recommendations made.

The practices, procedures and arrangements in conducting meetings of the Board Committees follow in line with, so far as applicable, those of the Board meetings set out in section A.5.1 above.

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

### **B.1 Audit Committee**

The Audit Committee currently comprises 3 members, being the 3 independent non-executive directors, namely Mr. Kwok Wai CHAN, Mr. Peter Man Kong WONG and Mr. Jian Yin JIANG. The chairman of the Audit Committee is Mr. Kwok Wai CHAN who possesses the appropriate professional qualifications and accounting and related financial management expertise as required under Rule 3.10(2) of the Listing Rules.

The principal duties of the Audit Committee include monitoring the Group's financial reporting system, reviewing financial statements and internal control procedures. It also acts as an important link between the Board and the Company's auditor in matters within the terms of reference of the Audit Committee.

During the year ended 31st March, 2011, the Audit Committee had met twice and performed the following major works:

- Review and discussion of the annual financial statements and annual results for the year ended 31st March, 2010, the related accounting principles and practices adopted by the Company and the relevant audit findings;
- Review and discussion of the interim financial statements and interim results for the six months ended 30th September, 2010 and the related accounting principles and practices adopted by the Company;
- Review and discussion of financial reporting and internal control system of the Group; and
- Discussion and recommendation of the re-appointment of external auditor.

There is no disagreement between the Board and the Audit Committee regarding the appointment of external auditor.

The attendance records of the foregoing two Audit Committee meetings are set out below:

<b>Name of Audit Committee Member</b>	<b>Attendance/ Number of Audit Committee Meetings Held</b>
Mr. Kwok Wai CHAN, Chairman	2/2
Mr. Peter Man Kong WONG	2/2
Mr. Jian Yin JIANG	0/2

## **B.2 Remuneration Committee**

The Remuneration Committee currently comprises 3 members, being 1 executive director, namely Tan Sri Dato' David CHIU, and 2 independent non-executive directors, namely Mr. Kwok Wai CHAN and Mr. Peter Man Kong WONG. The chairman of the Remuneration Committee is Mr. Kwok Wai CHAN. Accordingly, the requirement of having a majority of the members being independent non-executive directors as set out in the CG Code has been met by the Company.

The primary duties of the Remuneration Committee are to make recommendations to the Board on the Group's policy and structure for the overall remuneration of the directors and the senior management. In accordance with the CG Code, no director or any of his/her associates should be involved in determining his/her own remuneration.

During the year ended 31st March, 2011, the Remuneration Committee had met once to discuss about the overall remuneration of the senior management and the proposed adjustments of the terms of options granted to senior management. The attendance records of the foregoing Remuneration Committee meeting are set out below:

<b>Name of Remuneration Committee Member</b>	<b>Attendance/ Number of Remuneration Committee Meeting Held</b>
Mr. Kwok Wai CHAN, Chairman	1/1
Tan Sri Dato' David CHIU	1/1
Mr. Peter Man Kong WONG	0/1



## **C. DIRECTORS' AND AUDITOR'S ACKNOWLEDGEMENT**

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 regulatory requirements. The management has provided such explanation and information to the Board as necessary to enable the Board to make an informed assessment of the financial information and position of the Group put forward to the Board for approval.

The Company's directors have acknowledged their responsibilities for preparing the financial statements of the Company for the year ended 31st March, 2011.

Deloitte Touche Tohmatsu, the auditor of the Company, has acknowledged its reporting responsibilities in the auditor's report on the Company's financial statements for the year ended 31st March, 2011.

There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

## **D. AUDITOR'S REMUNERATION**

The remuneration paid to the external auditor in respect of audit services provided to the Company for the year ended 31st March, 2011 amounted to HK\$9,435,000. Further fees for non-audit services to the external auditor amounting to HK\$6,800,000 of which HK\$4,900,000 is related to the initial public offerings of KHI.

## **E. INTERNAL CONTROLS**

The Board is responsible for maintaining an adequate internal control system to safeguard the interests of shareholders and the Group's assets and for reviewing the effectiveness of such system on an annual basis. The senior management reviews and evaluates the control process, monitors any risk factors on a regular basis and reports to the Audit Committee on any findings and measures to address the variances and identified risks.

During the year ended 31st March, 2011, the Board has conducted a review of the effectiveness of the internal control system of the Company.

## **F. COMMUNICATION WITH SHAREHOLDERS**

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

Extensive information on the Group's activities, business strategies and developments is provided in the Company's annual reports, interim reports and other corporate communications. In addition, the Company maintains a website at [www.fecil.com.hk](http://www.fecil.com.hk), as a communication platform with shareholders and investors, where information and updates on the Company's business developments and operations and other information are available for public access. Investors may write directly to the Company's principal place of business in Hong Kong for any inquiries.

Shareholders of the Company are encouraged to attend general meeting of the Company, which provide a valuable forum for dialogue and interaction with the management. Board and Board Committee members and appropriate senior staff of the Group are available at the meeting to answer any questions raised by shareholders.

Code Provision E.1.2 of the CG Code stipulates that the chairman of the board of a listed issuer should attend the issuer's annual general meeting. Although Mr. Deacon Te Ken CHIU was not able to attend the Company's 2010 annual general meeting held on 4th August, 2010, he had arranged for Tan Sri Dato' David CHIU, the Deputy Chairman and Chief Executive Officer of the Company who is well versed in all the business activities and operations of the Group, to attend and chair the meeting and to communicate with the Shareholders.

### G. SHAREHOLDER RIGHTS

As one of the measures to safeguard shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors, for shareholders' consideration and voting. Besides, the rights of shareholders for proposing resolutions are contained in the Articles.

All resolutions put forward at shareholders' meetings will be voted by way of poll pursuant to the Listing Rules and the poll results will be posted on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.fecil.com.hk](http://www.fecil.com.hk)) after each shareholders' meeting.

# Independent Auditor's Report



## TO THE MEMBERS OF FAR EAST CONSORTIUM INTERNATIONAL LIMITED

(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Far East Consortium International Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 53 to 125, which comprise the consolidated statement of financial position as at 31st March, 2011, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

## DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

## AUDITOR'S RESPONSIBILITY

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

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

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

## OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31st March, 2011 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.

**Deloitte Touche Tohmatsu**

Certified Public Accountants

Hong Kong

27th June, 2011



# Consolidated Income Statement

For the year ended 31st March, 2011

	Notes	2011 HK\$'000	2010 HK\$'000 (restated)
Revenue	8	1,654,446	2,342,235
Depreciation and amortisation		(110,935)	(74,251)
Other cost of sales and services		(787,867)	(1,468,833)
Gross profit		755,644	799,151
Other income		19,340	16,874
Other gains and losses	9	368,422	85,607
Administrative expenses		(417,719)	(328,081)
Kosmopolito's initial public offering expenses		(22,506)	–
Share of results of associates		33,231	28,592
Share of results of jointly controlled entities		4,742	410
Finance costs	10	(186,125)	(109,697)
Profit before taxation		555,029	492,856
Income tax expense	11	(108,548)	(134,484)
Profit for the year	12	446,481	358,372
Attributable to:			
Owners of the Company		394,212	323,805
Non-controlling interests		52,269	34,567
		446,481	358,372
		HK cents	HK cents
Earnings per share	13		
Basic		21	18
Diluted		21	18

# Consolidated Statement of Comprehensive Income

For the year ended 31st March, 2011

	2011 HK\$'000	2010 HK\$'000 (restated)
Profit for the year	446,481	358,372
Other comprehensive income:		
Exchange differences arising on translation of foreign operations	222,040	296,995
Revaluation increase on available-for-sale investments	8,857	59,580
Revaluation increase on property, plant and equipment and prepaid lease payments on transfer to investment properties	3,176	8,843
Deferred tax on revaluation increase	(794)	(2,211)
Reclassify to profit or loss on disposal of available-for-sale investments	(37,591)	4,394
Other comprehensive income for the year	195,688	367,601
Total comprehensive income for the year	642,169	725,973
Total comprehensive income attributable to:		
Owners of the Company	570,237	677,526
Non-controlling interests	71,932	48,447
	642,169	725,973

# Consolidated Statement of Financial Position

At as 31st March, 2011

	Notes	31.3.2011 HK\$'000	31.3.2010 HK\$'000 (restated)	1.4.2009 HK\$'000 (restated)
<b>Non-current assets</b>				
Investment properties	16	2,581,274	2,179,330	1,943,061
Property, plant and equipment	17	5,442,801	5,448,882	4,345,518
Prepaid lease payments	18	586,070	741,144	307,488
Goodwill	19	68,400	68,400	–
Intangible assets	20	4,672	7,244	–
Interests in associates	21	209,010	181,620	163,276
Interests in jointly controlled entities	22	63,441	75,291	72,112
Available-for-sale investments	23	175,919	308,056	83,282
Financial assets at fair value through profit or loss	24	4,671	4,574	6,903
Deposit for acquisition of property, plant and equipment		121,357	109,009	73,450
Amounts due from associates	25	96,650	90,443	90,318
Amount due from an investee company	45	119,995	119,995	119,995
Other receivables	26	136,896	1,947	1,885
Pledged deposits	27	12,928	12,397	11,768
		9,624,084	9,348,332	7,219,056
<b>Current assets</b>				
Properties for sale	28			
Completed properties		132,490	198,363	488,890
Properties for/under development		2,718,531	1,688,234	1,705,278
Other inventories		8,225	6,452	4,431
Prepaid lease payments	18	13,636	19,116	9,295
Debtors, deposits and prepayments	29	229,326	229,387	151,676
Amounts due from associates	25	4,863	3,628	4,718
Amount due from a jointly controlled entity	45	–	5,152	15,234
Tax recoverable		13,352	15,082	13,454
Available-for-sale investments	23	23,566	20,897	163,751
Financial assets at fair value through profit or loss	24	69,708	19,561	28,351
Derivative financial instruments	30	398	1,708	8,255
Pledged deposits	27	261,870	17,368	14,404
Restricted bank deposits	27	2,690	269,829	9,024
Bank balances and cash	27	1,986,347	1,291,942	678,908
		5,465,002	3,786,719	3,295,669
Non-current assets held for sale	31	79,648	–	–
		5,544,650	3,786,719	3,295,669

## Consolidated Statement of Financial Position

	Notes	31.3.2011 HK\$'000	31.3.2010 HK\$'000 (restated)	1.4.2009 HK\$'000 (restated)
<b>Current liabilities</b>				
Creditors and accruals	32	406,976	423,593	379,626
Obligations under finance leases	33	474	1,256	1,015
Amounts due to directors	45	–	892	933
Amounts due to related companies	45	44,803	46,061	41,910
Amounts due to associates	45	17,950	17,952	15,894
Amounts due to minority shareholders	45	30,233	29,462	28,367
Customers' deposits received		176,100	81,811	81,505
Derivative financial instruments	30	751	208	–
Financial liabilities at fair value through profit or loss		–	–	121,845
Tax payable		308,266	249,473	192,619
Convertible bonds	36	716,785	–	–
Secured bank and other borrowings	34	1,112,991	1,235,783	1,009,219
		2,815,329	2,086,491	1,872,933
<b>Net current assets</b>		2,729,321	1,700,228	1,422,736
<b>Total assets less current liabilities</b>		12,353,405	11,048,560	8,641,792
<b>Capital and reserves</b>				
Share capital	35	191,826	190,638	162,200
Share premium		2,770,185	2,746,668	2,041,906
Reserves		4,064,577	3,188,693	2,648,774
Equity attributable to owners of the Company		7,026,588	6,125,999	4,852,880
Non-controlling interests		892,205	95,780	30,456
<b>Total equity</b>		7,918,793	6,221,779	4,883,336
<b>Non-current liabilities</b>				
Derivative financial instrument	30	68,615	44,266	–
Convertible bonds	36	–	751,013	228,995
Amount due to a minority shareholder	45	–	–	5,175
Deferred taxation	37	226,631	208,323	142,435
Obligations under finance leases	33	84	505	1,236
Secured bank and other borrowings	34	4,139,282	3,822,674	3,380,615
		4,434,612	4,826,781	3,758,456
		12,353,405	11,048,560	8,641,792

The consolidated financial statements on pages 53 to 125 were approved and authorised for issue by the Board of Directors on 27th June, 2011 and are signed on its behalf by:

**Deacon Te Ken CHIU**  
DIRECTOR

**David CHIU**  
DIRECTOR



# Consolidated Statement of Changes in Equity

For the year ended 31st March, 2011

	Attributable to equity holders of the Company											Non-controlling interests	Total
	Share capital	Share premium	Capital redemption reserve	Assets revaluation reserve	Investment revaluation reserve	Exchange reserve	Share options reserve	Convertible bond equity reserve	Other reserve	Retained profits	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
									(note)				
At 1st April, 2009 as originally stated	162,200	2,041,906	253	7,228	(36,560)	(60,648)	2,784	95,049	1,038,709	1,492,623	4,743,544	30,456	4,774,000
Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	109,336	109,336	-	109,336
At 1st April, 2009 as restated	162,200	2,041,906	253	7,228	(36,560)	(60,648)	2,784	95,049	1,038,709	1,601,959	4,852,880	30,456	4,883,336
Profit for the year	-	-	-	-	-	-	-	-	-	323,805	323,805	34,567	358,372
Revaluation increase on available-for-sale investments	-	-	-	-	59,580	-	-	-	-	-	59,580	-	59,580
Exchange difference on translation of foreign operations	-	-	-	-	-	283,115	-	-	-	-	283,115	13,880	296,995
Reclassify to profit or loss on disposal of available-for-sale investments	-	-	-	-	4,394	-	-	-	-	-	4,394	-	4,394
Revaluation increase on property, plant and equipment on transfer of investment properties less deferred tax	-	-	-	6,632	-	-	-	-	-	-	6,632	-	6,632
Other comprehensive income for year	-	-	-	6,632	63,974	283,115	-	-	-	-	353,721	13,880	367,601
Total comprehensive income for the year	-	-	-	6,632	63,974	283,115	-	-	-	323,805	677,526	48,447	725,973
Shares issued in lieu of cash dividend, net of expenses	2,325	44,298	-	-	-	-	-	-	-	-	46,623	-	46,623
Issue of 2015 Bond	-	-	-	-	-	-	-	39,410	-	-	39,410	-	39,410
Deferred tax on equity component of 2015 Bond	-	-	-	-	-	-	-	(6,042)	-	-	(6,042)	-	(6,042)
Shares issued on conversion of 2013 Bond	7,708	340,768	-	-	-	-	-	(113,831)	-	-	234,645	-	234,645
Reversal of deferred tax on equity component of 2013 Bond	-	-	-	-	-	-	-	18,782	-	-	18,782	-	18,782
Acquisition of assets	8,172	141,330	-	-	-	-	-	-	-	-	149,502	-	149,502
Acquisition of business	10,233	179,075	-	-	-	-	-	-	-	-	189,308	52,944	242,252
Recognition of equity-settled share based payments	-	-	-	-	-	-	2,353	-	-	-	2,353	-	2,353
Shares issue expenses	-	(709)	-	-	-	-	-	-	-	-	(709)	-	(709)
Convertible bonds issue expenses	-	-	-	-	-	-	-	(2,623)	-	-	(2,623)	-	(2,623)
Dividends paid	-	-	-	-	-	-	-	-	-	(75,656)	(75,656)	-	(75,656)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(36,067)	(36,067)
At 31st March, 2010	190,638	2,746,668	253	13,860	27,414	222,467	5,137	30,745	1,038,709	1,850,108	6,125,999	95,780	6,221,779

## Consolidated Statement of Changes in Equity

	Attributable to equity holders of the Company											Non-controlling interests	Total
	Share capital	Share premium	Capital redemption reserve	Assets revaluation reserve	Investment revaluation reserve	Exchange reserve	Share options reserve	Convertible bond equity reserve	Other reserve	Retained profits	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
									(note)				
Profit for the year	-	-	-	-	-	-	-	-	-	394,212	394,212	52,269	446,481
Revaluation increase on available-for-sale investments	-	-	-	-	8,857	-	-	-	-	-	8,857	-	8,857
Exchange difference on translation of foreign operations	-	-	-	-	-	203,020	-	-	-	-	203,020	19,020	222,040
Reclassify to profit or loss on disposal on available-for-sale investments	-	-	-	-	(37,591)	-	-	-	-	-	(37,591)	-	(37,591)
Revaluation increase on prepaid lease payments on transfer to investment properties less deferred tax	-	-	-	1,739	-	-	-	-	-	-	1,739	643	2,382
Other comprehensive income for the year	-	-	-	1,739	(28,734)	203,020	-	-	-	-	176,025	19,663	195,688
Total comprehensive income for the year	-	-	-	1,739	(28,734)	203,020	-	-	-	394,212	570,237	71,932	642,169
Shares issued in lieu of cash dividend, net of expenses	1,595	32,410	-	-	-	-	-	-	-	-	34,005	-	34,005
Repurchase of own shares	(407)	(8,893)	-	-	-	-	-	-	-	-	(9,300)	-	(9,300)
Repurchase of 2015 Bond	-	-	-	-	-	-	-	(8,206)	-	1,956	(6,250)	-	(6,250)
Reversal of deferred tax on equity component on repurchase of partial 2015 Bond	-	-	-	-	-	-	-	1,428	-	-	1,428	-	1,428
Decrease in interest in Kosmopolito	-	-	-	-	-	-	-	-	417,926	-	417,926	723,060	1,140,986
Reclassify previously recognised post-acquisition reserves on spin-off of Kosmopolito	-	-	-	(1,791)	-	(20,475)	-	-	64,097	(41,831)	-	-	-
Recognition of equity-settled share based payments	-	-	-	-	-	-	6,803	-	-	-	6,803	3,299	10,102
Dividends paid	-	-	-	-	-	-	-	-	-	(114,260)	(114,260)	-	(114,260)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(1,866)	(1,866)
At 31st March, 2011	191,826	2,770,185	253	13,808	(1,320)	405,012	11,940	23,967	1,520,732	2,090,185	7,026,588	892,205	7,918,793

Note:

Other reserve arises from (a) group reorganisation in 1991 representing the excess of the value of the net assets of the subsidiaries acquired and the nominal value of the shares issued by the Company for the acquisition; and (b) gain on decrease in interest in Kosmopolito, details of which are set out in note 38(a).

# Consolidated Statement of Cash Flows

For the year ended 31st March, 2011

	2011 HK\$'000	2010 HK\$'000 (restated)
<b>Operating activities</b>		
Profit before taxation	555,029	492,856
Adjustments for:		
Share of results of jointly controlled entities	(4,742)	(410)
Share of results of associates	(33,231)	(28,592)
Depreciation and amortisation	123,723	81,320
Dividend from listed investments	(1,422)	(7,130)
Interest income	(2,123)	(3,679)
Interest expenses	186,125	109,697
Allowance for amount due from jointly controlled entity	5,152	13,200
Amortisation for intangible assets	2,572	1,756
Gain on disposal of a subsidiary	(81,385)	–
Increase in fair value of investment properties	(312,796)	(166,197)
Amortisation of issue expenses on convertible bonds	2,690	3,443
(Gain) loss on disposal of available-for-sales investments	(37,591)	4,394
Change in fair value of investments held for trading	(5,863)	(7,367)
Change in fair value of financial assets at fair value through profit or loss	(421)	(3,731)
Change in fair value of derivative financial instruments	64,482	61,441
Change in fair value on financial liabilities at fair value through profit or loss	–	7,725
Recognition of share-based payments	10,102	2,353
(Gain) loss on disposal of property, plant and equipment	(1,285)	9
Loss on disposal of an associate	–	4,928
Settlement of second mortgage loan receivables	635	23,019
Operating cash flows before movements in working capital	469,651	589,035
(Increase) decrease in properties for sale	(626,055)	609,958
Increase in other inventories	(1,773)	(1,747)
Increase in debtors, deposits and prepayments	(1,638)	(76,890)
Increase in amount due from jointly controlled entities	–	(3,118)
(Increase) decrease in investments held for trading	(43,649)	6,787
Increase in derivative financial instruments	(38,280)	(26,070)
Decrease in creditors and accruals	(10,969)	(1,992)
Increase (decrease) in customers' deposits received	85,386	(302)
(Increase) decrease in amount due from associates	(3,332)	1,090
Cash (used in) generated from operations	(170,659)	1,096,751
Income tax paid	(50,237)	(85,131)
<b>Net cash (used in) from operating activities</b>	<b>(220,896)</b>	<b>1,011,620</b>

## Consolidated Statement of Cash Flows

	Notes	2011 HK\$'000	2010 HK\$'000 (restated)
<b>Investing activities</b>			
Acquisition of property, plant and equipment		(372,644)	(608,406)
Addition of prepaid lease payments		(24,509)	(402,106)
Addition of investment properties		(7,854)	(15,338)
Net cash inflow from disposal of a subsidiary	38(b)	289,044	–
Acquisition of subsidiaries, net of bank balances and cash acquired	38(c)	–	6,835
Contribution to a jointly controlled entity		–	(1,562)
Proceeds from disposal of property, plant and equipment		3,945	3,925
Proceeds from disposal of financial assets at fair value through profit or loss		7,721	78,248
Purchase of financial assets at fair value through profit or loss		(8,032)	(62,818)
Proceeds from disposal of investments properties		14,200	108,639
Purchase of available-for-sale investments		(122,666)	(87,514)
Proceeds from disposal of available-for-sale investments		260,991	60,780
Deposit paid for acquisition of property, plant and equipment		(12,348)	(34,909)
Increase in pledged deposits		(245,033)	(1,956)
Decrease (increase) in restricted bank deposits		273,112	(259,582)
(Advance to) repayment from associates		(1,235)	–
Capital refund from a jointly controlled entity		10,276	–
Dividend received from associates		5,841	5,320
Dividend and distribution received from a jointly controlled entity		6,927	1,130
Dividend received from listed investments		1,422	7,130
Bank interest received		2,123	3,679
<b>Net cash from (used in) investing activities</b>		<b>81,281</b>	<b>(1,198,505)</b>
<b>Financing activities</b>			
Share issue expenses		(47,014)	(749)
Convertible bonds issue expenses		–	(2,041)
Repurchase of own shares		(9,376)	–
Repurchase of convertible bonds		(59,173)	(10,607)
Redemption of convertible bonds		–	(118,963)
Proceeds from issue of convertible bonds		–	800,000
Proceeds from offer for sale Kosmopolito's shares to non-controlling shareholders		1,188,000	–
New bank and other borrowings raised		600,941	1,131,329
Repayments of bank and other borrowings		(559,858)	(795,431)
Repayments of obligations under finance leases		(1,399)	(1,228)
Repayment to a director		(892)	(41)
(Repayment to) advance from related companies		(3,160)	3,773
(Repayment to) advance from associates		(2)	2,058
Dividends paid		(80,255)	(29,033)
Advance from (repayment to) minority shareholders		771	(4,080)
Dividend paid to a non-controlling shareholder		(1,866)	(36,067)
Interest paid		(224,432)	(157,192)
<b>Net cash from financing activities</b>		<b>802,285</b>	<b>781,728</b>
<b>Net increase in cash and cash equivalents</b>		<b>662,670</b>	<b>594,843</b>
<b>Cash and cash equivalents brought forward</b>		<b>1,291,942</b>	<b>678,908</b>
Effect of foreign exchange rate changes		31,735	18,191
<b>Cash and cash equivalents carried forward</b>		<b>1,986,347</b>	<b>1,291,942</b>
<b>Analysis of the balances of cash and cash equivalents</b>			
Bank balances and cash		1,986,347	1,291,942



# Notes to the Consolidated Financial Statements

For the year ended 31st March, 2011

## 1. GENERAL

The Company is a public limited company incorporated in the Cayman Islands with its shares listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

The principal activities of the Group are property development and investment, hotel operations, car park operation and treasury management.

During the year, the Company together with a subsidiary, Kosmopolito Hotels International Limited ("Kosmopolito" formerly known as Hong Kong Hotel REIT Holdings Limited) offered for sale of an aggregate of 540,000,000 ordinary shares of Kosmopolito to the public. Since then, Kosmopolito has been separately listed on the Stock Exchange on 11th October, 2010 and the Company's interest in Kosmopolito has been reduced from 100% to 73%. Details of the transactions are disclosed in note 38(a).

The consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is the same as the functional currency of the Company.

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

### New and revised Standards and Interpretations applied in the current year

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

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised in 2008)	Business Combinations
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 32 (Amendments)	Classification of Right Issues
HKAS 39 (Amendment)	Eligible Hedged Items
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners
HK – Int 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Except as disclosed below, the adoption of the new and revised HKFRSs in the current year has had no material effect on the consolidated financial statements for the current or prior accounting periods.

### (a) HKFRS 3 (revised in 2008) and HKAS 27 (revised in 2008)

The Group applied HKFRS 3 (revised in 2008) "Business Combinations" prospectively to business combinations for which the acquisition date is on or after 1st April, 2010. The requirements in HKAS 27 (revised in 2008) "Consolidated and Separate Financial Statements" in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1st April, 2010.

On application of HKAS 27 (revised in 2008), the gain resulting from the spin off of Kosmopolito of HK\$417,926,000 has been recognised in equity. Details are set out in note 38(a). Had the previous accounting policy been applied, the gain would have been recognised in profit or loss.

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

### New and revised Standards and Interpretations applied in the current year (Continued)

#### (b) Amendment to HKAS 17

As part of Improvements to HKFRSs issued in 2009, HKAS 17 “Leases” has been amended in relation to the classification of leasehold land. Before the amendment to HKAS 17, leasehold land was required to be classified as operating leases and present as prepaid lease payments in the consolidated statement of financial position. The amendment has removed such a requirement. Instead, the amendment requires that the classification of leasehold land should be based on the general principles set out in HKAS 17, that are based on the extent to which risk and reward incidental to ownership of a leased asset lie with the lessor or the lessee.

In accordance with the transitional provisions of HKAS 17 “Lease”, the Group reassessed the classification of unexpired leasehold land as at 1st April, 2010 based on information that existed at the inception of leases. Leasehold lands that qualified for finance lease classification have been reclassified from prepaid lease payments to property, plant and equipment retrospectively. As a result of the reclassification of prepaid lease payments with carrying amounts of HK\$1,203,562,000 and HK\$1,208,997,000 as at 1st April, 2009 and 31st March, 2010 respectively to property, plant and equipment, the carrying amounts of property, plant and equipment are increased by the same amount from HK\$3,141,956,000 and HK\$4,239,885,000 as at 1st April, 2009 and 31st March, 2010 to HK\$4,345,518,000 and HK\$5,448,882,000 and the prepaid lease payments are decreased from HK\$1,520,345,000 and HK\$1,969,257,000 as at 1st April, 2009 and 31st March, 2010 to HK\$316,783,000 and HK\$760,260,000 respectively. The carrying amount of such leasehold land at 31st March, 2011 of HK\$1,056,220,000 has been included in property, plant and equipment. The application of the amendments to HKAS 17 has had no impact on the reported profit or loss for the current and the prior periods.

#### (c) Hong Kong Interpretation 5

Hong Kong Interpretation 5 “Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause” (“HK Int 5”) clarifies that term loans that include a clause that giving the lender the unconditional right to call the loans for repayment at any time (“repayment on demand clause”) should be classified by the borrower as current liabilities. The Group has applied HK Int 5 for the first time in the current year. HK Int 5 requires retrospective application.

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

At the end of the reporting period, bank loans that contain a repayment on demand clause with the aggregate carrying amounts of HK\$87,381,000 have been reclassified from non-current liabilities to current liabilities. Such term loans have been presented in the earliest time band in the maturity analysis for financial liabilities (see “liquidity risk” section in note 6b for details). As at 1st April, 2009 and 31st March 2010, the Group did not have any non-current bank loans that would be demanded for immediate repayment and therefore reclassification is not required. The application of HK Int 5 has had no impact on the reported profit or loss.

#### (d) Amendments to HKAS 12

Amendments to HKAS 12 “Income Tax” titled Deferred Tax: Recovery of Underlying Assets have been applied in advance of their mandatory effective date (which is the annual periods beginning on or after 1st January, 2012). Under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 “Investment Property” are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances.

As a result, the Group’s investment properties that are measured using the fair value model have been presumed to be recovered through sale for the purpose of measuring deferred tax liabilities and deferred tax assets. The remeasurement of deferred tax on the investment properties in Hong Kong and Singapore has resulted in a decrease in deferred tax liability by HK\$109,336,000 and HK\$128,870,000 at 1st April, 2009 and 31st March, 2010 respectively with the corresponding adjustment being recognised in retained profits. The application of the amendment has resulted in profit for the year increases by HK\$44,813,000 as deferred tax is no longer provided for the fair value increase in certain investment properties.

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

### Summary of financial effect

The effects of changes in accounting policies on the results of the Group by line items and the earnings per share for the current and prior years due to (a) application of new and revised HKFRS described above; and (b) the finalisation of calculation of goodwill on prior year's business combination as detailed in note 38(c) and are as follows:

	2011		2010	
	Impact on profit HK\$'000	Impact on basic and diluted earnings per share HK cents	Impact on profit HK\$'000	Impact on basic and diluted earnings per share HK cents
Decrease in deferred taxation expense arising from amendments to HKAS 12 "Income Taxes"	44,813	2	19,534	1
Decrease in deferred taxation expense arising from fair value adjustment of intangible assets	772	–	527	–
Increase in amortisation expense of intangible assets	(2,572)	–	(1,756)	–
Gain resulting from spin-off of Kosmopolito recognised in equity	(417,926)	(22)	–	–
Total adjustments	(374,913)	(20)	18,305	1

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

	As at 1.4.2009			As at 31.3.2010			
	Originally stated HK\$'000	Adjustment (i) HK\$'000	Restated HK\$'000	Originally stated HK\$'000	Adjustment(i) HK\$'000	Adjustment(ii) HK\$'000	Restated HK\$'000
Property, plant and equipment	3,141,956	1,203,562	4,345,518	4,239,885	1,208,997	–	5,448,882
Prepaid lease payments	1,520,345	(1,203,562)	316,783	1,969,257	(1,208,997)	–	760,260
Goodwill	–	–	–	73,047	–	(4,647)	68,400
Intangible assets	–	–	–	–	–	7,244	7,244
Deferred tax liabilities	(251,771)	109,336	(142,435)	(335,020)	128,870	(2,173)	(208,323)
Total effect on assets and liabilities		109,336			128,870	424	
Retained profits	1,492,623	109,336	1,601,959	1,722,467	128,870	(1,229)	1,850,108
Non-controlling interests	30,456	–	30,456	94,127	–	1,653	95,780
Total effect on equity		109,336			128,870	424	

(i) Adjustment due to amendments to HKAS 12 and HKAS 17.

(ii) Adjustment to provisional goodwill, recognition of intangible assets and deferred tax thereon and non-controlling interests.

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

### New and revised standards and interpretation issued but not yet effective

Except for Amendments to HKAS 12 “Income Tax” disclosed above, the Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective:

HKFRSs (Amendments)	Improvements to HKFRSs 2010 <sup>1</sup>
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets <sup>4</sup>
HKFRS 9	Financial Instruments <sup>5</sup>
HKFRS 10	Consolidated Financial Statements <sup>5</sup>
HKFRS 11	Joint Arrangements <sup>5</sup>
HKFRS 12	Disclosure of Interests in Other Entities <sup>5</sup>
HKFRS 13	Fair Value Measurement <sup>5</sup>
HKAS 24 (Revised)	Related Party Disclosures <sup>3</sup>
HKAS 27 (Revised 2011)	Separate Financial Statements <sup>5</sup>
HKAS 28 (Revised 2011)	Investments in Associates and Joint Ventures <sup>5</sup>
HK(IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement <sup>3</sup>
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1st July, 2010 and 1st January, 2011, as appropriate

<sup>2</sup> Effective for annual periods beginning on or after 1st July, 2010

<sup>3</sup> Effective for annual periods beginning on or after 1st January, 2011

<sup>4</sup> Effective for annual periods beginning on or after 1st July, 2011

<sup>5</sup> Effective for annual periods beginning on or after 1st January, 2013

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

- Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 “Financial Instruments: Recognition and Measurement” are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.
- In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability’s credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liabilities as at fair value through profit or loss was presented in profit or loss.

The directors anticipate that the application of HKFRS 9 may have an impact on the measurement and classification of the Group’s available-for-sale investments, which will be measured at fair value. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The directors anticipate that the application of the other new and revised HKFRSs will have no material impact on the results and financial position of the Group.

## 3. SIGNIFICANT ACCOUNTING POLICIES

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

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



### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

The principal accounting policies adopted are as follows:

#### **Basis of consolidation**

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

The results 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.

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

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

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

#### **Allocation of total comprehensive income to non-controlling interests**

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

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

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 other reserve and attributed to owners of the Company.

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

#### **Changes in the Group's ownership interests in existing subsidiaries prior to 1st April, 2010**

Increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised where appropriate. For decreases in interests in subsidiaries, regardless of whether the disposals would result in the Group losing control over the subsidiaries, the difference between the consideration received and the adjustment to the non-controlling interests was recognised in profit or loss.

#### **Business combinations**

##### **Business combinations that took place on or after 1st April, 2010**

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.

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

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### **Business combinations** *(Continued)*

##### **Business combinations that took place on or after 1st April, 2010** *(Continued)*

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.

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, 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.

##### **Business combinations that took place prior to 1st April, 2010**

Acquisition of businesses was accounted for using the purchase method. The cost of the acquisition was measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that met the relevant conditions for recognition were generally recognised at their fair value at the acquisition date.

Goodwill arising on acquisition was recognised as an asset and initially measured at cost, being the excess of the cost of the acquisition over the Group's interest in the recognised amounts of the identifiable assets, liabilities and contingent liabilities recognised. If, after assessment, the Group's interest in the recognised amounts of the acquiree's identifiable assets, liabilities and contingent liabilities exceeded the cost of the acquisition, the excess was recognised immediately in profit or loss.

The non-controlling interest in the acquiree was initially measured at the non-controlling interest's proportionate share of the recognised amounts of the assets, liabilities and contingent liabilities of the acquiree.

Contingent consideration was recognised, if and only if, the contingent consideration was probable and could be measured reliably. Subsequent adjustments to contingent consideration were recognised against the cost of the acquisition.

Business combinations achieved in stages were accounted for as separate steps. Goodwill was determined at each step. Any additional acquisition did not affect the previously recognised goodwill.

#### **Goodwill**

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

For the purposes of impairment testing, goodwill is allocated to each of the 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 whenever there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash generating unit is less than the carrying amount of the unit, 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 pro rata on the basis of 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 amount of profit or loss on disposal.

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### Revenue recognition

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

- Revenue from sale of properties in the ordinary course of business is recognised when the respective properties have been completed and delivered to the buyers. Deposits and instalments received from purchasers prior to meeting the revenue recognition criteria are recorded as sales deposits under current liabilities. Sales of goods other than properties are recognised when goods are delivered and title has passed.
- Revenue from hotel operations is recognised when the relevant services are provided.
- Revenue from car park operations is recognised when the relevant facilities are provided.
- Rental income from properties under operating leases is recognised on a straight-line basis over the periods of the respective tenancies.
- Building management fee income is recognised when the relevant services are provided.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognised when the Group's rights to receive payment have been established.

#### Investment properties

Investment properties are properties held to earn rentals and/or capital appreciation including properties under construction for such purpose.

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

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

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

Transfer from investment property to property, plant and equipment will be made when there is a change in use, evidenced by commencement of owner occupation. The fair value at the date of transfer becomes the deemed cost for subsequent accounting as property, plant and equipment.

#### Property, plant and equipment

Property, plant and equipment other than buildings and hotel under development are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

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

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

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

If an item of property, plant and equipment is transferred to an investment property when there is a change of use, evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in asset revaluation reserve. On the subsequent sale or retirement of the asset, the asset revaluation reserve will be transferred directly to retained profits.

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### **Properties for/under development**

Hotel under development held for owner's operation are stated at cost less any impairment loss recognised. Cost comprises development expenditure including professional charges directly attributable to the development and interest capitalised during the development period. No depreciation is provided on the cost of the buildings until hotel operation commences.

When the building on the leasehold land is in the course of development and the leasehold land component is accounted for as operating lease, the amortisation charge for the leasehold land is included as part of the costs of the buildings under construction during the construction period. If the leasehold land is accounted for as finance lease, the cost of land is included within hotel properties under development.

Properties which are intended for sale after completion of development are stated at the lower of cost and net realisable value. Cost includes costs of land, development expenditure, borrowing costs capitalised and other direct costs attributable to such properties. Such properties are recorded as properties for sales under current assets as they are expected to be realised in one year, or are intended for sale within the Group's normal operating cycle. Net realisable value represents the estimated selling price less all anticipated costs of completion and costs to incur in marketing and selling the properties.

#### **Interests in associates**

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

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

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

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

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

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



### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### **Joint ventures**

##### **Jointly controlled entities**

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

The results and assets and liabilities of jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in jointly controlled entities are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the profit or loss and other comprehensive income of the jointly controlled entities, less any identified impairment loss. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity, the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

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

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

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

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

##### **Intangible assets acquired in a business combination**

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses, being their fair value at the date of the revaluation less subsequent accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives.

##### **Non-current assets held for sale**

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets except for investment properties classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

##### **Impairment of assets**

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

Except for impairment or goodwill and financial assets, details of which are stated in their respective policies, an impairment loss of all other assets is recognised immediately in profit or loss. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### **Inventories**

##### **Properties for sale**

Properties for sale are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to estimated selling price less selling expenses.

Properties for or under development intended for sale after completion of development are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to estimated selling price less anticipated costs to completion of the development and costs to be incurred in marketing and selling the completed properties.

Cost of properties comprises land cost, development costs and other direct costs attributable to the development and borrowing costs capitalised during the development period that have been incurred in bringing the properties to their present condition.

##### **Other inventories**

Other inventories comprising food and beverage are stated at the lower of cost and net realisable value. Cost is calculated using First-in First-out method.

#### **Financial instruments**

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets 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.

##### **Financial assets**

The Group's financial assets are classified into "financial assets at fair value through profit or loss", "available-for-sale investments" and "loans and receivables". 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.

##### *Loans and receivables*

Loans and receivables (including amounts due from associates, investee company, jointly controlled entity and debtors, pledged deposits, restricted bank deposits and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or, where appropriate, a shorter period to the net carrying amount of the financial assets at initial recognition. Interest income is recognised on an effective interest basis for debt instruments.

##### *Financial assets at fair value through profit or loss ("FVTPL")*

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

A financial asset is classified as held for trading if:

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

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition, if it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

At each reporting date subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets.

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### **Financial instruments** *(Continued)*

##### **Financial assets** *(Continued)*

###### *Available-for-sale investments*

Available-for-sale financial assets are non-derivatives that are either designated or not classified as any of the other categories (set out above). At each reporting date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in other comprehensive income and accumulated in investment revaluation reserve, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss and any further impairment losses on such assets are recognised in profit or loss. Impairment losses on available-for-sale equity investments will not reverse in subsequent periods. For available-for-sale debt investments, impairment losses are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses at each reporting date subsequent to initial recognition. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired. The amount of the impairment loss is measured as the difference between the carrying amount of the asset 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 losses will not reverse in subsequent periods.

###### *Impairment of financial assets*

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

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

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- 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 debtors, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

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

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 debtors, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When such receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

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

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in other comprehensive income and accumulated in investment revaluation reserve.

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### **Financial instruments** *(Continued)*

##### **Financial liabilities and equity**

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

##### *Equity instruments*

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

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

##### *Financial liabilities*

The Group's financial liabilities are generally classified into financial liabilities at FVTPL and other financial liabilities.

##### *Financial liabilities at fair value through profit or loss*

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

##### *Convertible bonds*

Convertible bonds issued by the Group with conversion option that will be settled by the exchange of a fixed amount of cash or a fixed number of the Company's own equity instruments are separated into two components, liability and equity elements. Such convertible bonds are classified separately into respective items on initial recognition.

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

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

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

When an entity extinguishes a convertible instrument before maturity through repurchase in which the original conversion privileges are unchanged, the entity allocates the consideration paid and any transaction costs for the repurchase to the liability and equity components of the instrument at the date of the transaction. The method used in allocating the consideration paid and transaction costs to the separate components is consistent with that used in the original allocation to the separate components of the proceeds received by the entity when the convertible instrument was issued.

Once the allocation of the consideration is made, any resulting gain or loss is treated in accordance with accounting principles applicable to the related component, as follows:

- (a) the amount of gain or loss relating to the liability component is recognised in profit or loss; and
- (b) the amount of consideration relating to the equity component is recognised in equity.



### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### **Financial instruments** *(Continued)*

##### **Financial liabilities and equity** *(Continued)*

###### *Other financial liabilities*

Other financial liabilities (including creditors, amounts due to directors, related companies, associates, minority shareholders and a jointly controlled entity and bank and other borrowings) are subsequently measured at amortised cost, using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying financial liability at initial recognition. Interest expense is recognised on an effective interest basis.

##### **Derivative financial instruments**

Derivatives (including embedded derivatives separately accounted for from the non-derivative host contracts) are deemed as held-for-trading financial assets or financial liabilities, unless they qualify and are designated as effective hedging instruments. For derivatives that are deemed as held for trading, changes in fair values of such derivatives are recognised in profit or loss for the period in which they arise.

##### **Financial guarantee contracts**

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

##### **Derecognition**

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

On derecognition of a financial asset 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.

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

##### **Leasing**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

##### **The Group as lessor**

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

##### **The Group as lessee**

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

##### **Leasehold land and building**

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

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### **Leasing** *(Continued)*

##### **Leasehold land and building** *(Continued)*

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as “prepaid lease payments” in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease.

#### **Foreign currencies**

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

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group’s foreign operations are translated into the presentation currency of the Company, the Hong Kong dollars, at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity. Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

From 1st January, 2010 onwards, on the disposal of a foreign operation (i.e. a disposal of the Group’s entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss. In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

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

#### **Borrowing costs**

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

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

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### **Retirement benefits schemes**

Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered service entitling them to the contributions.

#### **Equity-settled share-based payment**

##### **Share options granted to employees after 7th November, 2002 and vested on or after 1st April, 2005**

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

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

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

At the time when the Group modifies the terms and conditions of the share options previously granted, if the modification increases the fair value of the equity instruments granted measured immediately before and after the modification, the entity shall include the incremental fair value granted in the measurement of the amount recognised for services received as consideration for the equity instruments granted. The incremental fair value granted is the difference between the fair value of the modified equity instrument and that of the original equity instrument, both estimated as at the date of the modification. If the modification occurs after vesting date, the incremental fair value granted is recognised immediately.

##### **Share options granted to employees on or before 7th November, 2002, or granted after 7th November, 2002 and vested before 1st April, 2005**

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

#### **Equity instruments issued in exchange for assets**

Equity instruments to acquire assets are measured at the fair values of the assets received, unless that fair value cannot be reliably measured, in which case the assets received are measured by reference to the fair value of the equity instruments granted.

#### **Taxation**

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

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

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

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

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### **Taxation** *(Continued)*

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

For the purposes of measuring deferred tax liabilities for investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment Property", such properties are presumed to be recovered through sale.

### 4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

#### **Fair value of investment properties**

Investment properties are stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value, the valuers have based on a method of valuation which involves certain assumption of market conditions. In relying on the valuation report, the directors of the Company have exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions.

#### **Fair value of derivative financial instruments**

The Group relies on the valuations provided by financial institutions to determine the fair values of the interest rate swaps which is based on discounted cash flow analysis using the applicable yield curve for the duration of the instruments. Judgment is required for the variables used in arriving at these fair values. Changes in the underlying assumptions could materially impact profit and loss.

#### **Allowances for bad and doubtful debts**

The Group makes allowances for bad and doubtful debts when there is objective evidence that debtors balances are impaired. The balances of the debtors are based on the present value of estimated future cash flows discounted at the effective rate computed at initial recognition. The directors involved a considerable amount of judgement in assessing the ultimate realisation of these receivables including the current creditworthiness and the past collection history of each debtors. If the financial credit of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments and therefore affect the estimated future cash flow, additional allowance may be required.

#### **Deferred tax**

The realisability of the deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. The directors of the Company determine whether deferred tax assets would be recognised based on profit projections of the Group and the expected reversal of taxable temporary differences for coming years during which the deferred tax assets are expected to be utilised. The directors of the Company will review the probability of utilising tax losses in future at the end of each financial period. In cases where the actual future profits generated are more or less than expected, an additional recognition or a reversal of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a recognition or reversal takes place.

#### **Impairment of goodwill**

Determining whether goodwill is impaired requires an estimation of the value in use of the relevant cash-generating units, to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from cash-generated unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31st March, 2011, the carrying amount of goodwill is HK\$68,400,000 (2010: HK\$68,400,000). Details of the recoverable amount calculation are disclosed in note 19.

#### **Impairment of intangible assets**

Determining whether intangible assets are impaired requires an estimation of the value in use arising from the rights to manage the operation of certain car parks. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the right and a suitable discount rate in order to calculate the present value. When the actual cash flows are less than expected, an impairment loss may arise.

## 5. CAPITAL RISK MANAGEMENT

It is the Group's policy to maintain a strong capital base so as to safeguard the Group's ability to continue as a going concern and to sustain future development of the Group's business. The capital structure of the Group consists of net debt, which includes borrowings less cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, reserves and retained profits.

The Group's actively and regularly reviews and manages its capital structure and makes adjustments to the capital structure in light of changes in economic conditions.

The Group's overall strategy remains unchanged from prior year.

## 6. FINANCIAL INSTRUMENTS

### a. Categories of financial instruments

	2011 HK\$'000	2010 HK\$'000 (restated)
<b>Financial assets</b>		
Financial assets at fair value through profit or loss		
Held for trading investments	61,689	12,177
Designated at fair value through profit or loss	12,690	11,958
Derivative financial instruments	398	1,708
Available-for-sale investments	199,485	328,953
Loans and receivables	2,791,998	2,030,396
	<b>3,066,260</b>	<b>2,385,192</b>
<b>Financial liabilities</b>		
Financial liabilities at fair value through profit or loss		
Derivative financial instruments	69,366	44,474
Other financial liabilities stated at amortised cost	6,453,175	6,304,286
	<b>6,522,541</b>	<b>6,348,760</b>

### b. Financial risk management objectives and policies

Details of the Group's financial instruments are disclosed above and in the respective notes. The risks associated with these financial instruments include market risk (foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

The management monitors and manages the financial risk of the Group through internal risk assessment which analyses exposures by degree and magnitude of risks. The policies on how to mitigate these risks are set out below.

#### Interest rate risk

The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank deposits, interest bearing receivable and variable-rate bank and other borrowings. The Group has entered into certain interest rate swaps contracts to mitigate the risk of the fluctuation of interest rate on its future interest payments on the bank borrowing which carry interest at Hong Kong Interbank Offered Rates ("HIBOR"), HK\$ Prime Lending Rate, People's Bank of China Prescribed Interest Rate ("PBOC"), Singapore Swap Offered Rate ("S\$ SOR"), Malaysia Base Lending Rates ("BLR") and Australia Bank Bill Swap Reference Rate ("BBSW").



**6. FINANCIAL INSTRUMENTS** (Continued)**b. Financial risk management objectives and policies** (Continued)**Interest rate risk** (Continued)

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR, HK\$ Prime Lending Rate, PBOC, S\$ SOR, BLR and BBSW arising from the Group's bank borrowings.

*Interest rate sensitivity analysis*

The sensitivity analysis below has been determined based on the exposure to interest rates for the floating rate borrowings and receivables. The sensitivity analysis considers only borrowings which are the only items having significant impact on the financial statements. The analysis is prepared assuming that the borrowings outstanding at the end of the reporting periods were outstanding for the whole year. 50 basis points represent the best estimation of the possible change in the interest rates over the period until the end of next reporting period.

If interest rates had been increased/decreased by 50% basis points (2010: 50 basis points) and all other variables were held constant, the Group's profit after taxation would decrease/increase by HK\$15,301,000 (2010: HK\$12,964,000) and the interest capitalised would increase/decrease by HK\$7,039,000 (2010: HK\$9,283,000).

In the management's opinion, the sensitivity analysis is unrepresentative of the interest rate risk as the year end exposure does not reflect the exposure during the year.

**Foreign currency risk**

Several subsidiaries of the Company have transactions denominated in foreign currencies, which exposure the Group to foreign currency risk. The Group manages the foreign currency risk by closely monitoring the movement of the foreign currency rate.

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

	2011 HK\$'000	2010 HK\$'000
<b>Assets</b>		
Australian Dollar	70,137	24,594
Japanese Yen	6,874	3,698
Renminbi	6,293	4,745
Canadian Dollars	4,970	6,197
United States Dollars ("USD")	139,281	13,277
Euro	—	15,107
Singapore Dollars ("SGD")	443	902
<b>Liabilities</b>		
Euro	26,960	—
Malaysia Ringgit	8,762	—

**6. FINANCIAL INSTRUMENTS** (Continued)**b. Financial risk management objectives and policies** (Continued)**Foreign currency risk** (Continued)*Foreign currency sensitivity analysis*

The following table details the Group's sensitivity to a 10% (2010: 10%) strengthening in the HK\$ against the relevant foreign currencies, while all other variables are held constant. Since Hong Kong dollars are pegged to USD under the Linked Exchange Rate System, the management does not expect any significant exposure in relation to the exchange rate fluctuation between HK\$ and USD. The Group's exposure to foreign currency risks is mainly on currencies other than USD. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents the management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding monetary items denominated in foreign currencies and adjusts their translation at the year end if HK\$ strengthens 10% against the relevant foreign currency.

	<b>(Decrease) Increase in profit after tax</b>	
	<b>2011 HK\$'000</b>	<b>2010 HK\$'000</b>
Australian Dollars	(5,856)	(2,053)
Japanese Yen	(574)	(309)
Renminbi	(525)	(397)
Canadian Dollars	(415)	(518)
Euro	2,251	(1,262)
SGD	(37)	(75)
Malaysia Ringgit	732	—

For a 10% weakening of HK\$ against the relevant foreign currencies, these would be an equal and opposite impact on profit.

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

**Price risk**

The Group is exposed to equity price risk and market price risk arising from investment in equity securities and other financial products classified under available-for-sale investments, investment held for trading and derivative financial instruments.

*Price risk sensitivity analysis*

The sensitivity analyses below have been determined based on the exposure to equity price risk at the end of the reporting period.

If the price of the respective equity securities has been 10% (2009: 10%) higher/lower:

- profit after tax would increase/decrease by HK\$5,821,000 (2010: increase/decrease HK\$1,017,000) as a result of the changes in fair value of held-for trading investments.
- investment revaluation reserve would increase by HK\$16,631,000 (2010: HK\$26,696,000) as a result of the changes in fair value of available-for-sale investments.

## 6. FINANCIAL INSTRUMENTS (Continued)

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

#### Credit risk

At the end of each reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group in the event of the counterparties failure to discharge their obligations in relation to each class of recognised financial asset are the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial positions and the contingent liabilities in relation to the financial guarantee issued by the Group as disclosed in note 41(a). In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

The Group has no significant concentration of credit risk, except for the amount due from an investee company, associates and other receivables, which in aggregate, constitute over 10% of the total financial assets, with exposure spread over a number of counterparties and customers. The Group reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk for bank deposits and pledged deposits is limited because the counterparties are banks or financial institutions with high credit ratings.

#### Liquidity risk

The Group's liquidity position and its compliance with lending covenants is monitored closely by the management of the Company, to ensure that it maintains sufficient reserve of cash and adequate committed line of funding from major financial institutions to meet its liquidity requirement in the short and longer term. The Group finances its working capital requirements through a combination of funds generated from operations and external borrowings.

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

The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows.

	Weighted average interest rate %	On demand or 0-180 days HK\$'000	181-365 days HK\$'000	One to three years HK\$'000	Three to five years HK\$'000	Over five years HK\$'000	Total HK\$'000	Carrying amount HK\$'000
<b>At 31st March, 2011</b>								
Non-interest bearing	N/A	483,559	–	–	–	–	483,559	483,559
Fixed interest rate instruments	5.94	13,622	13,370	54,586	55,301	30,969	167,848	134,720
Variable interest rate instruments	2.55	750,560	471,663	3,530,892	419,972	285,369	5,458,456	5,117,553
Convertible bonds	3.63	13,449	751,538	–	–	–	764,987	716,785
Obligation under finance leases	2.7	237	237	86	–	–	560	558
Financial guarantee contract (note)	N/A	123,426	–	–	–	–	123,426	–
		1,384,853	1,236,808	3,585,564	475,273	316,338	6,998,836	6,453,175

**6. FINANCIAL INSTRUMENTS** (Continued)**b. Financial risk management objectives and policies** (Continued)  
**Liquidity risk** (Continued)

	Weighted average interest rate %	On demand or 0-180 days HK\$'000	181-365 days HK\$'000	One to three years HK\$'000	Three to five years HK\$'000	Over five years HK\$'000	Total HK\$'000	Carrying amount HK\$'000
<b>At 31st March, 2010</b>								
Non-interest bearing	N/A	493,055	–	–	–	–	493,055	493,055
Fixed interest rate instruments	5.84	17,387	17,409	69,873	60,277	59,487	224,433	184,554
Variable interest rate instruments	2.40	793,731	534,026	931,068	2,682,575	361,127	5,302,527	4,873,903
Convertible bonds (restated)	3.63	13,449	13,376	764,988	–	–	791,813	751,013
Obligation under finance leases	2.6	606	671	507	–	–	1,784	1,761
Financial guarantee contract (note)	–	127,006	–	–	–	–	127,006	–
		1,445,234	565,482	1,766,436	2,742,852	420,614	6,940,618	6,304,286

Note: The amounts presented are the maximum liabilities the Group could be required to settle. However, the amount is subject to change depending on the probability of claims against the Group due to defaults of the counterparties. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable.

Bank loans with a repayment on demand clause of the carrying amount of HK\$87,381,000 are included in the "on demand or 0-180 days" time band in the above maturity analysis. Taking into account the Group's financial position, the directors believe that it is not probable that the banks will exercise their discretionary rights to demand immediate repayment and such term loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreement. On this basis, the interest and principal cashflows for these bank loans in the above analysis for the outstanding amount at 31st March, 2011 would be as follows:

	On demand or 0-180 days HK\$'000	181-365 days HK\$'000	One to three years HK\$'000	Three to five years HK\$'000	Over five years HK\$'000	Total undiscounted cashflow HK\$'000	Carrying amount HK\$'000
	3,371	3,003	93,028	1,389	752	101,543	87,381

The cashflows presented above for variable interest rate financial liabilities is subject to change if changes in interest rates differ from those at the end of the reporting period adopted in the above calculation.

**c. Fair value measurement of financial instruments**

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

- the fair value of listed available-for-sale investments and investment held for trading with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices.
- the fair value of other financial assets at fair value through profit or loss is determined using generally accepted pricing models based on discounted cash flow using prices or rates from current market transactions.
- the fair value of the financial liabilities at fair value through profit or loss is determined based on discounted cash flow model and black-scholes model using prices or rates of similar instruments with key inputs such as weighted average share price, expected validity, risk free rate and expected dividend yield.
- the fair value of derivative financial instruments are determined in accordance with generally accepted pricing models based on data obtained from current market transactions or dealer quotes for similar instruments.
- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

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

**6. FINANCIAL INSTRUMENTS** (Continued)**c. Fair value measurement of financial instruments** (Continued)

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

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

The fair value of financial assets measured in different levels recognised in the statement of financial position are as follows:

	31.3.2011			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>Financial assets at FVTPL</b>				
Derivative financial assets	–	398	–	398
Non-derivative financial assets held for trading	61,689	–	–	61,689
Financial assets designated at fair value through profit or loss	–	–	12,690	12,690
	61,689	398	12,690	74,777
<b>Available-for-sale financial assets</b>				
Listed equity securities	78,454	–	–	78,454
Unlisted debt securities	–	64,292	–	64,292
Investment funds	–	23,566	–	23,566
Total	78,454	87,858	–	166,312
<b>Financial liabilities at FVTPL</b>				
Derivative financial liabilities	–	69,366	–	69,366
	31.3.2010			
<b>Financial assets at FVTPL</b>				
Derivative financial assets	–	1,708	–	1,708
Non-derivative financial assets held for trading	12,177	–	–	12,177
Financial assets designated at fair value through profit or loss	–	–	11,958	11,958
	12,177	1,708	11,958	25,843
<b>Available-for-sale financial assets</b>				
Listed equity securities	198,522	–	–	198,522
Unlisted debt securities	–	48,009	–	48,009
Investment funds	–	20,432	–	20,432
Total	198,522	68,441	–	266,963
<b>Financial liabilities at FVTPL</b>				
Derivative financial liabilities	–	44,474	–	44,474



## 6. FINANCIAL INSTRUMENTS *(Continued)*

### c. Fair value measurement of financial instruments *(Continued)*

There were no transfers between Level 1, 2 and 3 in the current year.

Reconciliation of Level 3 fair value measurements of financial assets at fair value through profit or loss is as follows:

	2011 HK\$'000	2010 HK\$'000
At 1st April	11,958	23,657
Gain from change in fair value recognised in profit or loss	421	3,731
Purchases	8,032	62,818
Disposals	(7,721)	(78,248)
At 31st March	12,690	11,958

## 7. SEGMENT INFORMATION

The Group determines its operating segments based on internal reporting about components that are regularly reviewed by the chief operating decision maker. Information reported to the Group's chief operating decision makers who are the executive directors of the Company for the purposes of resource allocation and assessment of performance is mainly focused on the property development, property investment, hotel operation and car park operation in each of the geographical locations as stated below and securities and financial product investments. Other operations mainly include provision of engineering services and second mortgage loans.

The following is an analysis of the Group's revenue and results by reportable segment. The accounting policies adopted in preparing segment profit (loss) are the same as the Group's accounting policies described in note 3. Segment profit (loss) represents the pre-tax profit (loss) earned (incurred) by each segment without allocation of central administrative costs, directors' salaries, change in fair value on financial liabilities at fair value through profit or loss and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

## Notes to the Consolidated Financial Statements

### 7. SEGMENT INFORMATION (Continued)

	Segment revenue		Segment profit (loss)	
	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
Property development				
– Australia	85,425	916,495	(3,023)	54,761
– Hong Kong ("HK")	5,994	62,363	3,231	43,324
– Other regions in the People's Republic of China ("PRC")	153,413	397,547	88,762	220,095
– Malaysia	–	–	(549)	(20)
	244,832	1,376,405	88,421	318,160
Property investment				
– HK	24,436	25,934	241,922	136,939
– PRC	11,651	10,725	(245)	3,722
– Singapore	24,482	21,098	110,802	57,697
	60,569	57,757	352,479	198,358
Hotel operation				
– HK	517,073	339,913	287,837	101,747
– Malaysia	266,323	241,782	60,029	55,032
– PRC	83,704	34,558	(1,667)	612
– Singapore	–	–	(8,505)	(405)
	867,100	616,253	337,694	156,986
Car park operation				
– Australia	446,091	270,881	42,482	29,482
– Malaysia	18,165	7,997	9,314	3,629
	464,256	278,878	51,796	33,111
Securities and financial product investments	15,739	6,348	4,120	(40,149)
Other operations	1,950	6,594	(6,068)	3,572
Segment revenue/segment profit	1,654,446	2,342,235	828,442	670,038
Unallocated corporate expenses			(87,288)	(59,760)
Decrease in fair value on financial liabilities at fair value through profit or loss			–	(7,725)
Finance costs			(186,125)	(109,697)
Profit before taxation			555,029	492,856
Income tax expense			(108,548)	(134,484)
Profit for the year			446,481	358,372

## Notes to the Consolidated Financial Statements

### 7. SEGMENT INFORMATION *(Continued)*

The following is an analysis of the Group's assets by reportable segment. Segment assets represents assets held by each segment without allocation of corporate assets which are mainly bank balances and cash.

	31.3.2011 HK\$'000	31.3.2010 HK\$'000
Property development		
– PRC	1,581,883	1,701,343
– HK	664,244	472,180
– Australia	688,946	527,185
– Malaysia	368,904	241,823
	3,303,977	2,942,531
Property investment		
– HK	1,554,886	1,271,166
– Singapore	579,693	421,950
– PRC	4,515	2,604
	2,139,094	1,695,720
Hotel operation		
– HK	3,024,830	2,839,156
– PRC	1,561,550	1,443,151
– Malaysia	1,048,077	1,000,083
– Singapore	531,397	419,092
	6,165,854	5,701,482
Car park operation		
– Australia	702,202	635,552
– Malaysia	153,941	151,004
	856,143	786,556
Securities and financial product investments	340,019	423,401
Other operations	377,300	293,419
Segment assets	13,182,387	11,843,109
Unallocated corporate assets	1,986,347	1,291,942
	15,168,734	13,135,051

**7. SEGMENT INFORMATION** (Continued)**Other information**

For the year ended 31st March, 2011

	Property development HK\$'000	Property investment HK\$'000	Hotel operation HK\$'000	Car park operation HK\$'000	Securities and financial product investments HK\$'000	Other operations HK\$'000	Consolidated HK\$'000
Amounts included in the measure of segment profit or loss or segment assets:							
Reversal of (allowance for) bad and doubtful debts	–	754	(575)	–	–	1,157	1,336
Depreciation and amortisation	(5,912)	(2,108)	(98,166)	(14,895)	–	(2,642)	(123,723)
Amortisation of intangible assets	–	–	–	(2,572)	–	–	(2,572)
Increase in fair value of financial assets at fair value through profit or loss	–	–	–	–	421	–	421
Change in fair value of investments held for trading	–	–	–	–	5,863	–	5,863
Increase in fair value of investment properties	9,319	300,865	2,612	–	–	–	312,796
Gain on disposal of available-for-sale investments	–	(464)	–	–	38,055	–	37,591
Decrease in fair value of derivative financial instruments	–	–	(1,949)	–	(62,533)	–	(64,482)
Interests in associates	32,339	166,687	–	–	–	9,984	209,010
Interests in jointly controlled entities	1,974	–	–	–	–	61,467	63,441
Share of results of associates	(101)	33,695	–	–	–	(363)	33,231
Share of results of jointly controlled entities	5,962	–	–	–	–	(1,220)	4,742
Allowance for amount due from a jointly controlled entity	–	(5,152)	–	–	–	–	(5,152)
Addition of non-current assets (note)	14,293	9,888	386,392	23,696	–	38	434,307

## Notes to the Consolidated Financial Statements

### 7. SEGMENT INFORMATION (Continued)

#### Other information (Continued)

	For the year ended 31st March, 2010						
	Property development HK\$'000	Property investment HK\$'000	Hotel operation HK\$'000	Car park operation HK\$'000	Securities and financial product investments HK\$'000	Other operations HK\$'000	Consolidated HK\$'000
Amounts included in the measure of segment profit or loss or segment assets:							
(Allowance for) reversal of bad and doubtful debts	–	(1,322)	1,322	–	–	–	–
Depreciation and amortisation	(6,938)	(260)	(68,325)	(5,131)	–	(666)	(81,320)
Amortisation of intangible assets	–	–	–	(1,756)	–	–	(1,756)
Gain from change in fair value of financial assets at fair value through profit or loss	–	–	–	–	3,731	–	3,731
Gain from change in fair value of investments held for trading	–	–	–	–	7,367	–	7,367
Increase in fair value of investment properties	–	162,711	3,486	–	–	–	166,197
Loss on disposal of available-for-sale investments	–	–	–	–	(4,394)	–	(4,394)
Loss from change in fair value of derivative financial instruments	–	–	(6,577)	–	(54,864)	–	(61,441)
Loss from change in fair value of financial liabilities at fair value through profit or loss	–	–	–	–	–	(7,725)	(7,725)
Interests in associates	32,440	137,030	–	–	–	12,150	181,620
Interests in jointly controlled entities	9,666	–	–	–	–	65,625	75,291
Share of results of associates	(579)	27,229	–	–	–	1,942	28,592
Share of results of jointly controlled entities	–	–	–	–	–	410	410
Allowance for amount due from a jointly controlled entity	–	(13,200)	–	–	–	–	(13,200)
Loss on disposal of associate	–	–	–	–	–	(4,928)	(4,928)
Addition of non-current assets (note)	6,474	23,329	945,930	698,208	–	5,269	1,679,210

Note: Non-current assets excluded financial instruments.

Segment liabilities are not disclosed as they are not regularly reviewed by chief operating decision maker.

#### Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers determined based on the operating location and (ii) the Group's non-current assets by location of assets.

	Revenue from external customers		Non-current assets	
	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
HK	564,270	440,603	4,103,116	3,976,915
PRC	248,768	442,830	1,939,879	1,808,367
Australia	531,516	1,187,376	687,295	621,647
Malaysia	285,410	250,328	1,198,029	1,154,253
Singapore	24,482	21,098	876,255	834,509
United States of America ("USA")	–	–	–	140,078
Others	–	–	–	18,240
	1,654,446	2,342,235	8,804,574	8,554,009

Notes:

- (i) None of the segments derived any revenue from transactions with other segments.
- (ii) No revenue from customers for the year or the corresponding year contributes over 10% of the total revenue of the Group.
- (ii) Non-current assets exclude interests in associates and jointly controlled entities, available-for-sale investments and financial assets at fair value through profit or loss, amounts due from associates, investee company, other receivables and pledged deposits.



## Notes to the Consolidated Financial Statements

### 8. REVENUE

Revenue represents the aggregate amount of proceeds from sale of properties, income from hotel operation, gross rental from leasing of properties, car park operation, provision of property management services, interest income from financial instruments and other operation are set out as follows:

	2011 HK\$'000	2010 HK\$'000
Sale of properties	235,772	1,367,344
Hotel operation	825,533	577,489
Leasing of properties	93,423	88,755
Car park operation	463,727	279,822
Provision of property management services	19,745	22,368
Interest income from financial instruments	15,739	5,203
Other operations	507	1,254
	<b>1,654,446</b>	<b>2,342,235</b>

### 9. OTHER GAINS AND LOSSES

	2011 HK\$'000	2010 HK\$'000
Increase in fair value of investment properties	312,796	166,197
Change in fair value of financial assets at fair value through profit or loss	421	3,731
Gain (loss) on disposal of available-for-sale investments	37,591	(4,394)
Change in fair value of investments held for trading	5,863	7,367
Gain on disposal of a subsidiary (note 38(b))	81,385	–
Change in fair value of derivative financial instruments	(64,482)	(61,441)
Change in fair value of financial liabilities at fair value through profit or loss	–	(7,725)
Allowance for amount due from a jointly controlled entity	(5,152)	(13,200)
Loss on disposal of associates	–	(4,928)
	<b>368,422</b>	<b>85,607</b>

### 10. FINANCE COSTS

	2011 HK\$'000	2010 HK\$'000
Interest on:		
Bank loans		
– wholly repayable within five years	151,765	122,116
– not wholly repayable within five years	38,002	27,936
Other loans		
– wholly repayable within five years	1,070	1,625
Convertible bonds	49,001	9,805
Finance leases	21	71
Amortisation of front-end fee	15,381	13,495
Others	2,387	975
Total interest costs	<b>257,627</b>	<b>176,023</b>
Less: Amounts capitalised to:		
– properties for/under development for sale	(50,463)	(44,926)
– owner's occupied properties under development	(19,755)	(20,241)
– investment properties under development	(1,284)	(1,159)
	<b>186,125</b>	<b>109,697</b>

## 11. INCOME TAX EXPENSE

	2011 HK\$'000	2010 HK\$'000 (restated)
The income tax expense comprises:		
Current tax:		
Hong Kong Profits Tax	36,499	13,301
People's Republic of China Enterprise Income Tax ("EIT")	20,324	40,525
People's Republic of China Land Appreciation Tax ("LAT")	31,295	73,267
Australia Income Tax	10,106	9,415
Malaysia Income Tax	3,821	830
Singapore Income Tax	926	235
	102,971	137,573
Deferred taxation (note 37)		
Current year	5,577	(2,807)
Attributable to changes in tax rate	–	(282)
	5,577	(3,089)
	108,548	134,484

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit of individual companies comprising the Group less unutilised tax losses brought forward where applicable.

The EIT is calculated in accordance with the EIT Law and Implementation Regulations of the EIT Law. The tax rate is 25% from 1st January, 2008 onwards.

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

The income tax expense for the year can be reconciled to profit before taxation per the consolidated statement of comprehensive income as follows:

	Hong Kong HK\$'000	PRC HK\$'000	Malaysia HK\$'000	Australia HK\$'000	Others HK\$'000	Total HK\$'000
<b>2011</b>						
Profit before taxation	344,549	38,585	52,878	25,141	93,876	555,029
Applicable income tax rate	16.5%	25%	25%	30%	17%	
Tax at the applicable income tax rate	56,851	9,646	13,220	7,542	15,234	102,493
Tax effect of expenses not deductible for tax purpose	16,662	10,098	2,545	206	1,456	30,967
Tax effect of income not taxable	(26,267)	(2,330)	(141)	(946)	(9,373)	(39,057)
LAT	–	31,295	–	–	–	31,295
Tax effect of LAT	–	(7,824)	–	–	–	(7,824)
Utilisation of deductible temporary difference not recognised	(320)	–	–	–	–	(320)
Tax effect of deductible temporary difference not recognised	–	3,333	–	1,981	–	5,314
Tax effect of tax losses not recognised	5,294	6,473	–	1,485	1,724	14,976
Utilisation of tax losses not previously recognised	(6,830)	–	(11,859)	(251)	(5,216)	(24,156)
Tax effect of share of results of associates	(5,484)	–	–	–	–	(5,484)
Tax effect of share of results of jointly controlled entities	–	(421)	–	(917)	–	(1,338)
Under (over)provision in prior years	318	–	374	–	(86)	606
Others	2,288	(426)	91	1,005	(1,882)	1,076
Income tax expense for the year	42,512	49,844	4,230	10,105	1,857	108,548

## Notes to the Consolidated Financial Statements

### 11. INCOME TAX EXPENSE (Continued)

	Hong Kong HK\$'000	PRC HK\$'000	Malaysia HK\$'000	Australia HK\$'000	Others HK\$'000	Total HK\$'000
<b>2010</b>						
Profit before taxation	111,736	209,668	44,582	75,454	51,416	492,856
Applicable income tax rate	16.5%	25%	25%	30%	16%	
Tax at the applicable income tax rate	18,436	52,417	11,146	22,636	8,047	112,682
Tax effect of expenses not deductible for tax purpose	12,394	4,026	1,616	4,106	1,390	23,532
Tax effect of income not taxable	(31,597)	–	(1,979)	(17,526)	(280)	(51,382)
LAT	–	73,267	–	–	–	73,267
Tax effect of LAT	–	(18,317)	–	–	–	(18,317)
Tax effect of tax losses not recognised	11,825	3,227	643	–	–	15,695
Utilisation of tax losses not previously recognised	(2,974)	–	(9,567)	(975)	–	(13,516)
Decrease in operating deferred tax liabilities resulting from a decrease in applicable tax rate	–	–	–	–	(282)	(282)
Tax effect of share of results of associates	(4,718)	–	–	–	–	(4,718)
Tax effect of share of results of jointly controlled entities	–	103	–	–	–	103
(Over) underprovision in prior years	(194)	–	43	–	(152)	(303)
Others	(2,680)	1,443	29	(7)	(1,062)	(2,277)
Income tax expense for the year	492	116,166	1,931	8,234	7,661	134,484

Details of the deferred taxation are set out in note 37.

### 12. PROFIT FOR THE YEAR

	2011 HK\$'000	2010 HK\$'000 (restated)
Profit for the year has been arrived at after charging:		
Cost of properties sold recognised as an expense	131,041	1,006,628
Auditor's remuneration	8,511	6,366
Depreciation	121,480	76,236
Amortisation of prepaid lease payments	10,359	10,769
Less: Amount capitalised to hotel properties under development	(8,116)	(5,685)
	2,243	5,084
Amortisation of intangible assets	2,572	1,756
Amortisation of investment in a jointly controlled entity (included in share of results of jointly controlled entities)	2,904	2,904
Staff costs	365,228	263,798
Loss on disposal of property, plant and equipment	–	9
Share of taxation of associates (included in share of results of associates)	872	4,315
and crediting:		
Rental income, net of outgoings of HK\$15,915,000 (2010: HK\$14,820,000)	77,508	73,935
Dividend income from:		
Investment held for trading	697	1,044
Available-for-sale investments	725	6,086
	1,422	7,130
Gain on disposal of property, plant and equipment	1,285	–
Reversal of bad and doubtful debts	1,336	–
Bank interest income	2,123	3,679

### 13. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the consolidated profit for the year attributable to the owners of the Company of HK\$394,212,000 (2010: HK\$323,805,000) and the number of shares calculated as follows :

	2011 '000	2010 '000
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,907,404	1,801,413
Effect of dilutive potential ordinary shares – share options	2,610	1,682
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,910,014	1,803,095

The computation of diluted earnings per share for the year ended 31st March, 2011 and 31st March, 2010 did not assume the conversion of the Company's outstanding convertible bonds since their exercise would result in an increase in earnings per share.

### 14. DIVIDENDS

	2011 HK\$'000	2010 HK\$'000
Dividends recognised as distribution during the year:		
Interim dividend of HK2 cents (2010: HK2 cents) per share	38,167	37,993
Final dividend, paid for 2010 – HK4 cents (2010: Final dividend, paid for 2009: HK2 cents) per share	76,093	37,663
	114,260	75,656

A final dividend for the year ended 31st March, 2011 of HK5 cents (2010: HK4 cents) per share has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

Shareholders have an option to receive cash in lieu of new shares of the Company for the dividend proposed and paid during the year. Shares issued during the year on the shareholders' election to receive shares are set out in note 35.

## 15. DIRECTORS' AND FIVE HIGHEST PAID EMPLOYEES' REMUNERATION

### (a) Directors' emoluments

The emoluments paid and payable to each of the directors of the Company were as follows:

#### For the year ended 31st March, 2011

Name of directors	Fees HK\$'000	Salaries and other benefits HK\$'000 (note)	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
<i>Executive Directors</i>				
Deacon Te Ken CHIU	25	3,100	–	3,125
David CHIU	25	2,565	12	2,602
Dennis CHIU	25	1,136	49	1,210
Craig Grenfell WILLIAMS	25	2,434	148	2,607
<i>Non-executive Directors</i>				
Ching Lan JU CHIU	25	650	–	675
Daniel Tat Jung CHIU	25	–	–	25
<i>Independent Non-executive Directors</i>				
Jian Yin JIANG	25	–	–	25
Kwok Wai CHAN	150	–	–	150
Peter Man Kong WONG	150	–	–	150
	475	9,885	209	10,569

#### For the year ended 31st March, 2010

Name of directors	Fees HK\$'000	Salaries and other benefits HK\$'000 (note)	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
<i>Executive Directors</i>				
Deacon Te Ken CHIU	25	2,203	–	2,228
David CHIU	25	3,713	12	3,750
Dennis CHIU	25	1,519	43	1,587
Craig Grenfell WILLIAMS	25	8,048	119	8,192
<i>Non-executive Directors</i>				
Ching Lan JU CHIU	25	650	–	675
Daniel Tat Jung CHIU	25	–	–	25
<i>Independent Non-executive Directors</i>				
Jian Yin JIANG	25	–	–	25
Kwok Wai CHAN	150	–	–	150
Peter Man Kong WONG	150	–	–	150
	475	16,133	174	16,782

Note: The amount included the performance related incentive payment which is determined as a percentage of the turnover of the Group for the two year ended 31st March, 2011.



**15. DIRECTORS' AND FIVE HIGHEST PAID EMPLOYEES' REMUNERATION** (Continued)**(b) Employees' emoluments**

Of the five individuals with the highest emoluments in the Group, two (2010: three) were directors whose emoluments are disclosed above. The remuneration of the remaining three (2010: two) individuals were as follows:

	2011 HK\$'000	2010 HK\$'000
Salaries and other benefits	5,451	2,686
Contributions to retirement benefits scheme	40	24
Share options	5,330	1,028
	<b>10,821</b>	<b>3,738</b>

Their emoluments were within the following bands:

	2011 Number of employees	2010 Number of employees
HK\$1,500,001 to HK\$2,000,000	–	2
HK\$3,000,001 to HK\$3,500,000	1	–
HK\$3,500,001 to HK\$4,000,000	2	–

No emolument was paid to the directors and the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during both years. No directors waived any of their emoluments for both years.

**16. INVESTMENT PROPERTIES**

	Completed properties HK\$'000	Properties under development HK\$'000	Total HK\$'000
At 1st April, 2009	1,943,061	–	1,943,061
Reclassified investment properties in accordance with amendments to HKAS 40	–	171,659	171,659
Additions	3,941	12,556	16,497
Reclassified from property, plant and equipment and prepaid lease payments	31,727	–	31,727
Reclassified to property, plant and equipment and prepaid lease payments	(89,219)	–	(89,219)
Disposal	(108,639)	–	(108,639)
Increase in fair value	166,197	–	166,197
Exchange alignment	48,047	–	48,047
At 31st March, 2010	1,995,115	184,215	2,179,330
Additions	6,658	2,480	9,138
Reclassified from property, plant and equipment and prepaid lease payments	8,155	–	8,155
Disposal	(14,200)	–	(14,200)
Increase in fair value	237,207	75,589	312,796
Exchange alignment	86,055	–	86,055
At 31st March, 2011	2,318,990	262,284	2,581,274

**16. INVESTMENT PROPERTIES** (Continued)

	31.3.2011 HK\$'000	31.3.2010 HK\$'000
The carrying amount of investment properties which are stated at fair value are on land located:		
In Hong Kong:		
Long lease	411,894	302,360
Medium-term lease	786,326	704,214
Outside Hong Kong:		
Freehold	53,271	49,302
Long lease	574,728	419,780
Medium-term lease	755,055	703,674
	<b>2,581,274</b>	<b>2,179,330</b>

The fair value of the completed investment properties in Hong Kong, the PRC, Malaysia, Singapore and Australia at 31st March, 2011 have been arrived at on the basis of a valuation carried out on that date by DTZ Debenham Tie Leung Limited, Raine & Horne International Zaki + Partners Sdn. Bhd., Jones Lang LaSalle Property Consultants Pte Ltd. and CB Richard Ellis (V) Pty Ltd, independent qualified professional valuers not connected with the Group, respectively. DTZ Debenham Tie Leung Limited, are members of the Hong Kong Institute of Surveyors and Raine & Horne International Zaki + Partners Sdn. Bhd., Jones Lang LaSalle Property Consultants Pte Ltd. and CB Richard Ellis (V) Pty Ltd are member of Royal Institution of Chartered Surveyors. The valuation was arrived at by reference to market evidence of transaction prices for similar properties at similar locations.

In the prior periods, the fair value of investment properties under development could not be reliably determined, and accordingly, such properties were measured at cost less impairment. During the year, approval was granted by the lands tribunal for the compulsory sale by the existing owners of the remaining units of the properties not yet owned by the Group. As a result, the fair value of the properties as at 31st March, 2011 can be reliably determined to be HK\$262,284,000. The Group recognised the increase in fair value of HK\$75,589,000 of such properties in the current year.

The valuation of the investment properties under development has been arrived at by using direct comparison approach with reference to comparable properties as available in the market with adjustments made to account for the differences and with due allowance for development costs. The valuation has also taken into account construction cost, finance cost and professional fees that will be expended to complete the development as well as a developer's profit to reflect the risks associated with the development of the property.

During the year, the Group changed the use of certain floors of a hotel/commercial complex, which were accordingly transferred from hotel properties (classified as property, plant and equipment and prepaid lease payments) to investment properties at their fair value of HK\$8,155,000 (2010: HK\$31,727,000) on the date of transfer.

Investment properties with carrying amount of HK\$2,080,862,000 (2010: HK\$1,719,894,000) are under legal charge to secure bank borrowings of the relevant group entities.

The carrying amounts of properties under development at the end of the reporting period includes capitalised interest expense of HK\$4,748,000 (2010: HK\$3,464,000).

## Notes to the Consolidated Financial Statements

### 17. PROPERTY, PLANT AND EQUIPMENT

	Hotel		Other properties		Car parks	Other assets	Total
	Completed	Under development	Completed	Under development			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>COST</b>							
At 1st April, 2009							
As originally stated	2,382,578	632,139	90,360	138,123	–	139,183	3,382,383
Effect of change in accounting policies	377,164	676,239	–	177,318	–	–	1,230,721
As restated	2,759,742	1,308,378	90,360	315,441	–	139,183	4,613,104
Reclassified to investment property in accordance with amendments to HKAS 40	–	–	–	(171,659)	–	–	(171,659)
Additions	58,691	465,997	–	3,991	216,697	39,674	785,050
Reclassification upon completion of development	204,575	(204,575)	–	–	–	–	–
Acquired through business combinations	–	–	–	–	374,971	23,186	398,157
Revaluation increase upon transfer to investment properties	3,422	–	–	–	–	–	3,422
Reclassified to investment properties	(13,799)	–	–	–	–	–	(13,799)
Reclassified from investment properties	33,900	–	–	–	–	–	33,900
Disposal	–	–	–	–	–	(14,551)	(14,551)
Exchange alignment	88,370	1,075	703	–	59,264	13,123	162,535
At 31st March, 2010 (restated)	3,134,901	1,570,875	91,063	147,773	650,932	200,615	5,796,159
Additions	–	282,438	5,070	7,630	2,957	102,565	400,660
Reclassification upon completion of development	446,491	(504,632)	–	–	–	58,141	–
Reclassified to investment properties	(2,126)	–	–	–	–	–	(2,126)
Reclassified to non-current assets held for sale	–	–	–	(79,648)	–	–	(79,648)
Disposal	(135,172)	–	(2,047)	–	–	(5,301)	(142,520)
Disposal of a subsidiary	(178,699)	–	–	–	–	(34,870)	(213,569)
Exchange alignment	71,732	9,369	3,617	–	61,209	12,144	158,071
At 31st March, 2011	3,337,127	1,358,050	97,703	75,755	715,098	333,294	5,917,027
<b>DEPRECIATION AND IMPAIRMENT</b>							
At 1st April, 2009							
As originally stated	142,854	–	28,461	–	–	69,112	240,427
Effect of change in accounting policies	27,159	–	–	–	–	–	27,159
As restated	170,013	–	28,461	–	–	69,112	267,586
Provided for the year	52,635	–	3,668	–	2,021	17,912	76,236
Eliminated on reclassification to investment properties	(1,485)	–	–	–	–	–	(1,485)
Eliminated on disposal	–	–	–	–	–	(10,617)	(10,617)
Exchange alignment	8,253	–	314	–	–	6,990	15,557
At 31st March, 2010 (restated)	229,416	–	32,443	–	2,021	83,397	347,277
Provided for the year	78,799	–	4,962	–	7,988	29,731	121,480
Eliminated on reclassification to investment properties	(206)	–	–	–	–	–	(206)
Eliminated on disposal	–	–	–	–	–	(3,885)	(3,885)
Eliminated on disposal of a subsidiary	(543)	–	–	–	–	–	(543)
Exchange alignment	4,461	–	1,781	–	972	2,889	10,103
At 31st March, 2011	311,927	–	39,186	–	10,981	112,132	474,226
<b>CARRYING VALUES</b>							
At 31st March, 2011	3,025,200	1,358,050	58,517	75,755	704,117	221,162	5,442,801
At 31st March, 2010 (restated)	2,905,485	1,570,875	58,620	147,773	648,911	117,218	5,448,882
At 1st April, 2009 (restated)	2,589,729	1,308,378	61,899	315,441	–	70,071	4,345,518

**17. PROPERTY, PLANT AND EQUIPMENT** (Continued)

The carrying amounts of hotel, other properties and car parks shown above comprise:

	31.3.2011 HK\$'000	31.3.2010 HK\$'000 (restated)	1.4.2009 HK\$'000 (restated)
Leasehold land and building in Hong Kong:			
Long lease	142,057	479,360	374,925
Medium-term lease	2,688,927	2,455,105	2,420,977
Freehold land and building outside Hong Kong	1,500,743	1,578,620	835,144
Building on leasehold land outside Hong Kong:			
Long lease	137,557	127,756	93,090
Medium-term lease	752,355	690,823	551,311
	5,221,639	5,331,664	4,275,447

Leasehold lands are depreciated over the term of the lease of land. Completed buildings are depreciated on a straight-line basis over their useful lives ranging from 50 to 99 years or the remaining term of the lease of land, whichever is the shorter. Other items of property, plant and equipment are depreciated on a straight-line basis at the rates of 10% to 20% per annum. No depreciation is provided on freehold land and buildings under development.

The carrying amounts of properties under development at the end of the reporting period includes capitalised interest expense of HK\$45,940,000 (2010: HK\$42,996,000).

The Group is in the process of obtaining the title of certain hotel properties located in Malaysia with carrying amount of HK\$318,317,000 (2010: HK\$312,337,000).

Included in other assets is an aggregate carrying amount of HK\$2,402,000 (2010: HK\$5,915,000) in respect of assets held under finance leases.

Properties with carrying amount of HK\$4,625,700,000 (2010: HK\$4,240,223,000) are under charge to secure bank borrowings of the relevant group entities.

**18. PREPAID LEASE PAYMENTS**

	31.3.2011 HK\$'000	31.3.2010 HK\$'000 (restated)
At 1st April		
As originally stated	1,969,257	1,520,345
Effect of change in accounting policies	(1,208,997)	(1,203,562)
As restated	760,260	316,783
Transfer from investment properties	–	55,319
Transfer to properties for sale – for/under development	(180,608)	–
Transfer to investment properties	(6,235)	(19,413)
Revaluation increase upon transfer to investment properties	3,176	5,421
Additions	24,509	402,106
Amortisation	(10,359)	(10,769)
Exchange alignment	8,963	10,813
At 31st March	599,706	760,260
The carrying value represents leasehold land outside Hong Kong:		
Long-term lease with lease period ranging from 83 to 99 years	297,439	436,119
Medium-term lease with lease period ranging from 33 to 37 years	302,267	324,141
	599,706	760,260
Analysed for reporting purposes as:		
Current asset	13,636	19,116
Non-current asset	586,070	741,144
	599,706	760,260

## 18. PREPAID LEASE PAYMENTS *(Continued)*

During the year ended 31st March, 2011, the Group had finalised the development plan in respect of certain leasehold land for hotel development and for residential development, at which time the portion of land cost attributable to the latter amounting to HK\$180,608,000 is reliably determinable and allocated to properties for sale.

Pursuant to the change of use of certain floors of a building as disclosed in note 16, the fair value of the leasehold land attributable to these floors was transferred to investment properties at their fair value of HK\$6,235,000 (2010: HK\$19,413,000). Revaluation gain attributable to these floors amounting to HK\$3,176,000 (2010: HK\$5,421,000) net of deferred tax of HK\$794,000 (2010: HK\$1,355,000) is recognised in property revaluation reserve upon the transfer to investment properties.

Leasehold land with carrying value of HK\$592,361,000 (2010: HK\$749,760,000) are under charge to secure bank borrowings of the relevant group entities.

## 19. GOODWILL

Goodwill arose from the acquisition of 73.75% equity interest in certain subsidiaries engaged in car park operation during the year ended 31st March, 2010.

The management determines that there is no impairment on the carrying amount of the goodwill based on the estimated recoverable amount of cash generated from the car park operation. The calculation uses cash flow projections based on financial budgets approved by the management covering a 5-years period, and at a discount rate of 10%. The management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of the goodwill exceeding its recoverable amount.

## 20. INTANGIBLE ASSETS

	31.3.2011 HK\$'000	31.3.2010 HK\$'000 (restated)
<b>COST</b>		
At beginning of the year	9,000	—
Fair value of assets acquired	—	9,000
At end of the year	9,000	9,000
<b>AMORTISATION</b>		
At beginning of the year	1,756	—
Provided for the year	2,572	1,756
At end of the year	4,328	1,756
<b>CARRYING VALUES</b>		
At end of the year	4,672	7,244

Intangible assets relate to the rights to manage the operation of certain carparks. Based on the valuation performed by independent chartered accountants, Nexia ASR Pty Ltd, and completed during the year on the carpark operation business, the fair value of the rights to manage the carparks at the date of the acquisition is identified to be HK\$9,000,000, which is determined on the income-based method. Adjustment is made in the consolidated financial statements to reflect the value of such management rights. The comparative figures for the prior period have been restated accordingly.

The management determines that there is no impairment on the carrying amount of the intangible assets based on the estimated recoverable amount of cash generated from the car park operation. The calculation uses cash flow projections based on financial budgets approved by the management covering a 5-years period, and at a discount rate of 10%. The management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of the intangible assets exceeding its recoverable amount.

The intangible assets are amortised on a straight-line basis over their estimated useful lives of 3 ½ years.



## 21. INTERESTS IN ASSOCIATES

	31.3.2011 HK\$'000	31.3.2010 HK\$'000
Unlisted investments, at cost	69,900	69,900
Share of post-acquisition reserves, net of dividends/distributions received	139,110	111,720
	<b>209,010</b>	181,620

Details of the Group's principal associates at the end of the reporting period are set out in note 49.

Included in the cost of investments in associates is goodwill of HK\$10,601,000 (2010: HK\$10,601,000) arising on acquisitions of associates in prior years.

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

	31.3.2011 HK\$'000	31.3.2010 HK\$'000
Total assets	883,767	770,067
Total liabilities	(154,215)	(161,230)
	<b>729,552</b>	608,837
Group's share of net assets	<b>198,409</b>	171,019
Revenue	560,065	510,385
Profit for the year	120,138	116,744
Group's share of results for the year	<b>33,231</b>	28,592

The Group has discontinued recognising its share of losses of certain associates. The amounts of unrecognised share of losses of those associates, extracted from the relevant management accounts of the associates, both for the year and cumulatively, are as follows:

	31.3.2011 HK\$'000	31.3.2010 HK\$'000
Unrecognised share of losses for the year	16	19
Accumulated unrecognised share of losses	<b>50,226</b>	50,210

## 22. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	31.3.2011 HK\$'000	31.3.2010 HK\$'000 (restated)
Unlisted investments, at cost	30,543	43,113
Share of post-acquisition reserves, net of dividends/distributions received	32,898	32,178
	<b>63,441</b>	75,291

**22. INTERESTS IN JOINTLY CONTROLLED ENTITIES** (Continued)

Details of the Group's jointly controlled entities at the end of the reporting period are as follows:

Name of entity	Country of registration/ incorporation and operations	Proportion of registered capital/nominal value of ordinary share capital held by the Group		Principal activities
		2011	2010	
Dorvic Hotel F & B Limited (note a)	Hong Kong	60%	60%	Restaurant operation and became inactive since February 2011
商丘永遠公路有限公司 Shangqiu Yongyuan Development Company Limited ("Shangqiu Yongyuan") (notes a, b)	PRC	68%	68%	Operation of highway
Jarrah Estate (Bundoora) Joint Venture	Australia	25%	25%	Property development

Notes:

- (a) The entity is accounted for as jointly controlled entity although the Group's interest is more than 50% as the Group and the other equity owner jointly control the operating and financial policies of the entity under a contractual arrangement.
- (b) The entity is established, under a joint venture agreement, for the construction and operation of a highway for a term of 21 years commencing from 31st July, 1997. The Group is entitled to 85% of the profits from operation of the highway until the Group has recouped in full its investment cost from the distribution by the entity. Thereafter, the Group is entitled to 25% of the profits whereas the PRC joint venture partner is entitled to the remaining 75% until the joint venture partner has recouped in full its investment cost, which is the agreed fair value of the land contributed to the entity. Thereafter, both parties' entitlement to the share of profit is in proportion to their respective contribution. On expiry of the joint venture period, the joint venture will be dissolved and all remaining undistributed assets will be surrendered to the PRC party. Accordingly, the Group's cost of investment in the jointly controlled entity is amortised over the joint venture period.

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

	31.3.2011 HK\$'000	31.3.2010 HK\$'000
Non-current assets	53,570	57,707
Current assets	45,821	73,615
Current liabilities	(8,480)	(33,418)
Revenue	78,923	18,155
Expenses	(74,181)	(17,745)

**23. AVAILABLE-FOR-SALE INVESTMENTS**

	31.3.2011 HK\$'000	31.3.2010 HK\$'000
Listed equity securities:		
Hong Kong	40,956	193,230
Overseas	37,498	5,292
	78,454	198,522
Unlisted:		
Equity securities	33,173	61,990
Debt securities	64,292	48,009
Investment funds	23,566	20,432
	121,031	130,431
	199,485	328,953
Analysed for reporting purposes as:		
Non-current assets	175,919	308,056
Current assets	23,566	20,897
	199,485	328,953

Available-for-sale investments are stated at fair value except that the unlisted equity securities are measured at cost less impairment as the directors are of the opinion that their fair values cannot be measured reliably.

In the current year, the Group disposed of certain unlisted securities with carrying amount of HK\$38,950,000 which had been carried at cost less impairment before the disposal. A gain on disposal of HK\$10,350,000 has been recognised in profit or loss for the current year.

The fair value of the listed equity securities are determined based on the quoted market bid prices available on the relevant stock exchanges. The fair value of the debt securities are determined in accordance with generally accepted pricing models based on discounted cash flow using market interest rates. The fair value of the investment funds is determined based on the quoted bid price available from the counterparties of which is determined based on market price of the underlying listed securities.

**24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	31.3.2011 HK\$'000	31.3.2010 HK\$'000
Investments held for trading		
Equity securities listed in Hong Kong	29,844	9,040
Equity securities listed overseas	31,845	3,137
Financial assets at fair value through profit or loss		
Debt securities	8,019	–
Structured investment	4,671	4,574
Equity-linked notes	–	7,384
	74,379	24,135
Analysed for reporting purposes as:		
Non-current assets	4,671	4,574
Current assets	69,708	19,561
	74,379	24,135

The fair value of investments held for trading are determined based on quoted market bid price available on the relevant stock exchanges. The fair values of the debt securities, equity-linked notes and structured investment are determined using generally accepted pricing models based on discounted cashflow using prices or rates from observable current market transactions. Key assumptions include prices of underlying listed shares and market interest rate.

## 25. AMOUNTS DUE FROM ASSOCIATES

	31.3.2011 HK\$'000	31.3.2010 HK\$'000
Unsecured interest free advance to associates	101,513	94,071
Less: Amounts due within one year shown as current assets	(4,863)	(3,628)
Amounts due after one year	96,650	90,443

In determining the recoverability of the amounts due from associates, the Group takes into consideration the fair values of the underlying assets, the future operation and cashflows of the associates.

## 26. OTHER RECEIVABLES

	31.3.2011 HK\$'000	31.3.2010 HK\$'000
Promissory notes receivable	135,975	—
Second mortgage loans and interest receivable	24,134	26,482
	160,109	26,482
Less: Impairment loss recognised on second mortgage loans	(22,101)	(23,814)
	138,008	2,668
Less: Amount due within one year and shown as current assets	(1,112)	(721)
Amount due after one year	136,896	1,947

Promissory notes with aggregate principal amount of US\$17,500,000 (equivalent to HK\$135,975,000) represent the balance payment of the consideration from disposal of certain properties outside Hong Kong. The notes carry interest at 2% per annum in the first year and 4% per annum thereafter and are due on maturity in February 2014. The notes are secured by first priority mortgage liens over the properties disposed of and a pledge of the purchasers' equity interest in the acquired entity.

Second mortgage loans and interest receivable are secured by certain properties of the borrowers. They bear interest at prime rate with the effective interest rate for the year of 5.00% (2010: 5.00%), and are repayable by instalments in accordance with their respective repayment terms.

The aging of the second mortgage loans and interest receivable that are past due but not impaired are as follows:

	31.3.2011 HK\$'000	31.3.2010 HK\$'000
31 – 60 days	52	54
61 – 90 days	50	54
Over 90 days	1,810	2,506
	1,912	2,614

No further allowance for doubtful debts is recognised during both years. Reversal of doubtful debt amounting to HK\$1,713,000 (2010: Nil) is made during the year on recovery of the debts.

In determining the recoverability of a loan receivable, the Group considers any change in the credit quality of the borrowers and the value of the underlying properties under mortgage. The directors believe that there is no further provision required.

**27. BANK DEPOSITS, BANK BALANCES AND CASH**

Pledged deposits included in non-current assets carry fixed interest rates ranging from 0.001% to 6.0% (2010: 0.001% to 0.01%) per annum with maturity date ranging from 1 to 6 months. These deposits are pledged to secure bank loans repayable after one year.

Pledged deposits included in current assets include time deposits of HK\$2,728,000 (2010: HK\$17,368,000) which carry fixed interest rates ranging from 0.001% to 0.5% (2010: 0.001% to 0.68%) per annum and the remaining balances at an average market interest rate of 2.72% (2010: 0.06%) with maturity dates ranging from 1 to 6 months. These deposits are pledged to secure bank borrowings repayable within one year.

Restricted bank deposits can be solely applied for settlement of development cost of designated property projects.

Bank balances comprise of short-term time deposits of HK\$497,386,000 (2010: HK\$292,010,420) with maturity dates of three months or less. These deposits carry interest at fixed rate ranging from 0.001% to 4.47% (2010: 0.001% to 3.25%) per annum and the remaining balances carry market interest rate of 0.01% (2010: 0.01%).

**28. PROPERTIES FOR SALE**

Included in properties for sale are properties with a carrying value of HK\$2,658,204,000 (2010: HK\$1,499,932,000) which are not expected to be realised within the next twelve months.

**29. DEBTORS, DEPOSITS AND PREPAYMENTS**

	31.3.2011 HK\$'000	31.3.2010 HK\$'000
Trade debtors	73,079	105,831
Advance to contractors	28,796	26,272
Utility and other deposits	38,402	31,833
Prepayment and other receivables	89,049	65,451
	<b>229,326</b>	<b>229,387</b>

The following is an aged analysis of trade debtors based on the invoice date:

	31.3.2011 HK\$'000	31.3.2010 HK\$'000
0 – 60 days	62,688	94,054
61 – 90 days	5,431	4,926
Over 90 days	4,960	6,851
	<b>73,079</b>	<b>105,831</b>

Trade debtors aged over 60 days are past due but are not impaired.

Trade debtors mainly comprise of receivable from sale and renting of properties. Sale of properties are settled according to the payment terms of individual contract but have to be fully settled before transfer of the legal titles. No credit are allowed to the tenants of the properties. Rentals are payable on presentation of demand notes. Hotel room revenue is normally settled by cash or credit card. Credit period of 30 to 60 days are allowed to travel agents and corporate customers.

The Group has provided in full all receivable that have been past due and are generally not recoverable.

In determining the recoverability of trade and other debtors, the Group considers the subsequent settlement and any change in the credit quality of the debtors from the date credit was initially granted up to the end of each of the reporting period. There is no concentration of credit risk due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance already made. The Group does not hold any collateral over these balances.



## Notes to the Consolidated Financial Statements

### 29. DEBTORS, DEPOSITS AND PREPAYMENTS (Continued)

Allowance for doubtful debts was provided on the trade debtors and the movements are as follows:

	31.3.2011 HK\$'000	31.3.2010 HK\$'000
Balance at beginning of the year	6,990	9,534
Impairment losses recognised (reversed)	261	(842)
Amount written off as uncollectible	(164)	(1,702)
Balance at end of the year	7,087	6,990

Allowance for doubtful debts was provided on other receivables and the movements are as follows:

	31.3.2011 HK\$'000	31.3.2010 HK\$'000
Balance at beginning of the year	16,064	15,091
Impairment losses recognised	116	863
Amount written off as uncollectible	(14,390)	–
Exchange alignment	785	110
Balance at end of the year	2,575	16,064

### 30. DERIVATIVE FINANCIAL INSTRUMENTS

	Assets		Liabilities	
	31.3.2011 HK\$'000	31.3.2010 HK\$'000	31.3.2011 HK\$'000	31.3.2010 HK\$'000
Interest rate swap (note i)	376	1,678	(61,824)	(37,908)
Index swap (note ii)	–	–	(7,471)	(6,358)
Call/put options in listed equity securities (note iii)	22	30	(71)	(208)
	398	1,708	(69,366)	(44,474)
Analysed for reporting purpose as:				
Current assets	398	1,708	–	–
Current liabilities	–	–	(751)	(208)
Non-current liabilities	–	–	(68,615)	(44,266)
	398	1,708	(69,366)	(44,474)

### 30. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Notes:

- (i) Major terms of the interest rate swap contracts entered into by the Group to reduce its exposure to interest rate fluctuation of the bank borrowings that carry interest at variable interest rate are set out below. These derivatives are not accounted for under hedge accounting.

(a)	Date of contract:	15th January, 2009
	Effective date:	25th March, 2010
	Notional amount:	HK\$1,900,000,000
	Maturity:	September 2013
	Interest payment:	From 3 months HIBOR to fixed rate of 2.395% per annum.
(b)	Date of contract:	25th September, 2008
	Notional amount:	Aggregate total of HK\$1,900,000,000
	Maturity:	September 2013 with an option of early termination by the Group
	Interest payment:	Pay interest at 3 months HIBOR with a maximum capped at 7.5% per annum and receive interest at 3 months HIBOR with upfront payment of HK\$19.9 million
(c)	Date of contract:	28th July, 2010
	Effective date:	7th October, 2010
	Notional amount:	SGD10,000,000
	Maturity:	December 2013
	Interest payment:	Pay interest at a fixed rate of 1.46% and receive interest at 3 months S\$ SOR

The fair value of the interest rate swap contracts are determined based on the discounted cash flow analysis using the applicable yield curve and the remaining duration of the instruments.

- (ii) Major terms of the contract, which is linked to Nikkei Heikin Kabula 225 Index ("Nikkei 225 Index"), are set out below:

Date of contract:	26th January, 2006
Effective date:	2nd February, 2006
Notional amount:	JPY1,734,750,000
Maturity:	February 2018 with an option of early termination by the banker
Interest payment:	6 month JPY LIBOR BBA payable semi-annually with additional coupon calculated at 20 Year JPY Constant Maturity Swap – 2 Year JPY Constant Maturity Swap plus 0.60% of on the relevant fixing date, the closing price of Nikkei 225 Index is above 11,000 or 0.10% per annum if Nikkei 225 Index is equal to or below 11,000.

The fair value of the index swap is determined in accordance with discounted cash flow analysis based on data obtained from current market transaction and applicable yield curve and remaining durations of the instruments.

- (iii) Call and put options represents right to purchase or sell listed equity securities with predetermined prices on maturity. Duration of these contracts ranges from one to three months.

The fair value of the call and put options is determined in accordance with generally accepted pricing model based on quotation from the counterparties for similar instruments.

### 31. NON-CURRENT ASSETS HELD FOR SALE

During the year ended 31st March, 2011, the Company decided to dispose of certain properties in Hong Kong held under medium-term lease. The properties which were previously planned for owners' occupation is reclassified from property, plant and equipment to non-current assets held for sale at their carrying value of HK\$79,648,000. These properties are currently under fixed charge to secure bank borrowings of the relevant group entity.

**32. CREDITORS AND ACCRUALS**

	31.3.2011 HK\$'000	31.3.2010 HK\$'000
Trade creditors	116,385	131,586
Construction cost and retention payable	62,692	25,230
Reservation deposit and receipt in advance	19,080	22,507
Other payable and accrued charges	208,819	244,270
	406,976	423,593

The following is an aged analysis of the trade creditors:

	31.3.2011 HK\$'000	31.3.2010 HK\$'000
0 – 60 days	46,978	57,736
61 – 90 days	10,880	30,528
Over 90 days	58,527	43,322
	116,385	131,586

**33. OBLIGATIONS UNDER FINANCE LEASES**

	Minimum lease payments		Present value of minimum lease payments	
	31.3.2011 HK\$'000	31.3.2010 HK\$'000	31.3.2011 HK\$'000	31.3.2010 HK\$'000
Amounts payable under finance leases:				
Within one year	476	1,277	474	1,256
In more than one year but not more than two years	84	507	84	505
Less: Future finance charges	560 (2)	1,784 (23)	558 –	1,761 –
Present value of lease obligations	558	1,761	558	1,761
Less: Amount due within one year shown under current liabilities			(474)	(1,256)
Amount due after one year			84	505

It is the Group's policy to lease certain of its motor vehicles and equipment under finance leases. The average lease terms range from 1 to 5 years. The average effective borrowing rates for the year is 2.7% (2010: 2.7%) per annum. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The fair value of the Group's finance lease obligations, determined based on the present value of the estimated future cash flow discounted using the prevailing market rate, at the end of the reporting period approximates to their carrying amount.

**34. SECURED BANK AND OTHER BORROWINGS**

	31.3.2011 HK\$'000	31.3.2010 HK\$'000	1.4.2009 HK\$'000
The borrowings comprise:			
Bank loans	5,261,099	5,111,693	4,448,158
Other loans	32,267	2,288	4,857
	5,293,366	5,113,981	4,453,015
Less: Front-end fee	(41,093)	(55,524)	(63,181)
	5,252,273	5,058,457	4,389,834
Analysed for reporting purpose as:			
Current liabilities	1,112,991	1,235,783	1,009,219
Non-current liabilities	4,139,282	3,822,674	3,380,615
	5,252,273	5,058,457	4,389,834
The borrowings are repayable:			
On demand or within one year	1,025,610	1,235,783	1,009,219
More than one year, but not exceeding two years	977,502	422,711	404,058
More than two years, but not exceeding three years	2,492,099	404,120	403,187
More than three years, but not exceeding five years	417,000	2,668,379	2,207,176
More than five years	293,774	382,988	429,375
	5,205,985	5,113,981	4,453,015
Included above is the carrying amount of borrowing that are repayable more than one year but contain a repayment on demand clause shown under current liabilities	87,381	—	—
	5,293,366	5,113,981	4,453,015

Bank loans which are denominated in various currencies and carry interest at fixed rates or floating rates are summarised as follows:

Denominated in	Interest rates	31.3.2011 HK\$'000	31.3.2010 HK\$'000
HK\$	HIBOR plus 0.8% to HK\$ Prime Lending Rate minus 1% (2010: HIBOR plus 0.8% to HK\$ Prime Lending Rate minus 0.75%)	3,299,486	3,179,220
RMB	1-year PBOC Prescribed Interest rate to 120% of 1 to 3 years PBOC Prescribed Interest Rate (2010: 1 year PBOC Prescribed Interest Rate to 110% of 1 to 3 years PBOC Prescribed Interest Rate)	762,406	905,388
S\$	S\$ SOR plus 1.25% to 1.85% (2010: S\$ SOR plus 1.25% to 1.75%)	370,375	359,780
RM\$	Malaysia BLR minus 1.5% to BLR plus 1.5% (2010: Malaysia BLR plus 1.25% to 1.5%)	390,602	260,491
A\$	Australia BBSW plus 1% to 1.5% (2010: Australia BBSW plus 1%)	303,510	222,260
HK\$	Fixed rates ranging from 5.75% to 5.94% (2010: 5.75% to 7.00%)	134,720	184,554
		5,261,099	5,111,693

Other loans are secured, repayable on demand and bear interest at floating rates ranging from 0.63% to 11.41% (2010: 0.63% to 8.5%, 2009: 1.07% to 8.25%) per annum.

## 35. SHARE CAPITAL

	Number of ordinary shares of HK\$0.1 each	Nominal value HK\$'000
Authorised:	2,000,000,000	200,000
Issued and fully paid:		
At 1st April, 2009	1,622,001,940	162,200
Issue of shares for acquisition of business (note a below)	102,328,571	10,233
Issue of shares for acquisition of assets (note a below)	81,714,285	8,172
Issue of shares on conversion of 2013 Convertible Bond at HK\$4.30 per share (note b below)	77,080,232	7,708
Issue of shares in lieu of cash dividends at HK\$1.80 per share	16,546,626	1,655
Issue of shares in lieu of cash dividends at HK\$2.51 per share	6,706,613	670
At 31st March, 2010	1,906,378,267	190,638
Issue of shares in lieu of cash dividends at HK\$2.28 per share	6,051,909	605
Issue of shares in lieu of cash dividends at HK\$2.04 per share	9,902,383	990
Repurchase of shares (note c below)	(4,070,000)	(407)
At 31st March, 2011	1,918,262,559	191,826

## Notes:

- (a) On 17th July, 2009 and 27th August, 2009, the Company issued and allotted 102,328,571 and 81,714,285 ordinary share of HK\$0.1 each at a price of HK\$1.85 and HK\$1.83, giving a total consideration of HK\$189,308,000 and HK\$149,502,000 for the acquisition of business and assets as set out in note 38(c) and 38(d) respectively. The share price is determined based on the fair value of the shares at the completion date and the fair value of the assets acquired respectively.
- (b) On 27th July, 2009, the Company allotted 77,080,232 ordinary shares of HK\$0.1 each on conversion of the 2013 Convertible Bond, (as detailed in note 36(b)), with principal amount of HK\$331,445,000 at the conversion price of HK\$4.30.
- (c) During the year ended 31st March, 2011, the Company, through its subsidiary, repurchased certain of its own shares as follows:

Month of repurchase	No. of ordinary shares purchased	Price per share		Aggregate consideration paid HK\$
		Highest HK\$	Lowest HK\$	
March 2010	2,250,000	2.31	2.24	5,119,120
April 2010	1,540,000	2.38	2.18	3,529,110
May 2010	280,000	2.23	2.19	618,050

The shares were cancelled in May 2010 and, accordingly the issued share capital and the share premium was reduced by the nominal value of these shares and the premium paid on repurchase respectively.

All the shares issued during the two years ended 31st March, 2011 rank pari passu in all respects with the existing shares.

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities other than those disclosed above.

**36. CONVERTIBLE BONDS**

	31.3.2011 HK\$'000	31.3.2010 HK\$'000 (restated)
At 1st April	751,013	228,995
Issue of 2015 Bond, as restated	–	760,590
Amortised interest charged to profit or loss	49,001	9,805
Payment of coupon interest	(32,996)	(2,066)
Amortisation (payment) of issue expenses	2,690	(11,666)
Conversion of 2013 Bond	–	(234,645)
Repurchase and cancellation of 2015 Bond	(52,923)	–
At 31st March	716,785	751,013
Analysed for reporting purpose as:		
Current liabilities	716,785	–
Non-current liabilities	–	751,013
	716,785	751,013

- (a) The carrying amount at the end of the reporting period represents the liability component of convertible bonds with principal amount of HK\$740,000,000 (2010: HK\$800,000,000) maturing on 5th March, 2015 ("2015 Bond") which is carried at amortised cost.

The 2015 Bond carries interest at 3.625 percent and is convertible, at the option of the holders, into ordinary shares of HK\$0.10 each of the Company at an adjusted conversion price of HK\$3.41 per share, subject to further adjustments during the period up to 28th February, 2015. The bondholders may require the Company to redeem all or part of the 2015 Bond on 5th March, 2012 at 100% of their principal amount together with accrued interest. The outstanding 2015 Bond is redeemable by the Company after 5th March, 2012 and prior to maturity at the principal amount together with accrued interest under certain specified conditions. Any remaining outstanding bonds will be redeemed at nominal value on maturity.

The 2015 Bond contains three components, liability element, equity element and early redemption option. As the early redemption option is closely related to the host contract, it is not separately accounted for from the host contract. The fair value of liability component was initially estimated at HK\$760,590,000 based on the valuation carried out by Vigers Appraisal and Consulting Ltd on the assumption that the bondholders could request for redemption on 5th March, 2012. The residual balance of HK\$39,410,000 is recognised in equity and presented as convertible bond equity reserve. The effective interest rate of the liability element is 6.29% per annum.

During the year ended 31st March, 2011, the Company repurchased a principal amount of HK\$60,000,000 of the 2015 Bond with carrying amount of HK\$61,129,000 at a consideration of HK\$59,173,000. The repurchased bonds was subsequently cancelled. The gain on the repurchase of HK\$1,956,000 is recognised in retained profits.

- (b) The carrying amount of a zero coupon convertible bond outstanding at 1st April, 2009 with principal amount of HK\$331,445,000 due in 2013 (the "2013 Bond") was convertible, at the option of the holder, into ordinary shares of the Company at a conversion price of HK\$4.30 per share or redeemable by the Company at nominal value on maturity. The 2013 Bond was fully converted into the Company's ordinary shares during the year ended 31st March, 2010.



### 37. DEFERRED TAXATION

The major deferred tax (assets) liabilities recognised by the Group and movements thereon during the current and prior years are as follows:

	Accelerated tax depreciation HK\$'000	Revaluation of investments properties HK\$'000	Revaluation of assets HK\$'000	Fair value adjustments on business combination HK\$'000	Convertible bond HK\$'000	Intangible asset HK\$'000	Tax losses HK\$'000	Others HK\$'000	Total HK\$'000
At 1st April, 2009									
– as originally stated	35,031	180,321	–	38,058	18,782	–	(20,421)	–	251,771
– prior year adjustment	–	(113,059)	–	–	–	–	3,723	–	(109,336)
– as restated	35,031	67,262	–	38,058	18,782	–	(16,698)	–	142,435
Charge (credit) to profit or loss	521	718	–	(1,037)	–	(527)	(2,482)	–	(2,807)
Charge to other comprehensive income	–	2,211	–	–	–	–	–	–	2,211
Deferred tax on equity component of 2015 Bond	–	–	–	–	6,042	–	–	–	6,042
Reversal of deferred tax on equity component of 2013 Bond	–	–	–	–	(18,782)	–	–	–	(18,782)
Acquired through business combination	–	–	68,036	7,110	–	–	–	–	75,146
Exchange re-alignment	–	–	4,360	–	–	–	–	–	4,360
Effect of change in tax rate	–	(479)	–	–	–	–	197	–	(282)
At 31st March, 2010	35,552	69,712	72,396	44,131	6,042	(527)	(18,983)	–	208,323
Charge (credit) to profit or loss	4,985	10,641	(1,701)	(1,155)	–	(772)	(5,076)	(1,345)	5,577
Charge to other comprehensive income	–	794	–	–	–	–	–	–	794
Reversal of deferred tax on equity component of partial 2015 Bond	–	–	–	–	(1,428)	–	–	–	(1,428)
Exchange re-alignment	–	–	13,365	–	–	–	–	–	13,365
At 31st March, 2011	40,537	81,147	84,060	42,976	4,614	(1,299)	(24,059)	(1,345)	226,631

At 31st March, 2011, the Group has unused tax losses of HK\$1,059,768,000 (2010: HK\$1,103,125,000; 2009: HK\$1,075,521,000) available for offset against future profits. A deferred tax asset has been recognised in respect of such losses to the extent of HK\$177,173,000 (2010: HK\$120,618,000; 2009: HK\$104,630,000). No deferred tax asset has been recognised in respect of the remaining tax losses of HK\$882,595,000 (2010: HK\$982,507,000; 2009: HK\$970,891,000) due to the unpredictability of future profit streams.

At 31st March, 2011, the Group has deductible temporary difference of HK\$281,678,000 (2010: HK\$263,679,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary difference can be utilised.

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1st January, 2008 onwards. Deferred tax has not been provided for on the temporary differences attributable to profits of the PRC subsidiaries of HK\$418,274,000 (2010: HK\$369,187,000) generated after 1st January, 2008 and its distribution as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

**38. ACQUISITION/DISPOSAL OF BUSINESS/ASSETS****(a) Deemed disposal of interests in subsidiaries**

During the year, certain subsidiaries underwent corporate re-organisation to rationalise the hotel development and operation business in preparation for listing of the shares of Kosmopolito. The corporate reorganisation involved transfers of certain wholly-owned subsidiaries of the Company to Kosmopolito and capitalisation of an amount of HK\$1,859,812,000 due by Kosmopolito and its subsidiaries to the Group by the subscription of 1,730,000,000 ordinary shares of Kosmopolito at a price of HK\$1.075. The Company's interests in 270,000,000 of these shares, together with new issues of 270,000,000 ordinary shares by Kosmopolito were offered for sale to the public. The offer for sale was completed on 11th October, 2010 and the Company's interest in Kosmopolito has been reduced from 100% to 73%.

As the Company has not lost control over Kosmopolito, the gain resulting from the spin off of Kosmopolito of HK\$417,926,000, being the difference between the net proceeds received in the offer of HK\$1,140,986,000 (net of issue expense of HK\$47,014,000) and the non-controlling interest in Kosmopolito recognised of HK\$723,060,000, has been recognised directly in equity.

**(b) Disposal of subsidiaries**

On 31st March, 2011, Kosmopolito disposed of its entire interest in Excel Chinese International Limited ("Excel Chinese") at a consideration of HK\$290,000,000. Excel Chinese is the owner of The Mercer by Kosmopolito, which has commenced operation subsequent to the end of the reporting period in April 2011.

Below is an analysis of the assets and liabilities of Excel Chinese over which control was lost:

	HK\$'000
Property, plant and equipment	213,026
Deposits and prepayments	2,090
Bank balances and cash	171
Creditors and accruals	(7,457)
Net assets disposed of	207,830
Gain on disposal:	
Consideration net of expenses	289,215
Net asset disposed of	(207,830)
Gain on disposal	81,385
Net cash inflow arising from disposal:	
Consideration received	289,215
Bank balances and cash disposed of	(171)
	289,044

**38. ACQUISITION/DISPOSAL OF BUSINESS/ASSETS** (Continued)**(c) Acquisition of subsidiaries**

On 17th July, 2009, the Group acquired 73.75% issued share capital of Care Park Group Pty ("Care Park"), a company incorporated in Australia. Of the total acquisition, 84% of the acquisition was acquired from a director of the Company who is also a substantial shareholder of the Company and the consideration was settled by the issuance of 102,328,571 ordinary shares of the Company. The remaining 7% and 9% of the acquisition were acquired from and settled in cash from another director of the Company and independent third parties respectively. The principal activity of Care Park is car park operation. The acquisition was accounted for using the purchase method.

	Carrying amount in the acquiree's financial record HK\$'000	Fair value adjustment HK\$'000 (restated)	Fair value of net assets HK\$'000 (restated)
Net assets acquired:			
Property, plant and equipment	383,456	14,701	398,157
Intangible assets	—	9,000	9,000
Debtors, deposits and prepayments	23,902	—	23,902
Inventories	274	—	274
Bank balances and cash	34,675	—	34,675
Creditors and accruals	(48,362)	—	(48,362)
Tax payable	(2,784)	—	(2,784)
Bank borrowings	(138,023)	—	(138,023)
Deferred taxation	(68,036)	(7,110)	(75,146)
	185,102	16,591	201,693
Non-controlling interest			(52,944)
Goodwill on acquisition recognised			68,400
			217,149
Total consideration satisfied by:			
Cash			27,841
Issue of shares at HK\$1.85 per share			189,308
			217,149
Net cash inflow arising on acquisition:			
Cash consideration			(27,840)
Bank balances and cash acquired			34,675
			6,835

Goodwill arising on the acquisition of Care Park during the prior year was determined at the date of acquisition on a provisional basis as fair value of the identified assets acquired had not been determined reliably. During the year, the fair value of intangible assets of HK\$9,000,000 was finalised based on independent valuation. As a result of recognition of the intangible assets, there were a corresponding reduction in goodwill of HK\$4,647,000 from HK\$73,047,000 to HK\$68,400,000, an increase in deferred tax liabilities of HK\$2,700,000 from HK\$4,410,000 to HK\$7,110,000 and an increase in non-controlling interest of HK\$1,363,000 from HK\$51,291,000 to HK\$52,944,000. The profit attributable to the owners for the year ended 31st March, 2010 was also decreased by HK\$1,229,000 as a result of the additional amortisation of intangible assets of HK\$1,756,000 and the related deferred tax impact of HK\$527,000.

From the date of acquisition to 31st March, 2010, Care Park has contributed HK\$15,476,000 to the profit for the Group. If the acquisition had taken place on 1st April, 2009, the profit for the Group for the year would have been HK\$345,414,000 and total group revenue would have been HK\$2,423,061,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1st April, 2009, nor is it intended to be a projection of future results.

**38. ACQUISITION/DISPOSAL OF BUSINESS/ASSETS** (Continued)**(d) Acquisition of assets**

On 27th August, 2009, the Group acquired from a director of the Company who is also a substantial shareholder of the Company, the entire issued share capital of Best Impact Limited, which is the owner of certain car parks situated in Malaysia, with an aggregate fair value of HK\$149,502,000. The consideration was satisfied by the issue of 81,714,285 ordinary shares of the Company.

The fair value of the car parks was determined based on the valuation carried out by an independent valuer by direct comparison approach, making reference to the comparable sales transactions as available in the market.

**39. MAJOR NON-CASH TRANSACTIONS**

During the year, the Group entered into finance lease arrangements for acquisition of asset with a total capital value at the inception of the leases of HK\$145,000 (2010: HK\$738,000).

The Company issued shares in lieu of cash dividend payable to the Company's shareholders totalling HK\$34,005,000 (2010: HK\$46,623,000).

**40. CHARGE ON ASSETS**

Bank loans with aggregate carrying amount of HK\$5,293,366,000 (2010: HK\$5,113,981,000) outstanding at the end of the reporting period are secured by a fixed charge over the Group's properties (presented under the line items of properties for sale, investment properties, property, plant and equipment, prepaid lease payments and non-current assets held for sale) with an aggregate carrying amount of HK\$8,970,185,000 (2010: HK\$7,674,835,000) and a pledge of deposits of HK\$274,798,000 (2010: HK\$29,765,000) together with a floating charge over other assets of the property owners and benefits accrued to those properties.

Other loan facilities are secured by a pledge of the Group's investments in securities classified as held for trading investment and available-for-sale investments, and deposits with the relevant counterparty with an aggregate carrying amount of HK\$81,651,000 (2010: HK\$8,764,000).

**41. CONTINGENT LIABILITIES**

- (a) The Group has given guarantees for mortgage loans provided to the home buyers of the Group's properties in the PRC. At 31st March, 2011, the total amount of mortgage loans outstanding which are under the guarantee was HK\$123,426,000 (2010: HK\$127,006,000). The director considered that the fair values of these financial guarantee contracts at their initial recognition are insignificant on the basis of short maturity periods and low default rate of mortgage loans.
- (b) During the year ended 31st March, 2010, a subsidiary of the Company initiated a lawsuit against the contractor for the unsatisfactory performance in relation to the construction of a hotel for an amount of HK\$14,356,000 and in response to the claim, the contractor has filed counterclaims against the subsidiary for an amount of HK\$25,841,000. The lawyer of the subsidiary of the Company considers that there is a fair chance of winning the lawsuit and accordingly, no provision for potential liability has been made in the consolidated financial statements.

**42. CAPITAL COMMITMENTS**

	2011 HK\$'000	2010 HK\$'000
Capital expenditure contracted but not provided in the financial statements in respect of:		
Acquisition, development and refurbishment of hotels	595,557	315,527
Others	1,528	2,311
	597,085	317,838
Capital expenditure authorised but not contracted for in respect of:		
Development and refurbishment of hotels	28,177	271,948
Others	22,933	21,883
	51,110	293,831
	648,195	611,669

### 43. OPERATING LEASE ARRANGEMENTS

#### The Group as lessor:

At the end of the reporting period, investment properties and completed properties for sale with carrying amount of HK\$2,318,990,000 (2010: HK\$1,995,115,000) and HK\$80,352,000 (2010: HK\$80,846,000) respectively were let out under operating leases. Gross rental income earned during the year is HK\$93,423,000 (2010: HK\$88,755,000) of which HK\$87,958,000 (2010: HK\$77,447,000) was derived from letting of investment properties. The property held has committed tenants for the next one to twelve years.

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

	2011 HK\$'000	2010 HK\$'000
Within one year	144,637	115,865
In the second to fifth years inclusive	275,099	233,317
More than five years	120,655	90,001
	540,391	439,183

Leases are negotiated and rentals are fixed for terms ranging from one to twenty years (2010: one to twenty years).

#### The Group as lessee:

Minimum lease payments paid under operating leases during the year.

	2011 HK\$'000	2010 HK\$'000
Premises	230,598	143,199
Equipment	21	297
	230,619	143,496

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

	2011 HK\$'000	2010 HK\$'000
Within one year	75,330	46,794
In the second to fifth years inclusive	166,941	125,106
	242,271	171,900

Leases are negotiated for an average term of two years and rentals are fixed over the lease period.

### 44. RELATED PARTY TRANSACTIONS

(i) During the year, the Group entered into the following significant transactions with related entities:

Related party	Nature of transaction	2011 HK\$'000	2010 HK\$'000
Related company	Acquisition of business (note 38(c))	—	217,149
Related company	Acquisition of assets (note 38(d))	—	149,502
Associates	Building management service obtained	3,950	4,420
Jointly controlled entities	Renting of premises	2,200	2,400

The related companies are companies controlled by the director, who is also a substantial shareholder of the company.

A director has provided personal guarantee for the Group bank borrowing of which HK\$33,522,000 (2010: HK\$38,248,000) was outstanding at the end of the reporting period.

#### 44. RELATED PARTY TRANSACTIONS (Continued)

- (ii) Remuneration paid and payable to the directors and other members of key management during the year was as follows:

	2011 HK\$'000	2010 HK\$'000
Short-term benefits	21,141	19,902
Post-employment benefits	245	198
	<b>21,386</b>	<b>20,100</b>

The remuneration of directors and key executives is determined with reference to their individual performance and the market trends.

#### 45. AMOUNT DUE FROM/TO RELATED PARTIES

The amounts due from/to associates, jointly controlled entities, investee company, directors, related companies and minority shareholders are set out in the consolidated statement of financial position and the related notes. The amounts are unsecured, interest-free and either repayable on demand or without fixed terms of repayment.

The Group does not expect to demand for repayment in respect of the amount due from an investee company within next twelve months from the end of the reporting period and, accordingly, the amount is classified under non-current assets.

The related companies are companies controlled by the directors.

#### 46. SHARE OPTION SCHEME

##### (a) FECIL Share Option Scheme

On 28th August, 2002, the share option scheme of the Company ("FECIL Share Option Scheme") was approved by the Company for the purpose of providing incentives and rewards to employees or executive or officers (including executive and non-executive directors) of the Company or any of its subsidiaries and business consultants, agents and legal or financial advisers who will contribute or have contributed to the Company or any of its subsidiaries. Under the FECIL Share Option Scheme, the board of directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

Without prior approval from the Company's shareholders, the total number of shares to be issued under the FECIL Share Option Scheme is not permitted to exceed 10% of the shares of the Company then in issue; and the number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company then in issue.

The offer of a grant of share options may be accepted within 30 days from the date of the offer, upon payment of a nominal consideration of HK\$1 by the grantee. Options may be exercised at any time not exceeding a period of 10 years from the date on which the share options is accepted. The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

Share options were granted by the Company on 21st October, 2004, 25th August, 2006 and 8th May, 2009, at an initial exercise price at HK\$2.075, HK\$3.290 and HK\$1.50 per share to directors and employees of the Company and its subsidiaries. The vesting periods of these options range from 21st October, 2004 to 31st December, 2008, 25th August, 2006 to 31st December, 2009 and 8th May, 2009 to 15th September, 2012 respectively. During the year, the Company had passed a resolution to extend the exercise periods of the options issued on 21st October, 2004 and 25th August, 2006 for a further five years.

At 31st March, 2011, the number of options which remained outstanding under the Share Option Scheme was 24,650,000 (31st March, 2010: 24,650,000) which, if exercise in full, represents 1.30% (31st March, 2010: 1.29%) of the enlarged capital of the Company.



**46. SHARE OPTION SCHEME** *(Continued)***(a) FECIL Share Option Scheme** *(Continued)*

Share options, which were granted on 21st October, 2004, 25th August, 2006 and 8th May, 2009 at an initial exercise price at HK\$2.075 per share, HK\$3.290 per share and HK\$1.500 per share, vesting periods ranging from 21st October, 2004 to 31st December, 2008, 25th August, 2006 to 31st December, 2009 and 8th May, 2009 to 15th September, 2012 respectively. During the year, the Company had passed a resolution to extend the exercise period for a further five years. The details of the options granted are as follows:

**Options granted on 21st October, 2004**

Option type	Vesting period	Exercisable period	Exercise price HK\$
Tranche 1	21.10.2004 to 31.10.2004	1.11.2004 to 20.10.2014	2.075
Tranche 2	21.10.2004 to 31.12.2005	1.1.2006 to 20.10.2014	2.075
Tranche 3	21.10.2004 to 31.12.2006	1.1.2007 to 20.10.2014	2.075
Tranche 4	21.10.2004 to 31.12.2007	1.1.2008 to 20.10.2014	2.075
Tranche 5	21.10.2004 to 31.12.2008	1.1.2009 to 20.10.2014	2.075

**Options granted on 25th August, 2006**

Option type	Vesting period	Exercisable period	Exercise price HK\$
Tranche 3	25.8.2006 to 31.12.2007	1.1.2008 to 24.08.2016	3.290
Tranche 4	25.8.2006 to 31.12.2008	1.1.2009 to 24.08.2016	3.290
Tranche 5	25.8.2006 to 31.12.2009	1.1.2010 to 24.08.2016	3.290

**Options granted on 8th May, 2009**

Option type	Vesting period	Exercisable period	Exercise price HK\$
Tranche 1	8.5.2009 to 15.9.2009	16.9.2009 to 15.9.2019	1.500
Tranche 2	8.5.2009 to 15.9.2010	16.9.2010 to 15.9.2019	1.500
Tranche 3	8.5.2009 to 15.9.2011	16.9.2011 to 15.9.2019	1.500
Tranche 4	8.5.2009 to 15.9.2012	16.9.2012 to 15.9.2019	1.500

#### 46. SHARE OPTION SCHEME (Continued)

##### (a) FECIL Share Option Scheme (Continued)

The movements in the options during the two years ended 31st March, 2010 and 31st March, 2011 are as follows:

Grantee	At 1.4.2009	Granted during the year	Lapsed during the year	At 31.3.2010	Granted/ lapsed during the year	At 31.3.2011	Date of grant	Option type
Other employee in aggregate	250,000	–	–	250,000	–	250,000	21.10.2004	Tranche 1
	425,000	–	–	425,000	–	425,000	21.10.2004	Tranche 2
	2,775,000	–	–	2,775,000	–	2,775,000	21.10.2004	Tranche 3
	5,875,000	–	–	5,875,000	–	5,875,000	21.10.2004	Tranche 4
	7,275,000	–	(300,000)	6,975,000	–	6,975,000	21.10.2004	Tranche 5
	16,600,000	–	(300,000)	16,300,000	–	16,300,000		
Other employee in aggregate	125,000	–	(125,000)	–	–	–	25.8.2006	Tranche 3
	675,000	–	(225,000)	450,000	–	450,000	25.8.2006	Tranche 4
	750,000	–	(250,000)	500,000	–	500,000	25.8.2006	Tranche 5
	1,550,000	–	(600,000)	950,000	–	950,000		
Other employee in aggregate	–	1,850,000	–	1,850,000	–	1,850,000	8.5.2009	Tranche 1
	–	1,850,000	–	1,850,000	–	1,850,000	8.5.2009	Tranche 2
	–	1,850,000	–	1,850,000	–	1,850,000	8.5.2009	Tranche 3
	–	1,850,000	–	1,850,000	–	1,850,000	8.5.2009	Tranche 4
	–	7,400,000	–	7,400,000	–	7,400,000		
	18,150,000	7,400,000	(900,000)	24,650,000	–	24,650,000		
Weighted average exercised price	2.179	1.50	–	1.569	–	1.569		

#### 46. SHARE OPTION SCHEME *(Continued)*

##### (a) FECIL Share Option Scheme *(Continued)*

Total share option expense in relation to the options granted by the Company recognised during the year amounted to HK\$6,803,000 (2010: HK\$2,353,000).

During the year, the Company extended the exercisable period of options granted on 21st October, 2004 and 25th August, 2006 to 20th October, 2014 (2004 Scheme) and 24th August, 2016 (2006 Scheme). As the modification occurred after the vesting period, the incremental fair value of the options determined on the date of modification using the Binomial model of HK\$5,776,000 (included above) was recognised immediately in profit or loss.

The variables and assumptions used in computing the fair value of the share options are based on the management's best estimate. The value of an option varies with different variables of a number of subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of an option.

The major inputs into the models at the date of modification were as follows:

	<b>Options issued on</b>	
	<b>21st October, 2004</b>	<b>25th August, 2006</b>
Expected volatility	47.0%	47.0%
Expected life	4 years	6 years
Risk-free rate	1.538% p.a.	1.941% p.a.
Dividend yield	4.428%	3.830%

The risk-free rate has made reference to the yield of HK Exchange Fund Notes ("EFN") as at the date of modification. The volatility of the Company's stock was determined by reference to the historical stock price and assumed to be constant throughout the option life.

No share options were exercised during the two years ended 31st March, 2011.

**46. SHARE OPTION SCHEME** *(Continued)***(b) Kosmopolito Share Option Scheme**

On 10th September, 2010, a share option scheme of Kosmopolito ("Kosmopolito Share Option Scheme") was approved by Kosmopolito for the purpose of rewarding to directors (including executive, non-executive and independent non-executive directors) of the Company and Kosmopolito or any of its subsidiaries and advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, service providers of any member of the Group who will contribute or have contributed to the Company and Kosmopolito or any of its subsidiaries. Under Kosmopolito Share Option Scheme, the board of directors of Kosmopolito may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Kosmopolito.

Without prior approval from Kosmopolito Share Option shareholders, (i) the total number of shares to be issued under the options of the Kosmopolito Share Option Scheme is not permitted to exceed 10% of the shares of the Kosmopolito then in issue (ii) the number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Kosmopolito then in issue.

The offer of a grant of options may be accepted within 28 days from the date of the offer, upon payment of a nominal consideration of HK\$1 by the grantee. Options may be exercised at any time not exceeding a period of 10 years from the date on which the share options is accepted. The exercise price is determined by the directors of Kosmopolito, and will not be less than the higher of (i) the closing price of the Kosmopolito's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of Kosmopolito's shares.

As at 31st March, 2011, the number of options which remained outstanding under the Kosmopolito Share Option Scheme was 29,699,990 which, if exercise in full, represents 1.46% of the enlarged capital of Kosmopolito.

Details of share options, which were granted on 11th October, 2010 at an initial exercise price at HK\$2.20 per share, to employees are as follows:

Option type	Vesting period	Exercisable period	Exercise price HK\$	Granted during the year	Lapsed during the year	At 31.3.2011
Tranche 1	11.10.2010 to 10.10.2011	11.10.2011 to 10.10.2014	2.20	6,826,353	(181,818)	6,644,535
Tranche 2	11.10.2010 to 10.10.2012	11.10.2012 to 10.10.2015	2.20	6,826,353	(181,818)	6,644,535
Tranche 3	11.10.2010 to 10.10.2013	11.10.2013 to 10.10.2016	2.20	7,530,899	(181,818)	7,349,081
Tranche 4	11.10.2010 to 10.10.2014	11.10.2014 to 10.10.2017	2.20	4,712,717	(181,818)	4,530,899
Tranche 5	11.10.2010 to 10.10.2015	11.10.2015 to 10.10.2018	2.20	4,712,758	(181,818)	4,530,940
				30,609,080	(909,090)	29,699,990

**46. SHARE OPTION SCHEME** *(Continued)*

**(b) Kosmopolito Share Option Scheme** *(Continued)*

Total share option expense in relation to options granted by Kosmopolito recognised during the year amounted to HK\$3,299,000.

The fair value of the options which was determined at the date of grant using the Binomial model was HK\$18,001,000. The Group recognised a total expense of approximately HK\$3,299,000 for the year to equity attributable to non-controlling interests.

The variables and assumptions used in computing the fair value of the share options are based on the management's best estimate. The value of an option varies with different variables of a number of subjective assumptions. Any change in the variable so adopted may materially affect the estimation of the fair value of an option.

The major inputs into the models at the grant date were as follows:

Share price as at grant date	HK\$1.88
Exercise price	HK\$2.20
Expected volatility	41% – 43%
Expected life	5 years
Risk-free rate	0.886% – 1.739%
Dividend yield	1.5%
Trigger price multiple	2.75 times

The risk-free rate has made reference to the yield of HK EFN as at the grant date. The volatility of Kosmopolito's stock was determined by reference to the share price volatilities of companies in similar line of business of Kosmopolito and assumed to be constant throughout the option life.

## 47. RETIREMENT BENEFITS SCHEMES

The Group operates a Mandatory Provident Fund Scheme ("the MPF Scheme") for all qualifying employees in Hong Kong under the rules and regulations of the Mandatory Provident Fund Authority. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. Contributions are made based on a percentage of the participating employees' relevant income from the Group and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. When an employee leaves the MPF Scheme, the mandatory contributions are fully vested with the employee.

According to the relevant laws and regulations in the PRC, the PRC subsidiary is required to contribute a certain percentage of the salaries of their employees to the state-managed retirement benefit scheme. The only obligation of the Group with respect to the retirement benefit scheme is to make the required contributions under the scheme.

The Group makes defined contributions to the Employees Provident Fund for qualifying employees in Malaysia under which the Group is required to make fixed contributions under the defined contribution plans to separate entities. The Group has no legal or constructive obligations of further contributions to make up any deficiencies of fund assets to cover all employees benefits relating to their services to the Group.

The Group makes defined contribution to the Singapore Central Provident Fund, whereby the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

The Group makes contribution to independent superannuation master funds, based on a certain percentage of the employee's salaries and wages. The only obligation of the Group with respect to the retirement benefit scheme is to make the required contribution.

Total retirement benefit expenses charged to the profit or loss in consolidated statement of comprehensive income amounted to HK\$22,879,000 in the current year (2010: HK\$16,962,000).

## 48. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of principal subsidiaries at the end of the year are as follows:

Name of subsidiary	Place of incorporation/ operation	Number of share(s)	Issued share capital		Proportion of nominal value of issued capital/ registered capital held by the Group		Principal activities
			Par value per share/ registered capital	Class of share(s)	2011	2010	
<b>Direct Subsidiaries</b>							
Accord Rise Investments Limited	BVI/HK	1	US\$1	Ordinary	100	100	Investment holding
Ample Bonus Limited	BVI/HK	101	US\$1	Ordinary	100	100	Investment holding
Ondella International Limited	BVI/HK	1	US\$1	Ordinary	100	100	Investment holding
<b>Indirect Subsidiaries</b>							
124 York Street Pty Ltd	Australia	10,000	A\$0.012178	Ordinary	73.75	73.75	Car park operation
13 Roper Street Pty Ltd	Australia	10,000	A\$0.012178	Ordinary	73.75	73.75	Car park operation



**48. PARTICULARS OF PRINCIPAL SUBSIDIARIES** (Continued)

Name of subsidiary	Place of incorporation/ operation	Issued share capital			Proportion of		Principal activities
		Number of share(s)	Par value per share/ registered capital	Class of share(s)	nominal value of issued capital/ registered capital held by the Group		
					2011	2010	
<b>Indirect Subsidiaries</b> (Continued)							
13 Roper Street Trust	Australia	N/A	N/A	N/A	73.75	73.75	Car park operation
19 Bank Street Pty Ltd	Australia	10,000	A\$0.012178	Ordinary	73.75	73.75	Car park operation
19 Bank Street Trust	Australia	N/A	N/A	N/A	73.75	73.75	Car park operation
344 Queen Car Park Pty Ltd	Australia	10,000	A\$0.012178	Ordinary	73.75	73.75	Car park operation
344 Queen Car Park Trust	Australia	N/A	N/A	N/A	73.75	73.75	Car park operation
94 York Street Trust	Australia	N/A	N/A	N/A	73.75	73.75	Car park operation
Accessway Profits Limited	BVI/HK	1	US\$1	Ordinary	100	100	Investment holding
Action Fulfilled Assets Limited	BVI/HK	1	US\$1	Ordinary	100	100	Property investment
Amphion Investment Limited	HK	2	HK\$1	Ordinary	100	100	Investment holding
Annick Investment Limited	HK	2	HK\$1	Ordinary	100	100	Property investment
Apex Path Limited	BVI/HK	1	US\$1	Ordinary	100	100	Investment holding
Arvel Company Limited	HK	10,000	HK\$1	Ordinary	100	100	Property investment
Australian Property Management Pty Ltd	Australia	1	A\$1	Ordinary	73.75	73.75	Car park operation
Ballarat Central Car Park Pty Ltd	Australia	1,000	A\$0.012178	Ordinary	73.75	73.75	Car park operation
Best Hoover Limited	HK	1	HK\$1	Ordinary	100	100	Property investment
Best Impact Limited	BVI/HK	1	US\$1	Ordinary	100	100	Car park operation
Bournemouth Estates Limited	HK	2	HK\$10	Ordinary	100	100	Property development
Bradney Proprietary Ltd	Australia	2	A\$1	Ordinary	100	100	Investment holding
Capital Fortune Investment Limited	HK	2	HK\$1	Ordinary	100	100	Investment holding
Caragis Limited	HK	1,000	HK\$1	Ordinary	73.10	100	Hotel operation
Care Park (Albert Street) Pty Ltd	Australia	1,000	A\$0.012178	Ordinary	73.75	73.75	Car park operation
Care Park Finance Pty Ltd	Australia	1,000	A\$0.012178	Ordinary	73.75	73.75	Car park operation
Care Park Holdings Pty Ltd	Australia	1,000	A\$0.012178	Ordinary	73.75	73.75	Investment holding
Care Park New Zealand Ltd	Australia	1,000	A\$0.012178	Ordinary	73.75	73.75	Car park operation
Care Park Properties Pty Ltd	Australia	1,000	A\$0.012178	Ordinary	73.75	73.75	Investment holding
Care Park Pty Ltd	Australia	1,000	A\$0.012178	Ordinary	73.75	73.75	Car park operation
Carterking Limited	BVI/HK	1	US\$1	Ordinary	100	100	Investment holding
Charter Joy Limited	HK	2	HK\$1	Ordinary	73.10	100	Hotel operation
Charter National International Limited	HK	2	HK\$1	Ordinary	100	100	Property development
Ching Chu (Shanghai) Real Estate Development Company Limited (i)	PRC	N/A	US\$8,800,000	N/A	73.10	100	Hotel management
Ching Chu Property Management (Shanghai) Company Limited (i)	PRC	N/A	US\$700,000	N/A	64.29	100	Property management
Chun Wah Holdings Limited	HK	200	HK\$1	Ordinary	100	100	Property development
Complete Delight Limited	BVI/HK	1	US\$1	Ordinary	73.10	100	Hotel operation
Cosmopolitan Hotel Limited	HK	10,000	HK\$1	Ordinary	73.10	100	Hotel operation
Dorsett Imbi Sdn. Bhd.	Malaysia	2	RM\$1	Ordinary	100	100	Property development
Dorsett Regency Hotel (M) Sdn. Bhd.	Malaysia	5,000,000	RM\$1	Ordinary	73.10	100	Hotel operation
Double Advance Group Limited	BVI/HK	1	US\$1	Ordinary	73.10	100	Hotel operation
Double Gaining Limited	HK	1	HK\$1	Ordinary	100	100	Administrative services
Dunjoy Limited	HK	2	HK\$1	Ordinary	100	100	Investment holding
E-Cash Ventures Limited	BVI/HK	1	US\$1	Ordinary	100	100	Investment holding
Esmart Management Limited	HK	2	HK\$1	Ordinary	73.10	100	Hotel management
Everkent Development Limited	HK	2	HK\$1	Ordinary	73.10	100	Property development
Far East Consortium (B.V.I.) Limited	BVI/HK	50,000	US\$1	Ordinary	100	100	Investment holding
Far East Consortium (Malaysia) Limited	HK	2	HK\$1	Ordinary	100	100	Investment holding
Far East Consortium (Netherlands Antilles) N.V.	The Netherlands	6,000	US\$1	Ordinary	100	100	Investment holding
Far East Consortium China Infrastructure Company Limited	HK	2	HK\$1	Ordinary	100	100	Investment holding

**48. PARTICULARS OF PRINCIPAL SUBSIDIARIES** (Continued)

Name of subsidiary	Place of incorporation/ operation	Number of share(s)	Issued share capital		Proportion of nominal value of issued capital/ registered capital held by the Group		Principal activities
			Par value per share/ registered capital	Class of share(s)	2011	2010	
<b>Indirect Subsidiaries</b> <i>(Continued)</i>							
Far East Consortium China Investments Limited	HK	6,000	HK\$100	Ordinary	100	100	Investment holding
Far East Consortium Holdings (Australia) Pty Limited	Australia	12	A\$1	Ordinary	100	100	Investment holding
		235	A\$42.55	Redeemable preference	100	100	
Far East Consortium Limited	HK	830,650,000	HK\$1	Ordinary	100	100	Investment holding and property investment
Far East Consortium Machinery Limited	HK	2	HK\$1	Ordinary	100	100	Investment holding
Far East Consortium Properties Pty Limited	Australia	12	A\$1	Ordinary	100	100	Investment holding and property investment
		225	A\$44.44	Redeemable preference	100	100	
Far East Consortium Property & Marketing Service Pty Limited	Australia	1	A\$1	Ordinary	100	100	Property development
Far East Golf International Limited	HK	5	HK\$1	Ordinary	100	100	Property development
Far East Real Estate and Agency (H.K.) Limited	HK	60,000	HK\$100	Ordinary	100	100	Investment holding and loan financing
Far East Rockman Hotels (Australia) Pty Limited	Australia	12	A\$1	Ordinary	100	100	Investment holding
		375	A\$10,000	Redeemable preference	100	100	
Far East Supermarket Limited	HK	500,000	HK\$1	Ordinary	100	100	Property investment
FEC Care Park Holdings (Australia) Pty Ltd	Australia	1	A\$1	Ordinary	100	100	Investment holding
FEC Care Park Holdings Pte Ltd	Singapore	1	S\$1	Ordinary	100	100	Investment holding
FEC Development (Malaysia) Sdn. Bhd.	Malaysia	2	RM\$1	Ordinary	100	100	Investment holding
FEC Financing Solutions Pty Ltd	Australia	1	A\$1	Ordinary	100	100	Investment holding
FEC Strategic Investments (Netherlands) B.V.	The Netherlands	120,000	DFL1	Ordinary	100	100	Investment holding
FECFW 1 Pty Ltd	Australia	1	A\$1	Ordinary	100	100	Investment holding
FECFW 2 Pty Ltd	Australia	1	A\$1	Ordinary	100	100	Investment holding
Ficon Roper Street Trust	Australia	N/A	N/A	N/A	73.75	73.75	Car park operation
Focus Venue Sdn. Bhd.	Malaysia	100	RM\$1	Ordinary	90	90	Property development
Fortune Plus (M) Sdn. Bhd.	Malaysia	935,000	RM\$1	Ordinary	100	100	Property investment
Garden Resort Development Limited	HK	100	HK\$1	Ordinary	100	100	Property development
Grand Expert Limited	HK	10,000	HK\$1	Ordinary	73.10	100	Hotel operation
Guangzhou Pegasus Boiler Manufacture Company Limited (ii)	PRC	N/A	HK\$ 50,000,000	N/A	51	51	Operation of boiler factory
Henrik Investment Limited	HK	2	HK\$1	Ordinary	100	100	Property investment
Hong Kong Hotel REIT Finance Company Limited	HK	1	HK\$1	Ordinary	73.10	100	Loan financing
Hong Kong (SAR) Hotel Limited	HK	10,000	HK\$1	Ordinary	73.10	100	Property development
Kosmopolito Hotels International (M) Sdn Bhd	Malaysia	2		Ordinary	73.10	–	Investment holding
Kosmopolito Hotels International (Singapore) Pte. Limited	Singapore	1	S\$1	Ordinary	73.10	100	Hotel management and consultancy service
Kosmopolito Hotels International Limited (listed on the Stock Exchange since 11th October, 2010, stock code: 2266)	Cayman Islands/ HK	2,000,000,000	HK\$0.1	Ordinary	73.10	100	Investment holding
Kosmopolito Hotels International Services Limited	HK	2	HK\$1	Ordinary	73.10	100	Hotel management
Kuala Lumpur Land Holdings Limited	Channel Islands/ HK	100	£1	Ordinary	100	100	Investment holding

**48. PARTICULARS OF PRINCIPAL SUBSIDIARIES** (Continued)

Name of subsidiary	Place of incorporation/ operation	Number of share(s)	Issued share capital		Proportion of nominal value of issued capital/ registered capital held by the Group		Principal activities
			Par value per share/ registered capital	Class of share(s)	2011	2010	
<b>Indirect Subsidiaries (Continued)</b>							
Launceston York Car Park Trust	Australia	N/A	N/A	N/A	73.75	73.75	Car park operation
Madison Lighters and Watches Company Limited	HK	4	HK\$1	Ordinary	100	100	Investment holding
Mass Perfect Limited	HK	1	HK\$1	Ordinary	73.10	–	Investment holding
Merdeka Labuan Sdn. Bhd.	Malaysia	105,000,000	RM\$1	Ordinary	73.10	100	Hotel operation
Multi Yield (HK) Limited	HK	1	HK\$1	Ordinary	100	100	Property investment
N.T. Horizon Realty (Jordan) Limited	HK	2	HK\$100	Ordinary	100	100	Property investment
New Time Plaza Development Limited	HK	1,000	HK\$1	Ordinary	100	100	Investment holding
New Union Investments (China) Limited	HK	300	HK\$1	Ordinary	100	100	Investment holding
Oi Tak Enterprises Limited	HK	1,000,000	HK\$1	Ordinary	75	75	Investment holding
Pandix Limited	HK	1	HK\$1	Ordinary	100	100	Property development
Panley Limited	HK	1	HK\$1	Ordinary	73.10	100	Property development
Pansy Development Limited	HK	2	HK\$1	Ordinary	100	100	Property investment
Peacock Management Services Limited	HK	2	HK\$1	Ordinary	100	100	Administration services
Quadrant Plaza Pty Ltd	Australia	N/A	N/A	Ordinary	73.75	73.75	Car park operation
Quadrant Plaza Unit Trust	Australia	N/A	N/A	Ordinary	73.75	73.75	Car park operation
Regency Hotels Proprietary Limited	Australia	100	A\$1	Ordinary	100	100	Investment holding
Rich Diamond Holdings Limited	BVI/HK	10	US\$1	Ordinary	70	70	Investment holding
Richfull International Investment Limited	HK	1	HK\$1	Ordinary	73.10	100	Bar operation
Ridon Investment Limited	HK	2	HK\$1	Ordinary	100	100	Investment holding
Roper Debt Pty Ltd	Australia	N/A	N/A	Ordinary	73.75	73.75	Car park operation
Roper Street Car Park Pty Ltd	Australia	N/A	N/A	Ordinary	73.75	73.75	Car park operation
Roper Street Car Park Unit Trust	Australia	N/A	N/A	N/A	73.75	73.75	Car park operation
Roseville Enterprises Limited	HK	6,000	HK\$100	Ordinary	100	100	Property development
Royal Domain Plaza Pty. Ltd.	Australia	2	A\$1	Ordinary	100	100	Property investment
Royal Domain Towers Pty. Ltd.	Australia	2	A\$1	Ordinary	100	100	Property investment
Ruby Way Limited	HK	2	HK\$1	Ordinary	73.10	100	Hotel operation
Scarborough Development Limited	HK	2	HK\$1	Ordinary	100	100	Property investment
Shanghai Chingchu Property Development Company Limited (ii)	PRC	N/A	US\$35,000,000	N/A	98.2	98.2	Property development and investment
Shepparton Car Park Pty Ltd	Australia	10,050	A\$0.17093	Ordinary	73.75	73.75	Car park operation
Shepparton Car Park Trust	Australia	N/A	N/A	N/A	73.75	73.75	Car park operation
Singford Holdings Limited	BVI/HK	1	US\$1	Ordinary	100	100	Treasury management
Southsino Development Limited	HK	100	HK\$1	Ordinary	100	100	Property development
Star Bridge Development Limited	HK	2	HK\$1	Ordinary	100	100	Property development
Subang Jaya Hotel Development Sdn Bhd	Malaysia	245,000,000	RM\$1	Ordinary	73.10	100	Hotel operation
Success Range Sdn. Bhd.	Malaysia	250,000	RM\$1	Ordinary	73.10	100	Hotel operation
Tang City Holdings Ltd.	Singapore	1,000,000	S\$1	Ordinary	100	100	Property investment
Tang City Parkway Pte Limited	Singapore	10	S\$1	Ordinary	100	100	Property investment
Tang City Properties Pte Limited	Singapore	2,600,000	S\$1	Ordinary	100	100	Property investment
Tang Development Pte Limited	Singapore	2	S\$1	Ordinary	100	100	Property investment
Tang Hotel Investments Pte. Ltd.	Singapore	2	S\$1	Ordinary	73.10	100	Investment holding and property development
Tang Strategic Investment Pte. Ltd.	Singapore	10	S\$1	Ordinary	100	100	Property investment
Tang Suite Pte. Ltd.	Singapore	1	S\$1	Ordinary	73.10	100	Property development
Target Term Sdn. Bhd.	Malaysia	2	RM\$1	Ordinary	100	100	Car park operation
Tantix Limited	HK	1	HK\$1	Ordinary	100	100	Property development

**48. PARTICULARS OF PRINCIPAL SUBSIDIARIES** (Continued)

Name of subsidiary	Place of incorporation/ operation	Issued share capital			Proportion of nominal value of issued capital/ registered capital held by the Group		Principal activities
		Number of share(s)	Par value per share/ registered capital	Class of share(s)	2011	2010	
<b>Indirect Subsidiaries</b> <i>(Continued)</i>							
The Hotel of Lan Kwai Fong Limited	HK	10,000	HK\$1	Ordinary	73.10	100	Hotel operation
Tomarta Sdn. Bhd.	Malaysia	1,000,000	RM\$1	Ordinary	100	100	Property development
Turbulent Limited	HK	2	HK\$10	Ordinary	100	100	Investment holding
Upperace Development Limited	HK	1,000,000	HK\$1	Ordinary	100	100	Investment holding
Venue Summit Sdn. Bhd.	Malaysia	250,000	RM\$1	Ordinary	73.10	100	Hotel operation
Vennex Limited	HK	1	HK\$1	Ordinary	100	100	Property development
Vicco Development Limited	HK	2	HK\$1	Ordinary	100	100	Investment holding
Vicsley Limited	HK	1,000	HK\$1	Ordinary	73.10	100	Hotel operation
Victoria Land Pty Limited	Australia	12	A\$1	Ordinary	100	100	Management services
Well Distinct Limited	BVI/HK	1	US\$1	Ordinary	100	–	Investment holding
Win Chance Engineering Limited	HK	2	HK\$1	Ordinary	100	100	Engineering services
Zhongshan Developments Limited	BVI/HK	1	US\$1	Ordinary	73.10	100	Investment holding
武漢港澳中心物業管理有限公司(iii)	PRC	N/A	RMB500,000	N/A	73.10	100	Property management
武漢遠東帝豪酒店管理有限公司(i)	PRC	N/A	US\$29,800,000	N/A	73.10	100	Hotel operation
遠東帝豪酒店管理(成都)有限公司(i)	PRC	N/A	US\$38,000,000	N/A	73.10	100	Property development
麗悅酒店管理(上海)有限公司(iii)	PRC	N/A	RMB500,000	N/A	73.10	100	Hotel operation

(i) Foreign investment enterprise registered in the PRC.

(ii) Sino-foreign equity joint venture registered in the PRC.

(iii) Domestic wholly owned enterprise registered in the PRC.

None of the subsidiaries had issued any debt securities at the end of the year.

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

## 49. PARTICULARS OF PRINCIPAL ASSOCIATES

Particulars of principal associates at the end of the year are as follows:

Name of associate	Place of incorporation/ operation	Class of share(s)	Proportion of nominal value of issued capital/ registered capital held by the Group		Principal activities
			2011	2010	
Bermuda Investments Limited	HK	Ordinary	25	25	Property investment
Guangdong Xin Shi Dai Real Estate Limited	PRC	N/A	45	45	Property development
Kanic Property Management Limited	HK	Ordinary	50	50	Building management
Omicron International Limited	BVI/HK	Ordinary	30	30	Investment holding
Peacock Estates Limited	HK	Ordinary	25	25	Property investment

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

# List of Major Properties Held by the Group

## PROPERTY DEVELOPMENT/INVESTMENT PROPERTY

Codes of "Types of Property":

O – Office

R – Residential

S – Shops

CP – Car Park

H – Hotel

A – Agricultural

Name of property and location	Lot number	Group's interest	Site area (m <sup>2</sup> )
<b>Mainland China:</b>			
<b>Shanghai</b>			
1. 133 units of shoplots Jin Qiu Xintiandi Lane 809 Jin Qiu Road, Baoshan District	Various	98.2%	–
2. District 17B (part of District 17) Eastside of QiLianShan Road, Southside of TangQi Road, DaChang Town, Baoshan District	Lot 8/2, Street 3, QiLian Town, Baoshan District	98.2%	57,230
3. District 9B Westside of NanChen Road, Northside of JinQiu Road, DaChang Town, Baoshan District	(Part of) Lot 47/3, Street 3, QiLian Town, Baoshan District	98.2%	24,648
4. District 16A Westside of NanChen Road, Northside of JinQiu Road, DaChang Town, Baoshan District	Lot 1/10, Street 6, DaChang Town, Baoshan District	98.2%	55,180
5. District 12, 13, 14, 15 and 16B Westside of NanChen Road, Northside of JinQiu Road, DaChang Town, Baoshan District	N/A	98.2%	227,426
6. District 18 Eastside of QiLianShan Road, Northside of JinQiu Road, DaChang Town, Baoshan District	N/A	98.2%	49,164



## List of Major Properties Held by the Group

Approximate gross floor area (m <sup>2</sup> )	Types of property	Stage of completion	Expected completion date
23,446	S	Completed	Existing
48,049	R	Under construction	2012 to 2014
29,312	R	Planning stage	2014
57,674	R	Under construction	2013
Not yet determined	R	Planning stage	N/A
Not yet determined	R	Planning stage	N/A

## List of Major Properties Held by the Group

Name of property and location		Lot number	Group's interest	Site area (m <sup>2</sup> )
<b>Guangzhou</b>				
1.	Room 2603, Block 3 Dong-Jun Plaza 836 Dong Feng Road East	N/A	100%	—
2.	Room 2604, Block 3 Dong-Jun Plaza 836 Dong Feng Road East	N/A	100%	—
3.	New Time Plaza JianSheHengMaLu Yue Xiu District	N/A	50%	3,000
4.	Gan Tang Yuan Huadidadao East Li Wan District	N/A	100%	7,687
5.	Hua Di Jia Yuen 10 Miaolianjie North, Chajiao Li Wan District	N/A	100%	24,359
<b>Hong Kong</b>				
1.	No. 1-11A, San Wai Street HungHom	IL 7488	100%	679
2.	90-100 Hill Road <sup>(a)</sup> West Point	IL 1095	100%	537
3.	16th, 18th, 19th, 20th and 24th Floors, (including lavatories on 16th, 18th, 19th, 20th and 24th Floors and Flat Roof on 24th Floor), Far East Consortium Building 121 Des Voeux Road Central	120/736 shares of and in IL 2198, 2200, 2201 s.A and IL 2199 RP and s.A, s.B & s.C of ML 299	100%	—
4.	Far East Consortium Building 204-206 Nathan Road Tsim Sha Tsui	KIL 10467 RP and KIL 10468 RP	100%	314
5.	1/F of Block 4, and Car Parking Spaces Nos. 61 & 62, Rise Park Villas 38 Razor Hill Road, Sai Kung	69/1408 shares of and in Lot 1124 in DD 253	100%	—

(a) As at 31st March, 2011, it is still in finalisation of the legal proceedings in acquisition of the whole site.

## List of Major Properties Held by the Group

Approximate gross floor area (m <sup>2</sup> )	Types of property	Stage of completion	Expected completion date
91	O	Completed	Existing
91	O	Completed	Existing
20,000	R	Foundation	Vacant
43,000	R	Planning stage	Vacant
96,114	R	Under Construction	2014
6,106	R	Under construction	2013
8,055	R	Site acquisition	2014
2,474	O	Completed	Existing
3,579	S & O	Completed	Existing
157	R	Completed	Existing

## List of Major Properties Held by the Group

	<b>Name of property and location</b>	<b>Lot number</b>	<b>Group's interest</b>	<b>Site area (m<sup>2</sup>)</b>
6.	Various shops on LG/F and UG/F Tsuen Wan Gardens Phase 1 15-23 Castle Peak Road Tsuen Wan	241/4400 shares of and in TWTL 241	100%	–
7.	Bakerview, 66 Baker Street Hung Hom	HHIL 235 s.B, s.C, s.D, s.E, s.Iss1, s.Iss2 and s.Iss3	100%	604
8.	Sheung Yeung Sai Kung	Lots 84, 85, 86, 89, 91, 92, 94, 95A, 99, 116RP, 137, 139, 141RP, 213, 221RP, 224RP, 229, 230, 231A, 231RP, 233, 234, 236, 258, 263RP and 746 in DD 225	100%	7,136
9.	No. 684 Clear Water Bay Road	Lot 236 in D.D. at Ah Kwung Wan	100%	1,859
10.	Route TWISK, Chuen Lung Tsuen Wan	IL 389	100%	13,500
11.	Tan Kwai Tsuen, Yuen Long	Lot 3927 s.B in DD 124	100%	4,495
12.	Various lots, Pak Kong Sai Kung	Lots 1134 RP, 1137 RP, 1138 & 1139 RP in DD 222	100%	3,524
13.	Yau Kam Tau, Tsuen Wan	Lot 232 RP in DD 354	100%	5,940
14.	Car Parking Spaces Nos. 14, 16, 17, 24, 26, 27, 29, 30, 34, 35, 40, 41, 44-46, 51, 53-56, 58, 62-71, 75, 77, 85, 86, 90, 91, 94, 96 and 97 on the Basement 1 and Car Parking Spaces Nos. 98, 99, 114, 124, 125, 129, 139-141, 144-147, 149-152, 154-157, 159-162, 164 and 167 on the Basement 2 Covent Garden, 88 Ma Tin Road Yuen Long	1675/35313 shares of and in YLTL 419	100%	–
15.	287-293 Sai Yeung Choy Street North Shamshuipo	KIL 317	100%	501
16.	Basement to 5th Floor Nos. 135-143, Castle Peak Road Tsuen Wan	Lot 2158 in DD 449	100%	632

## List of Major Properties Held by the Group

Approximate gross floor area (m <sup>2</sup> )	Types of property	Stage of completion	Expected completion date
3,908	S	Completed	Existing
5,444	S & R	Completed	Existing
4,682	R	Phase 1 completed	2013 (phase 2)
1,858	R	Completed	Existing
5,400	A	Phase 1 completed	N/A
4,495	R	Planning stage	N/A
Not yet determined	A	Planning stage	N/A
–	A	Planning stage	N/A
–	CP	Completed	Existing
3,759	R	Construction	2014
3,704	S & O	Completed	Existing

## List of Major Properties Held by the Group

Name of property and location	Lot number	Group's interest	Site area (m <sup>2</sup> )
<b>Australia</b>			
1. Upper West Side 613-649 Lonsdale Street Melbourne, Victoria.	Vol 10439 Folio 667 Vol 10372 Folio 666 Vol 4287 Folio 316 Vol 4864 Folio 623 Vol 1953 Folio 469 Vol 1959 Folio 722 Vol 4774 Folio 620 Vol 4682 Folio 328 Vol 10630 Folio 819 Vol 10630 Folio 820 Vol 10632 Folio 451	100%	9,196
2. 289 McKimmies Road Bundoora, Victoria	Vol 10044 Folio 204	25%	23,000
3. Northbank Place – Rebecca Walk	Lease 2150, 2090 and 2147 OP 122674	100%	808.6
– 11 Gem Place	Lot 8C PS 549363	100%	94.8
– 5 Norval Place	Lot 6W PS 604245	100%	44.5
<b>Malaysia</b>			
1. Sri Jati Service Apartments Jalan Jati, Off Jalan Imbi Kuala Lumpur	Lot 1292 Section 67, Town and District of Kuala Lumpur, Wilayah Persekutuan	100%	886
2. Mukim of Kerling District of Hulu Selangor Selangor Darul Ehsan	Lots 600 and 619	100%	422,907
3. Lot 470, Jalan Imbi Kuala Lumpur	Geran 36268, Lot 470 Section 67 City of Kuala Lumpur Wilayah Persekutuan	100%	1,644
<b>Singapore</b>			
1. 1 Marine Parade Central Parkway Centre	Various lots of Mukim 26	100%	–
2. No. 100, Eu Tong Sen Street Pearl's Centre	Lot U871W	100%	–
3. 100A Eu Tong Sen Street Yang Tze Building	Lot U865L	100%	–



## List of Major Properties Held by the Group

Approximate gross floor area (m <sup>2</sup> )	Types of property	Stage of completion	Expected completion date
119,652	R & S	Construction – Stage 1 Planning – Stage 2 Planning – Stage 3 Planning – Stage 4	2013 2014 2015 2015
7,191	R	Completed	Existing
808.6	S	Completed	Existing
94.8	S	Completed	Existing
44.5	S	Completed	Existing
4,685	R	Completed	Existing
–	A	Planning stage	Vacant
15,400	R	Planning stage	2014
4,756	S & O	Completed	Existing
14,044	CP	Completed	Existing
8,007	S & O	Completed	Existing

## List of Major Properties Held by the Group

### HOTELS

Name of property and location		Lot number	Group's interest	Site area (m <sup>2</sup> )
<b>Hong Kong</b>				
1.	Cosmopolitan Hotel No. 387 Queen's Road East Wanchai	IL 1578RP	73.1%	1,093
2.	Central Park Hotel No. 263 Hollywood Road Sheung Wan	IL568 s.A. RP. and IL 8412	73.1%	317
3.	Dorsett Kowloon Hotel <sup>(1)</sup> No. 48 Anchor Street Tai Kok Tsui	KIL 6374	73.1%	357
4.	Cosmo Hotel No. 375 Queen's Road East Wanchai	IL 1578 s.Ass1	73.1%	380
5.	Lan Kwai Fong Hotel@Kau U Fong No. 3 Kau U Fong Central	IL 8852 RP	73.1%	377
6.	Dorsett Far East Hotel <sup>(2)</sup> Nos. 135-143 Castle Peak Road Tsuen Wan	Lot 2158 in DD 449	73.1%	632
7.	Dorsett Seaview Hotel <sup>(3)</sup> No. 268 Shanghai Street Yau Ma Tei	KIL 9944, 9701, 9705, 9727, 9769 & 7429	73.1%	502
8.	Cosmo Hotel Mongkok Nos. 35-43 Ivy Street Tai Kok Tsui	KIL 8050	73.1%	514
9.	Dorsett Regency Hotel, Hong Kong Nos. 12-22 Davis Street Kennedy Town	IL 905	73.1%	461
10.	Dorsett Regency Kwun Tong, Hong Kong No. 84 Hung To Road Kwun Tong	KTIL 162	73.1%	929
11.	Dorsett Regency Kwai Chung, Hong Kong No. 659 Castle Peak Road Kwai Chung	Lot 193 Kwai Chung Town	73.1%	2,323

Notes:

(1) To be renamed as Silka West Kowloon Hotel, Hong Kong with effective from 8th July, 2011

(2) To be renamed as Silka Far East Hotel, Hong Kong with effective from 8th July, 2011

(3) To be renamed as Silka Seaview Hotel, Hong Kong with effective from 8th July, 2011

## List of Major Properties Held by the Group

Approximate gross floor area (m <sup>2</sup> )	Types of property	Stage of completion	Expected completion date
15,895	H	Completed	Existing
4,745	H	Completed	Existing
3,210	H	Completed	Existing
5,546	H	Completed	Existing
5,646	H	Completed	Existing
5,180	H	Completed	Existing
6,065	H	Completed	Existing
6,225	H	Completed	Existing
6,819	H	Completed	2011
11,141	H	Under construction	2011
21,694	H	Under construction	2012

## List of Major Properties Held by the Group

Name of property and location		Lot number	Group's interest	Site area (m <sup>2</sup> )
<b>Mainland China</b>				
1.	Hotel Kosmopolito City Centre, Chengdu Nos. 124-177 Xiyulong Road Qingyang District Chengdu Sichuan Province	N/A	73.1%	5,866
2.	Wuhan Cosmopolitan Hotel No. 118 Jiang Han Road Jiang An District Wuhan City Hubei Province	N/A	73.1%	5,339
3.	Yue Shanghai Hotel Nos. 796 and 800 Huamu Road, Pudong New Area Shanghai	N/A	73.1%	3,990
<b>Malaysia</b>				
1.	Dorsett Regency Hotel Kuala Lumpur 172, Jalan Imbi 55100 Kuala Lumpur Malaysia	Lot 1300 Seksyen 0067 held under Title No. GRN 49963 Town and District of Kuala Lumpur Wilayah Persekutuan KL	73.1%	1,270
2.	Grand Dorsett Subang Hotel Jalan SS 12/1, 47500 Subang Jaya Selangor Darul Ehsan Malaysia	Lots 4244 and 4245 held under title was GRN 38842 and 38843 Mukim of Damansara District of Petaling Selangor	73.1%	37,782
3.	Grand Dorsett Labuan Hotel 462, Jalan Merdeka, 87029 Federal Territory of Labuan Malaysia	Lot TL 207531888, Town of Labuan Federal Territory of Labuan	73.1%	6,071
4.	Maytower Hotel No. 7, Jalan Munshi Abdullah, 50100 Kuala Lumpur	Lot 301 Section 40 held under Title No. GRN 54118 Town and District of Kuala Lumpur Wilayah Persekutuan	73.1%	2,162
5.	Dorsett Johor Hotel <sup>(1)</sup> Mukim of Plentong District of Johor Bahru State of Johor	Lot 66270 held under Title No. GRN 358714 Mukim of Plentong District of Johor Bahru	73.1%	4,370
<b>Singapore</b>				
1.	Dorsett Regency "On New Bridge", Singapore 5 at New Bridge Road Singapore	Lots 777W & 782P Town Subdivision (TS)	73.1%	4,650

Notes:

(1) To be renamed as Silka Johor Hotel, Malaysia with effective from 8th July, 2011

## List of Major Properties Held by the Group

Approximate gross floor area (m <sup>2</sup> )	Types of property	Stage of completion	Expected completion date
67,617	H	Under construction	2012
67,307	H	Completed	Existing
18,149	H	Completed	Existing
27,753	H	Completed	Existing
43,264	H	Completed	Existing
21,565	H	Completed	Existing
5,623	H	Completed	Existing
8,804	H	Completed	Existing
16,226	H&R	Under construction	2013

## List of Major Properties Held by the Group

### CAR PARK PROPERTY

Name of property and location		Lot number	Group's interest
<b>Australia</b>			
1.	12 Blyth Street/13-19 Bank Street Adelaide, South Australia Australia	Freehold Title – Volume 5234 Folio 147, Volume 5234 Folio 148 and Volume 5215 Folio 282	73.75%
2.	12 Blyth Street/13-19 Bank Street Adelaide, South Australia Australia	Freehold Title – Volume 5234 Folio 147, Volume 5234 Folio 148 and Volume 5215 Folio 282	73.75%
3.	Central Square 25 Doveton Street South Ballarat, Victoria Australia	Pt Lot 1 LP 529677 Freehold Title – Volume 10951 Folio 752	73.75%
4.	Fenton Street Devonport, Tasmania Australia	Freehold Title – Volume 129295 Folio 1	73.75%
5.	Gasworks Willis Street Launceston, Tasmania Australia	Volume 156397 Folios 1-36, together with use of common area rights of access	73.75%
6.	Hub Arcade 15-23 Langhorne Street Dandenong, Victoria Australia	Lot 67 SP 32395 Freehold Title – Volume 9902 Folio 822, Unit 67 on Strata Plan 032395Q (116 spaces)	73.75%
7.	133-141 Melville Street Hobart, Tasmania Australia	Freehold Title – Volume 242159 Folio 1	73.75%
8.	2-6 Mundy Street Bendigo, Victoria Australia	Freehold Title – Volume 10488 Folio 371-374 inclusive / Volume 8294 Volume 508	73.75%
9.	Northbank Place 507-581 Flinders Street Melbourne, Victoria Australia	Plan of Subdivision PS549363A Certificate of Title Volume 10996 Folio 727 Lot 11, Unit 11C	73.75%
10.	Quadrant Plaza (Dell Lane) 94 York Street Launceston, Tasmania Australia	Freehold Title – Volume 31824 Folio 1, Volume 34252 Folio 2	73.75%



## List of Major Properties Held by the Group

Site area (m <sup>2</sup> )	Types of property	Stage of completion	Expected completion date
1,888	CP	Completed	Existing
1,673	S	Completed	Existing
2,898	CP	Completed	Existing
615	CP	Completed	Existing
750	CP	Completed	Existing
4,596	CP	Completed	Existing
890	CP	Completed	Existing
1,359	CP	Completed	Existing
6,143	CP	Completed	Existing
3,333.80	CP	Completed	Existing

## List of Major Properties Held by the Group

	<b>Name of property and location</b>	<b>Lot number</b>	<b>Group's interest</b>
11.	Quadrant Plaza 94 York Street Launceston, Tasmania Australia	Freehold Title – Volume 31824 Folio 1, Volume 34252 Folio 2	73.75%
12.	344 Queen Street Brisbane, Queensland Australia	Freehold Title – Title Reference 18071152 – Lot 1BUP 10464	73.75%
13.	15 Roper Street Adelaide, South Australia Australia	Freehold Title – Volume 5335 Folio 342, Allotment 5, Deposited Plan 25203	73.75%
14.	14-14 Stewart Street Shepparton, Victoria Australia	Freehold Title – Volume 4963 Folio 501, Volume 5281 Folio 195, Volume 4437 Folio 356, Volume 8800 Folio 444, Volume 8632 Folio 508	73.75%
15.	360 St Kilda Road Melbourne, Victoria Australia	Freehold Title – Lots 1D – 86D on Plan of Subdivision PS419703E	73.75%
16.	Toorak Place 521 Toorak Road South Yarra, Victoria Australia	Freehold Title – Volume 10896, Folios 196-230, 328-330 and 394-403 inclusive, being Lots 12-49 and 58-67 on Plan of Subdivision 527035	73.75%
17.	9-23 Watchorn Street Hobart, Tasmania Australia	Freehold Title – Volume 29586 Folio 1, Allotment 1, Deposited Plan 29586	73.75%
18.	Watergate 767 Bourke Street Docklands, Victoria Australia	Freehold Title – Volume 10925 Folios 766-878 inclusive	73.75%
19.	York Street Central 124 York Street Launceston, Tasmania Australia	Freehold Title – Volume 33521 Folio 1	73.75%

## List of Major Properties Held by the Group

Site area (m <sup>2</sup> )	Types of property	Stage of completion	Expected completion date
1,690	S	Completed	Existing
1,290	CP	Completed	Existing
2,057	CP	Completed	Existing
2,716	CP	Completed	Existing
2,050	CP	Completed	Existing
1,500	CP	Completed	Existing
820	CP	Completed	Existing
3,135	CP	Completed	Existing
1,252	CP	Completed	Existing

## List of Major Properties Held by the Group

Name of property and location		Lot number	Group's interest
<b>Malaysia</b>			
1.	Plaza Damas, Sri Hartamas Kuala Lumpur Malaysia (Basement car park)	Geran 59225, Lot 56228 City of Kuala Lumpur Wilayah Persekutuan	100%
2.	Windsor & Waldorf Tower Service Apartments, Sri Hartamas Kuala Lumpur, Malaysia	Part of Master Title no. Geran 59219, Lot 56229 City of Kuala Lumpur Wilayah Persekutuan	100%

## List of Major Properties Held by the Group

Approximate gross floor area (m <sup>2</sup> )	Types of property	Stage of completion	Expected completion date
58,125	CP	Completed	Existing
5,040	CP	Completed	Existing

# Glossary

<b>"2004 Scheme"</b>	means options granted on 21st October, 2004.
<b>"2006 Scheme"</b>	means options granted on 25th August, 2006.
<b>"2011 AGM"</b>	means the forthcoming annual general meeting of the Company to be held on 8th September, 2011 at 3:00 p.m. at Xinhua Room, Mezzanine Floor, Cosmopolitan Hotel, 387-397 Queen's Road East, Wan Chai, Hong Kong.
<b>"2013 Bond"</b>	means a Zero Coupon Convertible Bond due in 2013.
<b>"2015 Bond"</b>	means Convertible Bonds maturing on 5th March, 2015.
<b>"Articles"</b>	means Articles of Association of the Company.
<b>"Associate"</b>	means the associate as defined in Schedule 1 to the SFO.
<b>"Australia BBSW"</b>	means Australia Bank Bill Swap Reference Rate.
<b>"Board"</b>	means Board of Directors of the Company.
<b>"BVI"</b>	means British Virgin Islands.
<b>"Cap. 545"</b>	means Land (Compulsory Sale For Redevelopment) Ordinance (Chapter 545 of the Laws of Hong Kong).
<b>"CG Code"</b>	means Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules.
<b>"Companies Law"</b>	means Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.
<b>"Company" or "FECIL"</b>	means Far East Consortium International Limited, a public limited company incorporated in Cayman Islands with its shares listed on the Main Board of the Hong Kong Stock Exchange (stock code: 35).
<b>"Controlling Shareholder"</b>	means the Controlling Shareholders as defined in the Listing Rules.

## Glossary

<b>"Director(s)"</b>	means director(s) of the Company.
<b>"EFN"</b>	means HK Exchange Fund Notes
<b>"EIT"</b>	means People's Republic of China Enterprise Income Tax.
<b>"Excel Chinese"</b>	means Excel Chinese International Limited, a limited company incorporated in Hong Kong.
<b>"FECIL Share Option Scheme"</b>	means the share option scheme of the Company was adopted pursuant to the resolution passed on 28th August, 2002.
<b>"FVTPL"</b>	means Financial Assets at Fair Value through Profit or Loss.
<b>"GFA"</b>	means Gross Floor Area.
<b>"Group"</b>	means the Company and its subsidiaries.
<b>"HIBOR"</b>	means Hong Kong Interbank Offered Rates.
<b>"HK – Int"</b>	means Hong Kong Interpretation.
<b>"HK (IFRIC) – Int"</b>	means Hong Kong (International Financial Reporting Interpretations Committee) Interpretation.
<b>"HKAS"</b>	means Hong Kong Accounting Standards.
<b>"HKFRS"</b>	means the Hong Kong Financial Reporting Standards.
<b>"HKFRSs"</b>	means Hong Kong Financial Reporting Standards.
<b>"HKICPA"</b>	means the Hong Kong Institute of Certified Public Accountants.
<b>"Hong Kong" or "HK"</b>	means the Hong Kong Special Administrative Region of PRC.
<b>"Hong Kong Companies Ordinance"</b>	means the Companies Ordinance (Chapter 32 of the Laws of Hong Kong).
<b>"Hong Kong Stock Exchange" or "Stock Exchange"</b>	means The Stock Exchange of Hong Kong Limited.
<b>"IPO"</b>	means Initial Public Offering.



## Glossary

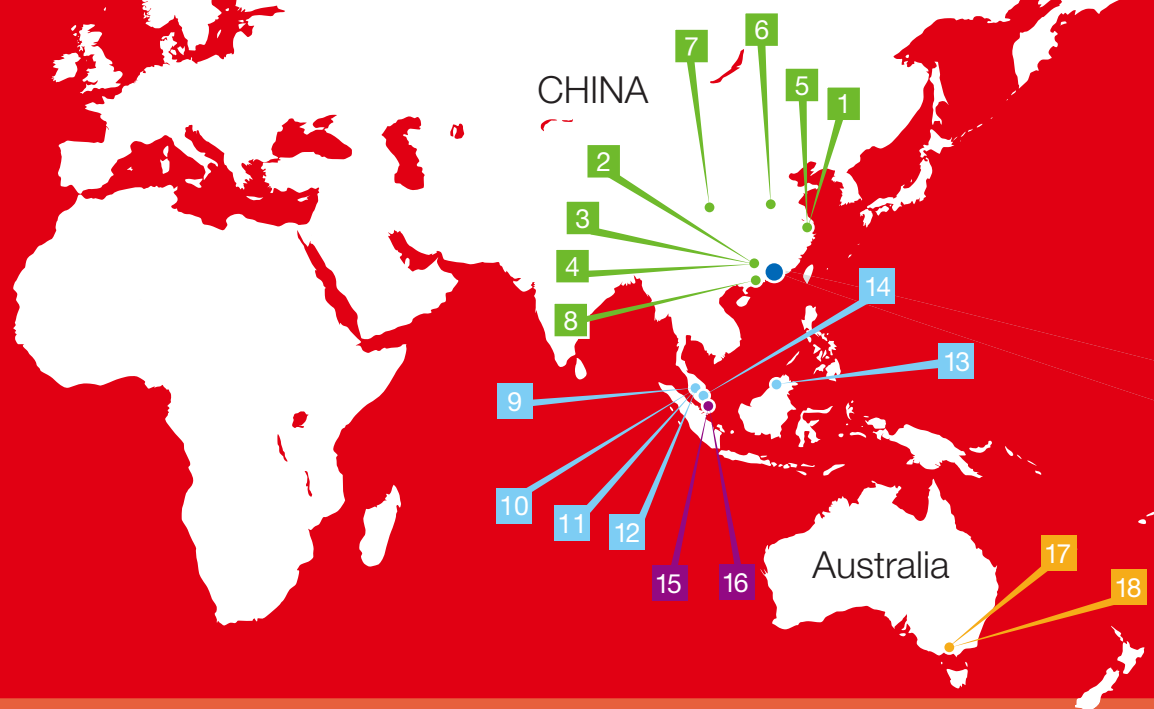
<b>"KHI or Kosmopolito"</b>	means Kosmopolito Hotels International Limited, a public limited company incorporated in Cayman Islands with its shares listed on the Main Board of the Hong Kong Stock Exchange (stock code: 2266).
<b>"Kosmopolito Share Option Scheme"</b>	means the share option scheme of KHI was adopted on 10th September, 2010.
<b>"LAT"</b>	means People's Republic of China Land Appreciation Tax.
<b>"Listing Rules"</b>	means the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange.
<b>"Malaysia BLR"</b>	means Malaysia Base Lending Rates.
<b>"Model Code"</b>	means Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules.
<b>"Nikkies 225 Index"</b>	means Nikkie Heikin Kabula 225 Index.
<b>"PBOC"</b>	means People's Bank of China Prescribed Interest Rate.
<b>"PRC" or "Mainland China" or "China"</b>	means other regions in the People's Republic of China, and for the purpose of this annual report and unless otherwise stated, references in this annual report to the PRC do not include Taiwan, Hong Kong or Macau Special Administrative Region of the PRC.
<b>"RevPAR"</b>	means Revenue Per Available Room.
<b>"S\$ SOR"</b>	means Singapore Swap Offered Rate.
<b>"Securities"</b>	means as the securities as defined in Schedule 1 to the SFO.
<b>"SFO"</b>	means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).
<b>"Shangqiu Yongyuan"</b>	means Shangqiu Yongyuan Development Company Limited.
<b>"sq. ft." or "Sq. Ft."</b>	means Square feet.
<b>"Subsidiaries"</b>	means the subsidiaries as defined in Schedule 1 to the SFO.

## **Glossary**

**“The MPF Scheme”** means Mandatory Provident Fund Scheme.

**“USA”** means United States of America.

# Property Development and Hotel Portfolio



## MAINLAND CHINA

### PROPERTY DEVELOPMENT

1. California Garden  
Shanghai
2. Hua Di Jia Yuan  
Guangzhou
3. Gantangyuan  
Guangzhou
4. New Time Plaza  
Guangzhou

### HOTEL UNDER OPERATION

5. Yue Shanghai Hotel  
Shanghai
6. Wuhan Cosmopolitan  
Hotel  
Wuhan

### HOTEL UNDER DEVELOPMENT

7. Hotel Kosmopolito  
City Centre  
Chengdu
8. Dorsett Regency CBD<sup>(1)</sup>  
Zhongshan

## MALAYSIA

### PROPERTY DEVELOPMENT

9. Dorsett IMBI  
Kuala Lumpur

### HOTEL UNDER OPERATION

10. Dorsett Regency Hotel  
Kuala Lumpur
11. Grand Dorsett Subang  
Hotel  
Kuala Lumpur
12. Maytower Hotel  
Kuala Lumpur
13. Grand Dorsett Labuan  
Hotel  
Labuan
14. Dorsett Johor Hotel<sup>(2)</sup>  
Johor

## SINGAPORE

### PROPERTY DEVELOPMENT

15. Dorsett Residence

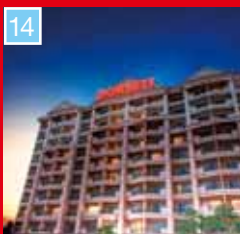
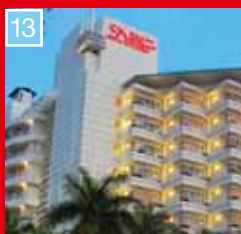
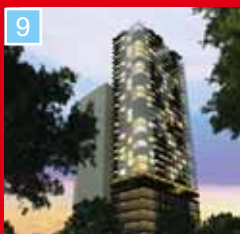
### HOTEL UNDER DEVELOPMENT

16. Dorsett Regency  
"On New Bridge"

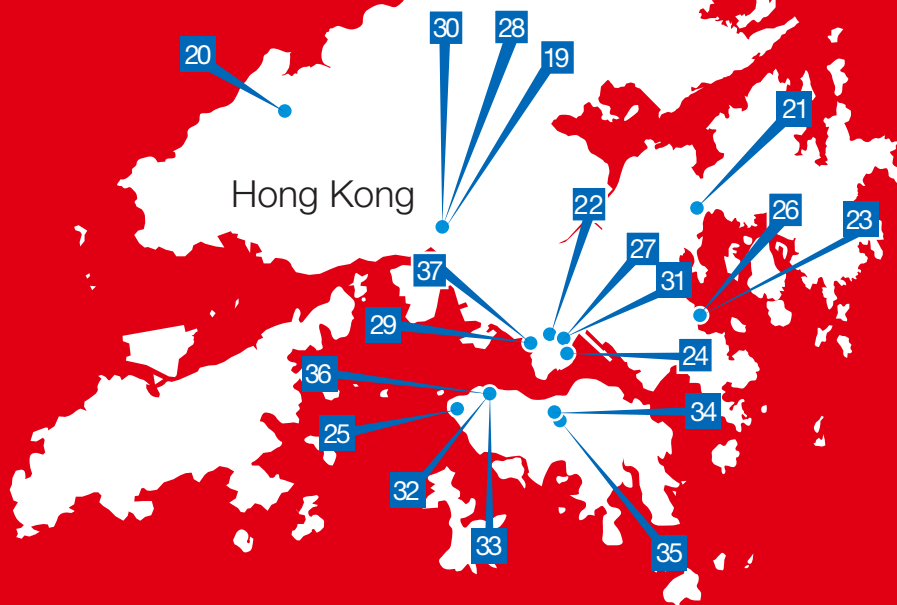
## AUSTRALIA

### PROPERTY DEVELOPMENT

17. Upper West Side  
Melbourne
18. Jarrah Estate  
Melbourne



- (1) This hotel is in the process of obtaining its legal title of ownership  
 (2) To be rebranded as Silka Johor Hotel, Malaysia with effective from 8th July 2011  
 (3) To be rebranded as Silka West Kowloon Hotel, Hong Kong with effective from 8th July 2011



## HONG KONG

### PROPERTY DEVELOPMENT

- 19. Chuen Lung  
Tsuen Wan
- 20. Tan Kwai Tsuen  
Yuen Long
- 21. Pak Kong  
Sai Kung
- 22. No. 287-293 Sai Yeung  
Choy Street North  
Sham Shui Po
- 23. Sheung Yeung  
Sai Kung
- 24. Bakerview  
Hung Hom

- 25. No.90-100, Hill Road  
Pok Fu Lam
- 26. 684 Clearwater Bay  
Road  
Sai Kung
- 27. No. 1- 11A San Wai  
Street  
Hung Hom
- 28. Yau Kam Tau  
Tsuen Wan

### HOTEL UNDER OPERATION

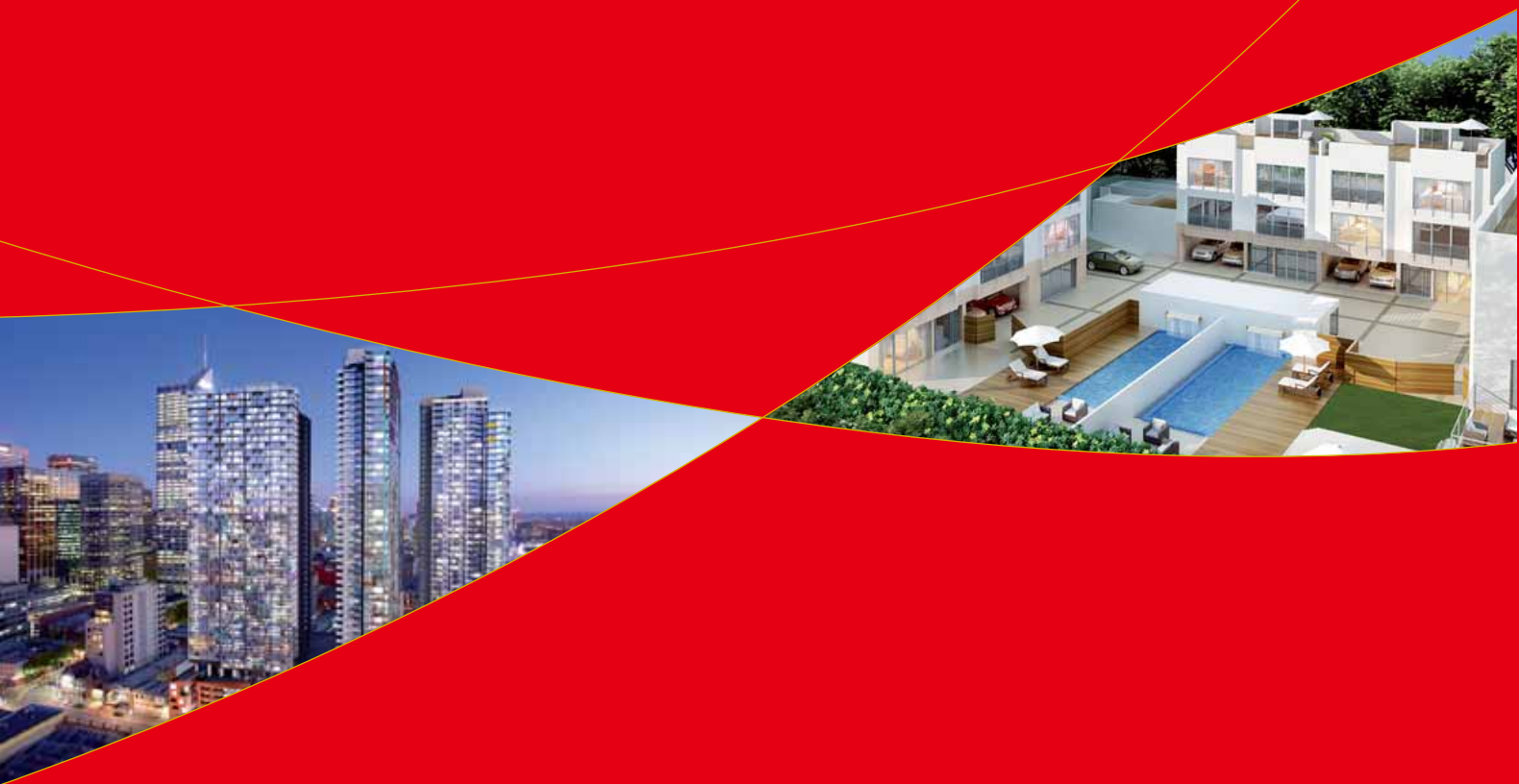
- 29. Dorsett Kowloon  
Hotel<sup>(3)</sup>
- 30. Dorsett Far East Hotel<sup>(4)</sup>
- 31. Dorsett Seaview Hotel<sup>(5)</sup>
- 32. Central Park Hotel
- 33. Lan Kwai Fong Hotel  
@ Kau U Fong
- 34. Cosmo Hotel
- 35. Cosmopolitan Hotel
- 36. The Mercer<sup>(6)</sup>  
by Kosmopolito
- 37. Cosmo Hotel  
Mongkok

### HOTEL UNDER DEVELOPMENT

- 38. Dorsett Regency Hotel  
Hong Kong
- 39. Dorsett Regency Hotel  
Kwun Tong
- 40. Dorsett Regency Hotel  
Kwai Chung



(4) To be rebranded as Silka Far East Hotel, Hong Kong with effective from 8th July 2011  
 (5) To be rebranded as Silka Seaview Hotel, Hong Kong with effective from 8th July 2011  
 (6) This hotel is operated under hotel management contract



## **Far East Consortium International Limited** **遠東發展有限公司**

16th Floor, Far East Consortium Building,  
121 Des Voeux Road Central, Hong Kong  
香港德輔道中121號遠東發展大廈16樓

Website 網址 : [www.fecil.com.hk](http://www.fecil.com.hk)