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Leung Kui King, Donald

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Tse Lai Han, Henry
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COMPANY SECRETARY

Huen Po Wah

PRINCIPAL BANKERS

Wing Lung Bank Limited
The Bank of East Asia, Limited
Nanyang Commercial Bank, Ltd.
Bank of Communications Co., Ltd.
The Hongkong and Shanghai Banking Corporation Limited

AUDITORS

HLM & Co.
Certified Public Accountants, Hong Kong

SOLICITORS

Woo, Kwan, Lee & Lo

REGISTERED OFFICE

26th Floor, Tern Centre, Tower I
237 Queen's Road Central
Hong Kong

SHARE REGISTRAR AND TRANSFER OFFICE

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

WEBSITE

www.tern.hk

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

CHAN Hoi Sow

Mr. Chan, aged 77, has been the Chairman and Managing Director of the Group since 1987. Mr. Chan has more than 30 years experience in property investment and development in Hong Kong, the Mainland China and overseas. He is the father of Mr. Chan Yan Tin, Andrew, an executive director of the Company.

CHAN Yan Tin, Andrew

Mr. Chan, aged 47, has been an executive director of the Company since January 2004. He was an executive director from October 1987 to April 2001 and a non-executive director from April 2001 to January 2004. He graduated from Simon Fraser University, and has extensive experience in property investment and development in Hong Kong, the Mainland China and overseas. Mr. Chan is a son of Mr. Chan Hoi Sow who is the Chairman and Managing Director of the Group and a controlling shareholder of the Company.

CHAN Siu Keung, Leonard

Mr. Chan, aged 54, has been an executive director of the Company since October 1994. Mr. Chan is a qualified accountant. He joined the Group in 1992 and has extensive experience in finance and investment.

CHAN Kwok Wai

Mr. Chan, aged 52, has been an independent non-executive director of the Company since September 2004. He is also the chairman of the audit committee and the chairman of the remuneration committee. He holds a bachelor degree in Accounting and Commerce, and is an associate member of the CPA Australia and a member of the Hong Kong Securities Institute. He has over 20 years of experience in finance and accounting industry. Mr. Chan is currently a director of High Progress Consultants Limited and an independent non-executive director of the five listed public companies in Hong Kong, namely Chinese Estates Holdings Limited, Junefield Department Store Group Limited, National Electronics Holdings Limited, Far East Consortium International Limited and China Investments Holdings Limited.

TSE Lai Han, Henry

Mr. Tse, aged 46, has been an independent non-executive director of the Company since September 2004. He is also a member of the audit committee and a member of the remuneration committee. He holds Bachelor and Master of Applied Science (Civil Engineering) degrees from the University of British Columbia in Canada. He has considerable experience in both construction and property development in Hong Kong and overseas.

LEUNG Kui King, Donald

Mr. Leung, aged 55, has been an independent non-executive director of the Company since April 2008. He is also a member of the audit committee. He graduated from The University of California, Berkeley and completed Harvard University's Advanced Management Program. Mr. Leung started his career in banking with Bank of America in 1977 and joined Wardley Limited (a member of HSBC Group) in 1984. He then spent 20 years with Sun Hung Kai Properties Group and retired as Assistant to Chairman in January 2006. He was an executive director of SUNeVision Holdings Ltd., a listed public company in Hong Kong, up to December 2005.

CHAIRMAN'S STATEMENT

RESULTS

I am pleased to report that the Group's audited consolidated profit for the year ended 31 March 2011, after providing for taxation, amounted to HK$411,955,792. Earnings per share for the year was HK$1.34.

DIVIDENDS

The Board of Directors of the Company has resolved to recommend a final dividend of HK2.8 cents per share for the year ended 31 March 2011. The proposed final dividend, subject to approval by the shareholders of the Company at the annual general meeting to be held on Wednesday, 3 August 2011, will be payable on Monday, 8 August 2011 to the shareholders on the Register of Members of the Company on Wednesday, 27 July 2011.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Wednesday, 27 July 2011 to Wednesday, 3 August 2011, both days inclusive, during which period no transfer of shares will be registered by the Company. In order to qualify for the proposed final dividend, and to determine the identity of the shareholders entitled to attend and vote at the annual general meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar and Transfer Office, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 26 July 2011.

BUSINESS REVIEW

Hong Kong

The local economy has been expanding steadily for the past year. The Group's rental income for the year continued to grow. Meanwhile the market value of the Group's investment properties increased respectably during the year.

The Group's gross rental income for the year was HK$68.2 million, an increase of 3.1% from that of the previous year. In addition, the Group's share of gross rental income from an associate was HK$8.9 million. Therefore the total gross rental income attributable to the Group amounted to HK$77.1 million. During the year, the Group recorded an increase in fair market value of HK$328.1 million for its investment properties. The Group's profit for the year amounted to HK$412.0 million.

During the year, the Group's commercial shop properties located on Nathan Road, Cameron Road and Granville Road recorded an increase in rental income. Lease renewal for these shops generally recorded a higher rental rate. Office properties also recorded upward adjustment in rental rate upon lease renewal. The Group's rental portfolio continued to achieve a high average occupancy rate of 98% during the year.

The Group continued to invest in debt securities and equity securities during the year. The investments generated interest income and dividend income amounting to HK$11.0 million for the year.

Overseas

During the year, the Group continued to hold a residential suite in Pointe Claire in the City of Vancouver, Canada for rental income purpose.

PROSPECTS

After prolonged period of low interest environment, the global economy is on the road to recovery albeit at a different pace for different regions. Interest rate in most regions is moving upward in tandem with the increasing inflationary pressure especially from the fluctuation of oil and commodity prices at high level. These factors may have a dampening effect on consumer sentiment. Meanwhile the Mainland authority will continue to impose restrictive monetary policy and pricing restraints to avoid overheating in the economy especially in the housing and consumer products sectors. However the ongoing expansion in the Mainland economy will provide impetus to the growth in the local economy.

The general price of local residential properties has breached new height despite authority measures to dampen speculative trading. The market is expected to turn stable in view of the forecast increasing land supply and rising interest rate. On the other hand the rental value of shops in prime locations will continue to strengthen amid the increasing tourist arrivals from the Mainland. Meanwhile the rental value of office properties will also rise gradually in view of the local economic growth.

The Group's rental income from its investment properties will move up gradually next year. Since the value of the Group's prime investment properties has increased substantially, the Group's financial position is expected to get stronger with low gearing.

Finally I would like to take this opportunity to express my gratitude to all the Directors and staff members of the Group for their valuable contribution and continued support throughout the year.

Chan Hoi Sow
Chairman

Hong Kong, 10 June 2011

OPERATION

The Group continued to hold prime commercial properties for rental income during the year.

The Group's gross rental income for the year ended 31 March 2011 amounted to HK$68.2 million (2010: HK$66.1 million), an increase of 3.1% from last year. During the year, the Group's commercial shop properties located in Burlington House on Nathan Road, The Bodynits Building on Cameron Road, Ka Wing Building on Granville Road and 3 Lock Road recorded an increase in rental income while a shop on Park Lane Boulevard recorded a decrease. At 31 March 2011, the Group held investment properties amounting to HK$2,150.1 million (2010: HK$1,792.9 million), an increase of HK$357.2 million from last year. The increase was due primarily to the increase in fair value of the Group's property portfolio during the year. The Group's share of gross rental income from an associate amounted to HK$8.9 million (2010: HK$12.5 million), a decrease of 28.8% from last year due to the disposal of investment properties at the end of the previous fiscal year. The Group's rental portfolio continued to achieve a high average occupancy rate of 98% during the year.

During the year, the Group acquired Shop 5 on the Ground Floor of Lee Fat Building, 30-36 Jardine's Crescent in Causeway Bay for a cash consideration of HK$27,500,000. The property is generating a rental income of HK$936,000 per annum which is equivalent to an annual yield of 3.4% based on the acquisition cost.

The Group's interest income and dividend income for the year ended 31 March 2011 amounted to HK$11.0 million (2010: HK$3.6 million), an increase of HK$7.4 million from last year due to the increase in investments in debt securities and equity securities. At 31 March 2011, these investments amounted to HK$142.5 million (2010: HK$103.4 million), an increase of HK$39.1 million from last year.

RESULTS

The Group's profit for the year ended 31 March 2011 amounted to HK$412.0 million (2010: HK$443.1 million), a decrease of 7.0% from last year. The decrease was due primarily to the less increase in the fair value of investment properties and unrealised loss on debt securities investment of the Group upon revaluation at the end of the reporting period, and the gain on disposal of investment properties recorded last year partially offset by higher interest income during the year. The Group's share of profit of associates after taxation amounted to HK$39.9 million (2010: HK$31.5 million), an increase of 26.7% from last year due primarily to the increase in the fair value of investment properties.

Earnings per share for the year ended 31 March 2011 were HK$1.34 (2010: HK$1.44). The proposed final dividend of HK2.8 cents (2010: HK2.5 cents) per share will make a total distribution of interim dividend and final dividend of HK4.6 cents (2010: HK3.5 cents) per share for the full year, an increase of HK1.1 cents from last year. No special dividend was proposed for the year (2010: HK5.0 cents per share).

LIQUIDITY, BANK BORROWINGS AND FINANCE COSTS

At 31 March 2011, the Group's net current assets including bank balances and cash of HK$32.3 million amounted to HK$138.5 million (2010: HK$161.9 million), a decrease of HK$23.4 million from last year. At 31 March 2011, the Group's banking facilities amounting to HK$616.7 million (2010: HK$515.2 million) were fully secured by its investment properties and leasehold land and building with an aggregate carrying value amounting to HK$1,441.9 million (2010: HK$1,099.0 million). At 31 March 2011, these facilities were utilised to the extent of HK$396.9 million (2010: HK$412.5 million).

At 31 March 2011, the total amount of outstanding bank borrowings net of bank balances and cash were HK$364.6 million (2010: HK$316.8 million), an increase of HK$47.8 million from last year. The increase was due to the purchase of investment properties and the increase in securities investments during the year. The gearing ratio, which is the ratio of net bank borrowings to shareholders' funds, was at 16.4% (2010: 17.2%).

Of the total bank loans at 31 March 2011, HK$8.8 million or 2.2% were repayable within one year. HK$212.8 million or 53.6% were repayable after one year but within two years. HK$164.0 million or 41.3% were repayable after two years but within five years. HK$11.3 million or 2.9% were repayable after five years.

The Group's finance costs for the year ended 31 March 2011 were HK$4.4 million (2010: HK$4.9 million), a decrease of 9.6% from last year. The decrease was due to lower average level of bank borrowings for the year.

SHAREHOLDERS' FUNDS

At 31 March 2011, the Group's shareholders' funds amounted to HK$2,221.8 million (2010: HK$1,838.4 million), an increase of 20.9% from last year. The net asset value per share was HK$7.22 (2010: HK$5.97). The increase in shareholders' funds was due primarily to the retained profit and the increase in the fair value of the investment properties of the Group upon revaluation at the end of the reporting period.

RISK MANAGEMENT

The Group has established and maintained sufficient risk management procedures to identify and control various types of risk prevailing inside the organisation and the external environment with active management participation and effective internal control procedures for the best interest of the Group and its shareholders.

EMPLOYEES AND REMUNERATION POLICY

At 31 March 2011, the total number of staff of the Group was 15 (2010: 14). The total staff costs including Directors' remuneration amounted to HK$12.0 million (2010: HK$11.0 million).

The Group reviews staff remuneration annually. The review is based on individual performance and merit.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE PRACTICES

The Board of Directors of the Company (the "Board") is committed to maintaining a high standard of corporate governance. The Board believes that a high standard of corporate governance will provide a framework for the Group to formulate the business strategies and policies, and manage the associated risks through effective internal control procedures. It will also enhance the transparency of the Group and strengthen the accountability to the shareholders and creditors.

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Company has complied with all the applicable code provisions in the Code throughout the year ended 31 March 2011, except that the roles of chairman and chief executive officer are performed by the same individual which is a deviation from provision A.2.1 of the Code.

The Board will continuously review and improve the corporate governance practices and standards of the Company to ensure that business activities and decision making processes are regulated in a proper and prudent manner.

BOARD OF DIRECTORS

The Board comprises six members, three of which are Executive Directors, namely Mr. Chan Hoi Sow who is the Chairman of the Board, Mr. Chan Yan Tin, Andrew and Mr. Chan Siu Keung, Leonard. The other three members are Independent Non-Executive Directors, namely Mr. Chan Kwok Wai, Mr. Tse Lai Han, Henry and Mr. Leung Kui King, Donald.

The Board held four meetings during the year ended 31 March 2011. The Board is responsible for the formulation of the Group's business strategies and overall policies, and monitoring the performance of the management. The Executive Directors and management are delegated the power to execute the business strategies, develop and implement the policies in the daily operation of the Group. The Independent Non-Executive Directors provide their professional advices to the Group whenever necessary.

All Directors have full and timely access to all the information and accounts of the Group. The Directors may seek independent professional advice at the expense of the Company.

Mr. Chan Hoi Sow, the Chairman of the Board is the father of Mr. Chan Yan Tin, Andrew, an executive director of the Company. Save as disclosed above, during the year, none of the other directors has or maintained any financial, business, family or other material relevant relationship with any of the other directors.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Provision A.2.1 of the Code stipulates that the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual. Mr. Chan Hoi Sow is the Chairman of the Board and Managing Director of the Company. Mr. Chan has been performing the duties of both the chairman and the chief executive officer since the establishment of the Company. The Board considers that the current management structure ensures consistent leadership and optimal efficiency for the operation of the Company. As half of the Board comprises Independent Non-Executive Directors who are professional accountant, engineer and manager respectively, the balance of power and authority between the Board and the management will not be compromised.

NON-EXECUTIVE DIRECTORS

The Company has received annual written confirmation from each of the Independent Non-Executive Directors as regards to their independence to the Company as required under the Listing Rules. The Company considers that each of the Independent Non-Executive Directors is independent to the Company.

Provision A.4.1 of the Code stipulates that non-executive directors should be appointed for a specific term subject to re-election. All of the Independent Non-Executive Directors have been appointed for a period of three years from 1 April 2011. However, one-third of all the Directors are subject to retirement from office by rotation at the annual general meeting in accordance with Article 103 of the Articles of Association of the Company.

AUDIT COMMITTEE

The Audit Committee has adopted specific written terms of reference in accordance with the provisions set out in the Code. The principal duties of the Audit Committee is to consider the appointment and remuneration of the external auditor, to monitor the integrity of the Group's financial statements with focus on the changes in accounting policies and practices, major judgmental areas, significant audit adjustments, going concern assumptions, and compliance with accounting standards, the Listing Rules and other legal requirements, and to review the Group's financial reporting system and internal control procedures.

The Audit Committee comprises three Independent Non-Executive Directors, namely Mr. Chan Kwok Wai as the Chairman of the Committee, Mr. Tse Lai Han, Henry and Mr. Leung Kui King, Donald.

The Audit Committee held two meetings during the year ended 31 March 2011. The Audit Committee reviewed the Group's financial statements for the year ended 31 March 2010 and for the six months ended 30 September 2010 respectively, discussed audit scope and findings with the Company's auditors and reviewed the Group's financial reporting system and internal control procedures. The Audit Committee also approved the remuneration of the Company's auditors for their audit services for the year.

The Audit Committee has reviewed the audited annual accounts and the annual results of the Group for the year ended 31 March 2011 with the Directors.

REMUNERATION COMMITTEE

The Remuneration Committee has adopted specific written terms of reference in accordance with the provisions set out in the Code. The principal duties of the Remuneration Committee are to formulate the Company's remuneration policy and recommend remuneration packages for all the Directors and senior management to the Board for approval. The Company's remuneration policy is to provide a competitive level of remuneration in accordance with current market conditions to attract and motivate the Directors and staff for their contribution.

The Remuneration Committee comprises two Independent Non-Executive Directors, namely Mr. Chan Kwok Wai as the Chairman of the Committee and Mr. Tse Lai Han, Henry.

The Remuneration Committee held one meeting during the year ended 31 March 2011. The Remuneration Committee reviewed the remuneration policy of the Company, assessed the performance of the Executive Directors and senior management and recommended specific remuneration packages of all the Directors and senior management to the Board.

NOMINATION OF DIRECTORS

The Company has not established a nomination committee. According to the Articles of Association of the Company, the Board has the power from time to time and at any time to appoint any person as a director either to fill a casual vacancy or as addition to the Board. The Board will review the structure, size and composition of the Board from time to time and make recommendation on the appointment of directors.

The Board neither nominated nor appointed any new director during the year ended 31 March 2011.

ATTENDANCE OF DIRECTORS AT MEETINGS

The attendance of the Directors at the meetings of the Board, the Audit Committee and the Remuneration Committee during the year ended 31 March 2011 is set out below:

	Number of meetings attended/held		
Directors	**Board**	**Audit Committee**	**Remuneration Committee**
Executive Directors			
Chan Hoi Sow *(Chairman and Managing Director)*	4/4	–	–
Chan Yan Tin, Andrew	4/4	–	–
Chan Siu Keung, Leonard	4/4	2/2	1/1
Independent Non-Executive Directors			
Chan Kwok Wai	4/4	2/2	1/1
Tse Lai Han, Henry	4/4	2/2	1/1
Leung Kui King, Donald	4/4	2/2	–

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors of the Company. All Directors, after specific enquiries by the Company, confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 31 March 2011.

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility for preparing the accounts which give a true and fair view of the state of affairs of the Group and of the profit and cash flows for the year ended 31 March 2011 in accordance with the Companies Ordinance. The Directors have prepared the accounts on a going concern basis, and have selected appropriate accounting policies and applied them consistently, with applicable disclosures required under the Listing Rules and pursuant to statutory requirements.

The statement issued by the auditors of the Company regarding their reporting responsibilities is set out in detail in the Independent Auditors' Report on pages 16 and 17.

INTERNAL CONTROLS

The Board is responsible for the Group's system of internal controls. The Board is committed to implement and maintain an effective and sound system of internal controls to safeguard the Group's assets and protect the interest of the shareholders.

The Board has conducted an annual review of the effectiveness of the internal control system of the Company and its subsidiaries. The review covered relevant financial, operational and compliance controls and risk management functions. The review has also considered the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function and their training programmes and budget.

The Board has concluded that the Group's overall system of internal controls has effectively exercised its functions during the year, and will continue to improve the operation of the system.

AUDITORS' REMUNERATION

The remuneration payable to the Group's auditors, HLM & Co. for its audit services for the year ended 31 March 2011 amounted to HK$290,000. The auditors did not provide any non-audit service to the Group during the year.

SHAREHOLDER COMMUNICATION

The Company uses a variety of means to communicate with its shareholders and ensure that they are kept well informed of its key business development. The tools include convening general meetings, despatching interim and annual reports, announcements and circulars to the shareholders.

At the 2010 annual general meeting, separate resolution was proposed by the chairman in respect of each separate issue, including re-election of directors, and voted by way of poll. The Company announced the results of the poll in the manner prescribed under the Listing Rules. The respective chairman of the Board, Audit Committee and Remuneration Committee attended the annual general meeting to ensure effective communication with shareholders.

REPORT OF THE DIRECTORS

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

PRINCIPAL ACTIVITIES

The Company continues to act as an investment holding company. The principal activities of its subsidiaries and associates are set out in notes 18 and 19 to the financial statements respectively.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2011 are set out in the consolidated statement of comprehensive income on page 18.

An interim dividend of HK1.8 cents per share amounting to HK$5,539,725 was paid on 22 December 2010. The Directors now recommend the payment of a final dividend of HK2.8 cents per share to be paid to the shareholders on the Register of Members on 27 July 2011 amounting to HK$8,617,351.

INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

The Group revalued all of its investment properties at the end of the reporting period. The net surplus arising on revaluation, which has been credited directly to the consolidated statement of comprehensive income, amounted to HK$328,064,470.

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

PARTICULARS OF PROPERTIES HELD BY THE GROUP

Details of the properties held by the Group at 31 March 2011 are set out on pages 71 to 72.

SHARE CAPITAL

Details of movements in the share capital of the Company are set out in note 28 to the financial statements.

DIRECTORS

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

Executive Director
Mr. Chan Hoi Sow
Mr. Chan Yan Tin, Andrew
Mr. Chan Siu Keung, Leonard

Independent Non-Executive Director
Mr. Chan Kwok Wai
Mr. Tse Lai Han, Henry
Mr. Leung Kui King, Donald

None of the Directors has a service contract which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

Pursuant to Article 103 of the Articles of Association, Mr. Tse Lai Han, Henry and Mr. Leung Kui King, Donald shall retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS IN SHARES

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

Long position in Shares of the Company:

Name of Director	Capacity	Nature of interests	Number of shares held	Aggregate long position	Percentage of aggregate long position in shares to the issued share capital
Mr. Chan Hoi Sow	Beneficial Owner	Personal Interest	2,036,000	173,362,896	56.33
	Interest of Controlled Corporation *(Note)*	Corporate Interest	171,326,896		
Mr. Chan Yan Tin, Andrew	Beneficial Owner	Personal Interest	792,000	792,000	0.26
Mr. Chan Siu Keung, Leonard	–	–	–	–	–
Mr. Chan Kwok Wai	–	–	–	–	–
Mr. Tse Lai Han, Henry	–	–	–	–	–
Mr. Leung Kui King, Donald	–	–	–	–	–

Note: Mr. Chan Hoi Sow had a 100% interest in Beyers Investments Limited which, through its wholly owned subsidiary, Noranger Company Limited, held 145,504,000 ordinary shares of the Company. He also had a 100% interest in Evergrade Investments Limited which held 25,822,896 ordinary shares of the Company. Accordingly, Mr. Chan Hoi Sow and his spouse, Madam Chan Loo Kuo Pin, were deemed to have interests in 171,326,896 ordinary shares of the Company.

Other than as disclosed above, none of the Directors had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as defined in the SFO and none of the Directors nor their spouses or children under the age of 18 had any right to subscribe for the equity or debt securities of the Company as at 31 March 2011 or had been granted or exercised any such right during the year.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

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

DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE

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

SUBSTANTIAL SHAREHOLDERS

At 31 March 2011, the interests and short positions of persons, other than the Directors or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name of substantial shareholders	Capacity	Nature of interests	Number of shares held	Aggregate long position	Percentage of aggregate long position in shares to the issued share capital
Chan Loo Kuo Pin	Interest of Spouse *(Note 1)*	Family Interest	173,362,896	173,362,896	56.33
Noranger Company Limited	Beneficial Owner *(Note 2)*	Corporate Interest	145,504,000	145,504,000	47.28
Beyers Investments Limited	Interest of Controlled Corporation *(Note 2)*	Corporate Interest	145,504,000	145,504,000	47.28
Evergrade Investments Limited	Beneficial Owner *(Note 3)*	Corporate Interest	25,822,896	25,822,896	8.39
Edward Kew	Beneficial Owner *(Note 4)*	Personal Interest	5,461,200	25,968,494	8.44
	Interest of Spouse *(Note 4)*	Family Interest	8,856,494		
	Interest of Controlled Corporation *(Note 4)*	Corporate Interest	11,650,800		
Kew Youn Lunn	Beneficial Owner *(Note 5)*	Personal Interest	2,380,800	25,968,494	8.44
	Interest of Spouse *(Note 5)*	Family Interest	5,461,200		
	Interest of Controlled Corporation *(Note 5)*	Corporate Interest	18,126,494		

Notes:

1. The interest is in fact the same block of shares already disclosed under the personal and corporate interests of her husband, Mr. Chan Hoi Sow as disclosed in the section headed "DIRECTORS' INTERESTS".

2. The two references to 145,504,000 shares relate to the same block of shares in the Company. These shares are held by Noranger Company Limited which is wholly owned by Beyers Investments Limited which in turn is wholly owned by Mr. Chan Hoi Sow and accordingly form part of the block of shares already disclosed under the corporate interests of Mr. Chan Hoi Sow as disclosed in the section headed "DIRECTORS' INTERESTS".

3. These shares are held by Evergrade Investments Limited which is wholly owned by Mr. Chan Hoi Sow and accordingly form part of the block of shares already disclosed under the corporate interests of Mr. Chan Hoi Sow as disclosed in the section headed "DIRECTORS' INTERESTS".

4. These interests in aggregate are in fact the same block of shares disclosed under the interests of Madame Kew Youn Lunn, the wife of Mr. Edward Kew.

5. These interests in aggregate are in fact the same block of shares disclosed under the interests of Mr. Edward Kew, the husband of Madame Kew Youn Lunn.

Other than as disclosed above, there was no person, other than a Director of the Company, who as at 31 March 2011, had an interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the five largest customers and suppliers of the Group accounted for less than 30% of total turnover and total purchases of the Group respectively. The Directors do not consider any one customer or supplier to be influential to the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

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

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its Directors, as at the date of this annual report, there is sufficient public float, as not less than 25% of the Company's issued shares are held by the public.

AUDITORS

The financial statements for the year have been audited by Messrs. HLM & Co., Certified Public Accountants, who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Chan Hoi Sow
Chairman

Hong Kong, 10 June 2011

恒健會計師行
HLM & Co.
Certified Public Accountants

Room 305, Arion Commercial Centre
2-12 Queen's Road West, Hong Kong.
香港皇后大道西 2-12 號聯發商業中心 305 室
Tel 電話: (852) 3103 6980
Fax 傳真: (852) 3104 0170
E-mail 電郵: hlm@hlm.com.hk

TO THE MEMBERS OF TERN PROPERTIES COMPANY LIMITED
太興置業有限公司
(Incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Tern Properties Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 18 to 69, which comprise the consolidated statement of financial position as at 31 March 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the Group's state of affairs as at 31 March 2011, and of its profits 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 Hong Kong Companies Ordinance.

HLM & Co.
Certified Public Accountants

Hong Kong, 10 June 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2011

	Notes	2011 HK$	2010 HK$
Turnover	5	**68,199,866**	66,145,136
Property expenses		**(2,118,044)**	(2,750,562)
Gross profit		**66,081,822**	63,394,574
Realised gain on financial assets held for trading		**251,804**	–
Unrealised (loss) gain on financial assets held for trading		**(1,133,168)**	3,328,605
Dividend income		**590,921**	–
Interest income	7	**10,449,475**	3,587,005
Other operating income		**557,086**	899,927
Increase in fair value of investment properties	15	**328,064,470**	359,360,740
Gain on disposal of investment properties		**–**	12,358,824
Administrative expenses		**(21,910,495)**	(20,474,049)
Profit from operations	8	**382,951,915**	422,455,626
Finance costs	9	**(4,445,832)**	(4,915,972)
Share of results of associates	19	**39,862,381**	31,472,460
Profit before taxation		**418,368,464**	449,012,114
Taxation	12	**(6,412,672)**	(5,874,199)
Profit and total comprehensive income for the year and attributable to owners of the Company		**411,955,792**	443,137,915
Dividends	13	**14,157,076**	26,159,814
Earnings per share	14	**HK$1.34**	HK$1.44

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2011

	Notes	2011 HK$	2010 HK$
Non-current assets			
Investment properties	15	**2,150,124,720**	1,792,882,650
Property, plant and equipment	16	**7,263,929**	6,902,121
Leasehold land	17	**70,823,848**	71,859,522
Interests in associates	19	**248,244,753**	212,582,372
Available-for-sale investments	20	**2,160,500**	2,160,500
Loans and receivables	21	**8,110,381**	8,110,381
Deferred rental income		**354,632**	–
		2,487,082,763	2,094,497,546
Current assets			
Trade and other receivables	22	**6,570,442**	3,848,971
Financial assets held for trading	23	**134,348,843**	95,304,604
Leasehold land – current portion	17	**1,035,674**	1,035,674
Deferred rental income – current portion		**516,997**	–
Tax recoverable		**329,096**	291,991
Bank balances and cash	24	**32,260,505**	95,723,805
		175,061,557	196,205,045
Current liabilities			
Trade and other payables	25	**6,735,071**	6,840,398
Rental deposits from tenants		**18,756,629**	16,665,003
Tax liabilities		**2,330,110**	2,121,766
Secured bank loans – due within one year	26	**8,745,872**	8,718,352
		36,567,682	34,345,519
Net current assets		**138,493,875**	161,859,526
Non-current liabilities			
Deferred tax liabilities	30	**15,676,609**	14,087,950
Secured bank loans – due after one year	26	**388,122,934**	403,825,905
		403,799,543	417,913,855
Net assets		**2,221,777,095**	1,838,443,217
Capital and reserves			
Share capital	28	**153,881,261**	153,881,261
Reserves		**2,067,895,834**	1,684,561,956
		2,221,777,095	1,838,443,217

The consolidated financial statements on pages 18 to 69 were approved and authorised for issue by the Board of Directors on 10 June 2011 and are signed on its behalf by:

Chan Hoi Sow
Director

Chan Siu Keung, Leonard
Director

STATEMENT OF FINANCIAL POSITION

At 31 March 2011

	Notes	2011 HK$	2010 HK$
Non-current assets			
Interests in subsidiaries	*18*	**676,013,113**	620,448,157
Interests in associates	*19*	**3,359,758**	2,559,758
		679,372,871	623,007,915
Current assets			
Trade and other receivables		**108,750**	108,750
Bank balances and cash		**626,068**	288,875
		734,818	397,625
Current liability			
Trade and other payables		**251,212**	196,180
Net current assets		**483,606**	201,445
Non-current liability			
Amounts due to subsidiaries	*27*	**223,543,821**	152,089,854
Net assets		**456,312,656**	471,119,506
Capital and reserves			
Share capital	*28*	**153,881,261**	153,881,261
Reserves	*29*	**302,431,395**	317,238,245
		456,312,656	471,119,506

Chan Hoi Sow
Director

Chan Siu Keung, Leonard
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2011

	Share capital *HK$*	Share premium *HK$*	Capital redemption reserve *HK$*	Dividend reserve *HK$*	Accumulated profits *HK$*	Total *HK$*
At 1 April 2009	153,881,261	72,818,414	2,687,000	4,616,438	1,168,996,252	1,402,999,365
Total comprehensive income for the year	–	–	–	–	443,137,915	443,137,915
Dividends declared	–	–	–	26,159,814	(26,159,814)	–
Dividends paid	–	–	–	(7,694,063)	–	(7,694,063)
At 31 March 2010	153,881,261	72,818,414	2,687,000	23,082,189	1,585,974,353	1,838,443,217
At 1 April 2010	153,881,261	72,818,414	2,687,000	23,082,189	1,585,974,353	1,838,443,217
Total comprehensive income for the year	–	–	–	–	411,955,792	411,955,792
Dividends declared	–	–	–	14,157,076	(14,157,076)	–
Dividends paid	–	–	–	(28,621,914)	–	(28,621,914)
At 31 March 2011	**153,881,261**	**72,818,414**	**2,687,000**	**8,617,351**	**1,983,773,069**	**2,221,777,095**

The accumulated profits of the Group includes approximately HK$244,884,995 (2010: HK$210,022,614) retained by associates of the Group.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2011

	Notes	2011 HK$	2010 HK$
Operating activities			
Profit for the year		**411,955,792**	443,137,915
Adjustment for:			
Share of results of associates	19	**(39,862,381)**	(31,472,460)
Interest income		**(10,449,475)**	(3,587,005)
Dividend income		**(590,021)**	–
Interest expenses	9	**4,445,832**	4,915,972
Tax expenses	12	**6,412,672**	5,874,199
Increase in fair value of investment properties	15	**(328,064,470)**	(359,360,740)
Depreciation		**847,888**	1,218,460
Amortisation of leasehold land	17	**1,035,674**	1,035,674
Gain on disposal of investment properties		**–**	(12,358,824)
Realised gain on financial assets held for trading		**(251,804)**	–
Gain on disposal of property, plant and equipment, net		**(120,000)**	–
Unrealised loss (gain) on financial assets held for trading		**1,133,168**	(3,328,605)
Exchange adjustment on investment properties	15	**(221,950)**	(669,300)
Operating cash flows before movements in working capital		**46,270,925**	45,405,286
Increase in trade and other receivables		**(1,576,304)**	(245,482)
Increase in deferred rental income		**(871,629)**	–
(Decrease) increase in trade and other payables		**(34,408)**	724,088
Increase (decrease) in rental deposits from tenants		**2,091,626**	(239,882)
Cash generated from operations		**45,880,210**	45,644,010
Hong Kong Profits Tax paid		**(4,886,710)**	(4,426,909)
Hong Kong Profits Tax refunded		**233,936**	–
Net cash generated from operating activities		**41,227,436**	41,217,101
Investing activities			
Interest received		**9,304,308**	2,259,219
Dividend received		**590,021**	–
Repayment from an associate		**4,200,000**	88,000,000
Acquisition of investment properties		**(28,955,650)**	(7,315,790)
Proceeds from disposal of financial assets held for trading		**70,458,328**	–
Proceeds from disposal of investment properties		**–**	17,351,529
Proceeds from disposal of property, plant and equipment		**120,000**	–
Purchase of financial assets held for trading		**(110,383,931)**	(91,975,999)
Purchase of property, plant and equipment		**(1,209,696)**	(76,370)
Net cash (used in) generated from investing activities		**(55,876,620)**	8,242,589

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2011

	Notes	2011 HK$	2010 HK$
Financing activities			
Repayment of bank loans		**(1,212,675,451)**	(1,523,533,227)
Dividends paid		**(28,621,914)**	(7,694,063)
Interest paid		**(4,516,751)**	(8,102,534)
New bank loans raised		**1,197,000,000**	1,517,000,000
Net cash used in financing activities		**(48,814,116)**	(22,329,824)
Net (decrease) increase in cash and cash equivalents		**(63,463,300)**	27,129,866
Cash and cash equivalents at beginning of the year		**95,723,805**	68,593,939
Cash and cash equivalents at end of the year	*24*	**32,260,505**	95,723,805
Analysis of the balances of cash and cash equivalents			
Bank balances and cash		**32,260,505**	95,723,805
		32,260,505	95,723,805

1. GENERAL

The Company is a public limited company incorporated in Hong Kong. Its shares are listed on The Stock Exchange of Hong Kong Limited. The address of the registered office of the Company is disclosed in the corporate information section of the annual report.

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

The Company continues to act as an investment holding company. The principal activities of its subsidiaries and associates are set out in notes 18 and 19 respectively.

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

The following new and revised Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") have been applied by the Group in the current year. The impact of the application of the new and revised Standards and Interpretations is discussed below.

Amendments to HKFRS 7 Financial Instruments: Disclosures (as part of Improvements to HKFRSs issued in 2010)

The amendments to HKFRS 7 clarify the required level of disclosures about credit risk and collateral held and provide relief from disclosures previously required regarding renegotiated loans. The Group has applied the amendments in advance of their effective date (annual periods beginning on or after 1 January 2011). The amendments have been applied retrospectively.

Amendments to HKAS 1 Presentation of Financial Statements (as part of Improvements to HKFRSs issued in 2010)

The amendments to HKAS 1 clarify that an entity may choose to present the required analysis of items of other comprehensive income either in the consolidated statement of changes in equity or in the notes to the consolidated financial statements. The Group has applied the amendments in advance of their effective date (annual periods beginning on or after 1 January 2011). The amendments have been applied retrospectively.

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

New and revised Standards and Interpretations applied with no material effects on the consolidated financial statements

The following new and revised Standards and Interpretations have also been applied in these consolidated financial statements. The application of these new and revised Standards and Interpretations has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters	The amendments provide two exemptions when adopting HKFRSs for the first time relating to oil and gas assets, and the determination as to whether an arrangement contains a lease.
Amendments to HKFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions	The amendments clarify the scope of HKFRS 2, as well as the accounting for group cash-settled share-based payment transactions in the separate (or individual) financial statements of an entity receiving the goods or services when another group entity or shareholder has the obligation to settle the award.
Amendments to HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations (as part of Improvements to HKFRSs issued in 2008)	The amendments clarify that all the assets and liabilities of a subsidiary should be classified as held for sale when the Group is committed to a sale plan involving loss of control of that subsidiary, regardless of whether the Group will retain a non-controlling interest in the subsidiary after the sale.
Amendments to HKAS 1 Presentation of Financial Statements (as part of Improvements to HKFRSs issued in 2009)	The amendments clarify that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current.
Amendments to HKAS 7 Statement of Cash Flows (as part of Improvements to HKFRSs issued in 2009)	The amendments specify that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows.
Amendments to HKAS 17 Leases	The amendments clarify that classification of unexpired leasehold should be reassessed based on information that existed at the inception of the leases. Leasehold land that qualifies for finance lease classification has been reclassified from prepaid lease payment to property, plant and equipment.
Amendment to HKAS 32 Classification of Rights Issues	The amendments address the classification of certain rights issues denominated in a foreign currency as either an equity instrument or as a financial liability.
Amendments to HKAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items	The amendments provide clarification on two aspects of hedge accounting: identifying inflation as a hedged risk or portion, and hedging with options.
HK-Int 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 gives the lender the unconditional right to call the loans at any time ("repayment on demand clause") should be classified by the borrower as current liabilities.
HK(IFRIC)-Int 17 Distributions of Non-cash Assets to Owners	The Interpretation provides guidance on the appropriate accounting treatment when an entity distributes assets other than cash as dividends to its shareholders.
HK(IFRIC)-Int 18 Transfers of Assets from Customers	The Interpretation addresses the accounting by recipients for transfers of property, plant and equipment from "customers" and concludes that when the item of property, plant and equipment transferred meets the definition of an asset from the perspective of the recipient, the recipient should recognise the asset at its fair value on the date of the transfer, with the credit being recognised as revenue in accordance with HKAS 18 Revenue.
Improvements to HKFRSs issued in 2009	Except for the amendments to HKFRS 5, HKAS 1, HKAS 7 and HKAS 17 as described earlier, the application of Improvements to HKFRSs issued in 2009 has not had any material effect on amounts reported in the consolidated financial statements.

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

New and revised Standards and Interpretations in issue but not yet effective

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

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010 except for the amendments to HKFRS 3 (as revised in 2008), HKFRS 7, HKAS 1 and HKAS 28[1]
HKFRS 1 (Amendments)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[2]
HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[4]
HKFRS 3 (Amendments)	Business Combination (2008) – Improvements to HKFRSs (2010)[2]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[2]
HKFRS 9	Financial Instruments[6]
HKAS 1 (Amendments)	Presentation of Financial Statements – Improvements to HKFRSs (2010)[3]
HKAS 12 (Amendments)	Income Taxes – Amendments[5]
HKAS 24 (as revised in 2009)	Related Party Disclosures[3]
HK(IFRIC)-Int 13 (Amendments)	Customer Loyalty Programmes – Improvements to HKFRSs (2010)[3]
HK(IFRIC)-Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[3]
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments[2]

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

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

New and revised Standards and Interpretations in issue but not yet effective (Continued)

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 December 2010) adds requirements for financial liabilities and for derecognition.

- Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

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

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

The directors anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for the annual period beginning on or after 1 January 2013 and that the application of the new Standard may have an impact on amounts reported in respect of the Group's financial assets. However, it is not practicable to provide reasonable estimate of that effect until a detailed review has been completed.

The amendments to HKFRS 7 titled Disclosures – Transfers of Financial Assets increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The directors do not anticipate that these amendments to HKFRS 7 will have an effect on the Group's disclosures regarding transfers of trade receivables previously effected. However, if the Group enters into other types of transfers of financial assets in the future, disclosures regarding those transfers may be affected.

HKAS 24 Related Party Disclosures (as revised in 2009) modifies the definition of a related party and simplifies disclosures for government-related entities. The disclosure exemptions introduced in HKAS 24 (as revised in 2009) do not affect the Group because the Group is not a government-related entity.

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

New and revised Standards and Interpretations in issue but not yet effective (Continued)

HK(IFRIC)-Int 19 provides guidance regarding the accounting for the extinguishment of a financial liability by the issue of equity instruments. To date, the Group has not entered into transactions of this nature. However, if the Group does enter into any such transactions in the future, HK(IFRIC)-Int 19 will affect the required accounting. In particular, under HK (IFRIC)-Int 19, equity instruments issued under such arrangements will be measured at their fair value, and any difference between the carrying amount of the financial liability extinguished and the fair value of equity instruments issued will be recognised in profit or loss.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretation will have no material impact on the financial information.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange 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 that are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The principal accounting policies are set out below.

Basis of consolidation

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

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 into line with those used by other members of the Group.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

Rental income is recognised on a straight-line basis over the respective lease terms. When the Group provides incentives to its tenants, the cost of incentives is recognised over the lease term, on a straight-line basis, as a reduction of rental income.

Interest income is accrued on a time basis, by reference to the principal outstanding and the interest rate applicable.

Dividend income from financial assets held for trading is recognised when the Company's right to receive payment has been established.

Interests in subsidiaries

Interests in subsidiaries are included in the Company's statement of financial position at cost less any identified impairment loss.

Interests in associates

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interests in associates (Continued)

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.

Financial instruments

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

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

Financial assets

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

Effective interest method

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets *(Continued)*

Financial assets at FVTPL

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

A financial asset is classified as held for trading if:

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

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

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

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item in the consolidated statement of comprehensive income. Fair value is determined in the manner described in note 37.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets *(Continued)*

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

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables or (b) financial assets at FVTPL.

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

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of the reporting period (see the accounting policy in respect of impairment loss on financial assets below).

Loans and receivables

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

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

Impairment of financial assets

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets *(Continued)*

Impairment of financial assets (Continued)

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets *(Continued)*

Impairment of financial assets (Continued)

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

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

Financial liabilities and equity instruments

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

Equity instruments

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

Other financial liabilities

Other financial liabilities (including trade and other payables, rental deposits from tenants and secured bank loans) are subsequently measured at amortised cost using the effective interest method.

Effective interest method

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

Interest expense is recognised on an effective interest basis.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Derecognition

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

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

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

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

Investment properties

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasehold land

Leasehold land is up-front payments to acquire long-term interests in lessee-occupied properties. Leasehold land is stated at cost and are amortised over the period of the lease on a straight-line basis to the statement of comprehensive income.

Property, plant and equipment

Property, plant and equipment including buildings and leasehold land (classified as finance leases) held for use in the production or supply of goods or services, or for administrative purposes (other than properties under construction as described below), are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful life, using the straight-line method, at the following rates per annum:

Leasehold buildings	4% or over the terms of the lease, if higher
Furniture and office equipment	20%
Leasehold improvement	10%
Motor vehicles	25%

The estimated useful life, 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 life on the same basis as owned assets or, where shorter, the term of the relevant lease.

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

Impairment of tangible and intangible assets other than goodwill

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of tangible and intangible assets other than goodwill (Continued)

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately 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 on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing (Continued)

Leasehold land for own use

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. 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.

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 "leasehold land" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at 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 on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see the accounting policies below); and

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve (attributed to non-controlling interests as appropriate).

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 of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

Current or deferred tax for the year is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the accounts. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

Retirement benefits scheme

The retirement benefit costs charged to the statement of comprehensive income represent the contributions payable in respect of the current year to the Group's Mandatory Provident Fund Scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their indeed use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and cash equivalents

Cash and cash equivalents represent cash at bank and on hand, time deposits with banks and other financial institutions, and short-term liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value, having been within three months of maturity at acquisition. For the purpose of the consolidated statement of cash flows, bank overdrafts and bank loans, if any, which are repayable on demand and form an integral part of an enterprise's cash managements are also included as component of cash and cash equivalents.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Depreciation

The Group depreciates the property, plant and equipment over their estimated useful life and after taking into account of their estimated residual values, using the straight-line method. The estimated useful life reflects the directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. The residual values reflect the directors' estimated amount that the Group would currently obtain from disposal of the assets, after deducting the estimated costs of disposal, if the assets were already of the age and in the condition expected at the end of its useful life.

Allowance for bad and doubtful debts

The Group's provision policy for bad and doubtful debts is based on the evaluation of collectability and ageing analysis of accounts and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance may be required.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty

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

Fair value of investment properties

Investment properties are carried in the consolidated statement of financial position at 31 March 2011 at their fair value of HK$2,150,124,720 (2010: HK$1,792,882,650). The fair value was based on a valuation on these properties conducted by an independent firm of professional valuers using property valuation techniques which involve certain assumptions of market conditions. Favourable or unfavourable changes to these assumptions would result in changes in the fair value of the Group's investment properties and corresponding adjustments to the amount of gain or loss reported in the consolidated statement of comprehensive income.

Valuation of financial instruments

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments. Notes 20, 21, 23 and 37 provide detailed information about the key assumptions used in the determination of the fair value of financial instruments, as well as the detailed sensitivity analysis for these assumptions.

The directors believe that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of financial instruments.

5. TURNOVER

Turnover represents the aggregate of amounts received and receivable from property rental income.

	2011 ***HK$***	2010 *HK$*
Property rental income	**68,199,866**	66,145,136

6. OPERATING SEGMENTS

The Group has adopted HKFRS 8 Operating Segments with effect from 1 January 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purposes of allocating resources to segments and assessing their performance. In contrast, the predecessor Standard (HKAS 14 Segment Reporting) required an entity to identify two sets of segments (business and geographical), using a risks and returns approach.

For property investment, the segment represents the operations of property investment and property leasing. Discrete financial information is provided to the Board on a property by property basis. The information provided includes net rentals (including gross rent and property expenses), valuations gains/(losses), profit/(loss) on disposal of investment property and share of profit from the associates. The individual properties with similar economic characteristics are aggregated into segments for presentation purposes.

For treasury investment, the segment represents the operations of investing internal resources. Financial information is provided to the Board on a company basis. The information provided include the investments in financial assets held for trading, bank balances and fair value change in financial assets held for trading.

6. OPERATING SEGMENTS (Continued)

Business information

2011

	Property investment HK$	Treasury investment HK$	Total HK$
Turnover	68,199,866	–	68,199,866
Property expenses	(2,118,044)	–	(2,118,044)
Gross profit	66,081,822	–	66,081,822
Realised gain on financial assets held for trading	–	251,804	251,804
Unrealised loss on financial assets held for trading	–	(1,133,168)	(1,133,168)
Dividend income	–	590,921	590,921
Interest income	159,853	10,289,622	10,449,475
Other operating income	384,625	172,461	557,086
Increase in fair value of investment properties	328,064,470	–	328,064,470
Administrative expenses	(21,856,363)	(54,132)	(21,910,495)
Profit from operations	372,834,407	10,117,508	382,951,915
Finance costs	(4,445,832)	–	(4,445,832)
Share of results of associates	39,862,381	–	39,862,381
Profit before taxation	408,250,956	10,117,508	418,368,464
Taxation	(6,412,672)	–	(6,412,672)
Profit for the year	401,838,284	10,117,508	411,955,792

At 31 March 2011

	Property investment HK$	Treasury investment HK$	Total HK$
Segment assets	2,512,438,623	149,705,697	2,662,144,320
Segment liabilities	(440,362,469)	(4,756)	(440,367,225)
Net assets	2,072,076,154	149,700,941	2,221,777,095
Other segments information:			
Depreciation and amortisation	1,883,562	–	1,883,562
Addition to investment properties	28,955,650	–	28,955,650
Addition to property, plant and equipment	1,209,696	–	1,209,696

6. OPERATING SEGMENTS (Continued)

Business information (Continued)

2010

	Property investment *HK$*	Treasury investment *HK$*	Total *HK$*
Turnover	66,145,136	–	66,145,136
Property expenses	(2,750,562)	–	(2,750,562)
Gross profit	63,394,574	–	63,394,574
Unrealised gain on financial assets held for trading	–	3,328,605	3,328,605
Interest income	5,423	3,581,582	3,587,005
Other operating income	760,427	139,500	899,927
Increase in fair value of investment properties	359,360,740	–	359,360,740
Gain on disposal of investment properties	12,358,824	–	12,358,824
Administrative expenses	(20,452,003)	(22,046)	(20,474,049)
Profit from operations	415,427,985	7,027,641	422,455,626
Finance costs	(4,915,972)	–	(4,915,972)
Share of results of associates	31,472,460	–	31,472,460
Profit before taxation	441,984,473	7,027,641	449,012,114
Taxation	(5,874,199)	–	(5,874,199)
Profit for the year	436,110,274	7,027,641	443,137,915

At 31 March 2010

	Property investment *HK$*	Treasury investment *HK$*	Total *HK$*
Segment assets	2,184,800,506	105,902,085	2,290,702,591
Segment liabilities	(452,255,863)	(3,511)	(452,259,374)
Net assets	1,732,544,643	105,898,574	1,838,443,217
Other segments information:			
Depreciation and amortisation	2,254,134	–	2,254,134
Addition to investment properties	7,315,790	–	7,315,790
Addition to property, plant and equipment	76,370	–	76,370

6. OPERATING SEGMENTS (Continued)

Geographical information

Over 90% of the activities of the Group during the year were carried out in Hong Kong and over 90% of the assets of the Group were located in Hong Kong. Accordingly, a geographical analysis is not presented.

Information on major customers

Included in revenues arising from rental income of HK$68.2 million (2010: HK$66.1 million) are rental revenues of approximately HK$10.4 million (2010: HK$6.5 million) which arose from the Group's largest tenant.

7. INTEREST INCOME

	2011	2010
	HK$	*HK$*
Interest income from bank deposits and balances	**210,847**	5,470
Interest income from financial assets held for trading	**9,348,676**	2,989,561
Interest income from loans and receivables	**889,952**	591,974
	10,449,475	3,587,005

8. PROFIT FROM OPERATIONS

	2011 HK$	2010 HK$
Profit from operations has been arrived at after charging:		
Auditors' remuneration	**290,000**	290,000
Depreciation	**847,888**	1,218,460
Amortisation of leasehold land	**1,035,674**	1,035,674
Staff costs (including Directors' remuneration)	**11,836,772**	10,890,148
Mandatory provident fund contributions	**114,340**	106,286
Total staff costs	**11,951,112**	10,996,434
and after crediting:		
Exchange gain	**242,924**	421,323
Dividend income	**590,921**	–
Gross rental income from investment properties	**68,199,866**	66,145,136
Less:		
Direct operating expenses from investment properties that generated rental income	**(1,731,850)**	(2,384,200)
Direct operating expenses from investment properties that did not generate rental income	**(386,194)**	(366,362)
Net rental income	**66,081,822**	63,394,574

9. FINANCE COSTS

	2011 HK$	2010 HK$
Interest on bank borrowings:		
wholly repayable within five years	**3,978,831**	4,404,550
not wholly repayable within five years	**467,001**	511,422
	4,445,832	4,915,972

10. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the six (2010: six) directors were as follows:

2011

	Fees	Salaries and other benefits	Retirement benefits scheme contributions	Total
	HK$	*HK$*	*HK$*	*HK$*
Chan Hoi Sow *(Note 1)*	**–**	**8,738,732**	**–**	**8,738,732**
Chan Yan Tin, Andrew	**–**	**955,720**	**12,000**	**967,720**
Chan Siu Keung, Leonard	**–**	**1,085,952**	**12,000**	**1,097,952**
Chan Kwok Wai	**60,000**	**–**	**–**	**60,000**
Tse Lai Han, Henry	**60,000**	**–**	**–**	**60,000**
Leung Kui King, Donald	**60,000**	**–**	**–**	**60,000**
	180,000	**10,780,404**	**24,000**	**10,984,404**

2010

	Fees	Salaries and other benefits	Retirement benefits scheme contributions	Total
	HK$	*HK$*	*HK$*	*HK$*
Chan Hoi Sow *(Note 1)*	–	8,042,200	–	8,042,200
Chan Yan Tin, Andrew	–	1,583,200	12,000	1,595,200
Chan Siu Keung, Leonard	–	1,057,320	12,000	1,069,320
Chan Kwok Wai	60,000	–	–	60,000
Tse Lai Han, Henry	60,000	–	–	60,000
Leung Kui King, Donald	60,000	–	–	60,000
	180,000	10,682,720	24,000	10,886,720

Note:

1. The amount includes rateable value of HK$2,974,524 (2010: HK$2,878,920), being rent-free accommodation provided to Chan Hoi Sow by the Company.

11. EMPLOYEES' EMOLUMENTS

Of the five highest paid employees in the Group, three (2010: three) were Directors of the Company whose emoluments were included in note 10. The emoluments of the remaining two (2010: two) individuals were as follows:

	2011	2010
	HK$	*HK$*
Salaries and other benefits	**1,491,933**	1,033,560
Mandatory provident fund contributions	**20,000**	24,000
	1,511,933	1,057,560

The aggregate emoluments of each of the remaining two (2010: two) highest paid individuals during the years ended 31 March 2011 and 31 March 2010 were within the HK$1,000,000 band.

During the years ended 31 March 2011 and 31 March 2010, no emoluments were paid by the Group to the five highest paid individuals, including Directors, as an inducement to join or upon joining the Group or as compensation for loss of office.

12. TAXATION

	2011	2010
	HK$	*HK$*
Tax expenses attributable to the Company and subsidiaries:		
Hong Kong Profits Tax		
Current year	**4,568,443**	4,163,401
Under (over) provision in previous years	**102,724**	(100,634)
	4,671,167	4,062,767
Other jurisdiction		
Under provision in previous years	**152,846**	204,605
	4,824,013	4,267,372
Deferred tax expenses *(Note 30)*		
Current year	**1,821,427**	1,609,283
Over provision in previous years	**(232,768)**	(2,456)
	1,588,659	1,606,827
	6,412,672	5,874,199

12. TAXATION (Continued)

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

Overseas taxation is calculated at the rates prevailing in the relevant jurisdictions.

Details of the potential deferred tax not provided for in the year are set out in note 30.

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

	2011	2010
	HK$	*HK$*
Profit before taxation	**418,368,464**	449,012,114
Tax at the Hong Kong Profits Tax rate of 16.5% (2010: 16.5%)	**69,030,800**	74,086,997
Tax effect of share of profits of associates	**(6,577,293)**	(5,192,956)
Tax effect of expenses not deductible for tax purpose	**455,989**	3,159,995
Tax effect of income not taxable for tax purpose	**(56,102,105)**	(65,458,278)
Tax effect of deductible temporary differences not recognised	**–**	13,015
Tax effect of tax losses not recognised	**85,376**	76,831
Over provision in respect of prior year	**(110,244)**	(103,087)
Utilisation of tax losses previously not recognised	**(517,415)**	(885,266)
Effect of different tax rates of a subsidiary operating in other jurisdiction	**147,564**	176,948
Tax expenses for the year	**6,412,672**	5,874,199

13. DIVIDENDS

	2011	2010
	HK$	*HK$*
Interim, paid – HK1.8 cents per share (2010: HK1.0 cent per share)	**5,539,725**	3,077,625
Final, proposed – HK2.8 cents per share (2010: HK2.5 cents per share)	**8,617,351**	7,694,063
Special, proposed – Nil (2010: HK5.0 cents per share)	**–**	15,388,126
	14,157,076	26,159,814

The final dividend of HK2.8 cents per share (2010: HK2.5 cents per share) has been proposed by the directors and is subject to approval by the shareholders in annual general meeting.

14. EARNINGS PER SHARE

The calculation of earnings per share is based on the profit for the year of HK$411,955,792 (2010: HK$443,137,915) and on 307,762,522 (2010: 307,762,522) ordinary shares in issue during the year.

No diluted earnings per share has been presented as there were no dilutive potential shares in issue in either year.

15. INVESTMENT PROPERTIES

	2011	2010
	HK$	*HK$*
VALUATION		
At 1 April	**1,792,882,650**	1,430,529,525
Exchange adjustments	**221,950**	669,300
Additions	**28,955,650**	7,315,790
Disposals	**–**	(4,992,705)
Increase in fair value of investment properties recognised in the statement of comprehensive income	**328,064,470**	359,360,740
At 31 March	**2,150,124,720**	1,792,882,650

The investment properties of the Group were revalued at 31 March 2011 on an open market value existing use basis by Jones Lang LaSalle Limited and Johnston, Ross & Cheng Ltd., independent valuers. The surplus arising on revaluation has been credited to consolidated statement of comprehensive income.

The carrying amount of investment properties shown above comprises:

	2011	2010
	HK$	*HK$*
Properties in Hong Kong		
Medium-term lease	**1,000,300,000**	808,600,000
Long-term lease	**1,145,100,000**	979,900,000
Properties outside Hong Kong		
Freehold	**4,724,720**	4,382,650
	2,150,124,720	1,792,882,650

All the investment properties of the Group are rented out under operating leases.

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings held under long-term lease in Hong Kong	Furniture and office equipment	Leasehold improvement	Motor vehicles	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
COST					
At 1 April 2009	8,204,638	1,828,197	2,498,486	6,249,817	18,781,138
Additions	–	31,000	45,370	–	76,370
At 31 March 2010 and 1 April 2010	8,204,638	1,859,197	2,543,856	6,249,817	18,857,508
Additions	–	111,060	467,916	630,720	1,209,696
Disposals	–	(522,179)	(1,136,803)	(375,722)	(2,034,704)
At 31 March 2011	**8,204,638**	**1,448,078**	**1,874,969**	**6,504,815**	**18,032,500**
ACCUMULATED DEPRECIATION					
At 1 April 2009	2,550,445	1,169,169	1,413,512	5,603,801	10,736,927
Provided for the year	328,185	222,050	131,525	536,700	1,218,460
At 31 March 2010 and 1 April 2010	2,878,630	1,391,219	1,545,037	6,140,501	11,955,387
Provided for the year	328,185	180,611	150,936	188,156	847,888
Eliminated upon disposals	–	(522,179)	(1,136,803)	(375,722)	(2,034,704)
At 31 March 2011	**3,206,815**	**1,049,651**	**559,170**	**5,952,935**	**10,768,571**
NET BOOK VALUE					
At 31 March 2011	**4,997,823**	**398,427**	**1,315,799**	**551,880**	**7,263,929**
At 31 March 2010	5,326,008	467,978	998,819	109,316	6,902,121

17. LEASEHOLD LAND

	2011 HK$	2010 HK$
NET BOOK VALUE		
At 1 April	**72,895,196**	73,930,870
Amortisation	**(1,035,674)**	(1,035,674)
At 31 March	**71,859,522**	72,895,196
Current portion	**(1,035,674)**	(1,035,674)
Non-current portion	**70,823,848**	71,859,522

The leasehold land is held under long-term lease and situated in Hong Kong.

18. INTERESTS IN SUBSIDIARIES

	2011 HK$	2010 HK$
Unlisted shares, at cost less impairment loss	**48,528,428**	48,528,428
Amounts due from subsidiaries less allowance	**627,484,685**	571,919,729
	676,013,113	620,448,157

The amounts due from subsidiaries are unsecured, interest-free and have no fixed repayment terms. In the opinion of the Directors, the amounts will not be repaid within twelve months from the end of the reporting period and the amounts are therefore classified as non-current.

18. INTERESTS IN SUBSIDIARIES (Continued)

Details of the Company's wholly owned subsidiaries at 31 March 2011 are as follows:

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid ordinary share capital	Principal activities
Bo Ding Holdings Ltd.	Republic of Liberia/ Hong Kong	HK$2	Investment holding
Funswin Investment Limited	Hong Kong	HK$2	Securities investment
Grademark Limited	Hong Kong	HK$2	Property investment
Grant Horn Investment Limited	Hong Kong	HK$2	Property investment
High Spark Properties Limited	Hong Kong	HK$20	Property investment
Hokin Investment Limited	The British Virgin Islands/ Hong Kong	US$1	Securities investment
Kamillex Company Limited	Hong Kong	HK$2	Investment holding
Kimberly Investment Limited	Hong Kong	HK$2	Property investment
Kimwui Investments Limited	Hong Kong	HK$2	Inactive
Kinghale Investment Limited	Hong Kong	HK$2	Property investment
Kingunit Company Limited	Hong Kong	HK$2	Property investment
Laquinta Investments Limited	The British Virgin Islands/ Hong Kong	US$1	Property investment
Longo Investment Company Limited	Hong Kong	HK$2	Property investment
Pomeroy Company Limited	Hong Kong	HK$2	Property investment
Spark View Limited	Hong Kong	HK$20	Property investment
Strongfort Company Limited	Hong Kong	HK$40,000	Property investment
Take Easy Investment Limited	Hong Kong	HK$2	Property investment
Tern China Investments Limited	Hong Kong	HK$2	Inactive
Tern Real Estate Agency Limited	Hong Kong	HK$2	Inactive
Zepersing Limited	Hong Kong	HK$2	Property investment

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

All subsidiaries are directly owned by the Company except Zepersing Limited.

19. INTERESTS IN ASSOCIATES

	THE GROUP		THE COMPANY	
	2011	2010	**2011**	2010
	HK$	*HK$*	***HK$***	*HK$*
Unlisted shares, at cost	**–**	–	**32**	32
Share of net assets	**244,885,027**	210,022,646	**–**	–
Amounts due from an associate	**3,359,726**	2,559,726	**3,359,726**	2,559,726
	248,244,753	212,582,372	**3,359,758**	2,559,758

The amounts due from an associate is unsecured, interest-free and has no fixed repayment terms. In the opinion of the Directors, the amounts will not be repaid within twelve months from the end of the reporting period and the amount is therefore classified as non-current.

Details of the Group's associates at 31 March 2011 are as follows:

Name of associate	**Place of incorporation/ operation**	**Issued and fully paid ordinary share capital**	**Percentage of equity attributable to the Group**	**Principal activities**
Easyman Limited	The British Virgin Islands/ Hong Kong	US$1	50.00%	Securities investment
Home Easy Limited	Hong Kong	HK$1	50.00%	Property investment
Milsons Investment Limited	Hong Kong	HK$110	27.27%	Not yet commence business
Spirit Fidelity Limited	Hong Kong	HK$2	50.00%	Trustee
Win Easy Development Limited	Hong Kong	HK$2	50.00%	Property investment

19. INTERESTS IN ASSOCIATES (Continued)

The following details have been extracted from the audited consolidated financial statements of the Group's principal associate, Win Easy Development Limited:

WIN EASY DEVELOPMENT LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2011

	2011	2010
	HK$	*HK$*
Turnover	**17,741,475**	24,908,499
Property expenses	**(27,627)**	(164,844)
Gross profit	**17,713,848**	24,743,655
Realised gain on financial assets held for trading	**240,624**	489,032
Unrealised gain on financial assets held for trading	**352,464**	4,215,077
Other operating income	**4,031,618**	4,737,133
Increase in fair value of investment properties	**70,400,000**	53,870,370
Loss on disposal of investment properties	**–**	(11,816,970)
Administrative expenses	**(11,474,428)**	(10,091,543)
Profit from operations	**81,264,126**	66,146,754
Finance costs	**(601,387)**	(887,020)
Profit before taxation	**80,662,739**	65,259,734
Taxation	**(937,976)**	(2,314,815)
Profit and total comprehensive income for the year and attributable to owners of the Company	**79,724,763**	62,944,919
Profit and total comprehensive income attributable to the Group	**39,862,381**	31,472,460
Dividends	**10,000,000**	180,000,000
Dividends paid to the Group	**5,000,000**	90,000,000

19. INTERESTS IN ASSOCIATES (Continued)

WIN EASY DEVELOPMENT LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2011

	2011	2010
	HK$	*HK$*
Non-current assets		
Investment properties	**507,400,000**	437,000,000
Deferred rental income	**4,813**	–
	507,404,813	437,000,000
Current assets		
Trade and other receivables	**2,155,658**	1,719,234
Financial assets held for trading	**46,135,806**	53,752,800
Deferred rental income – current portion	**10,500**	–
Bank balances and cash	**2,379,037**	2,439,569
	50,681,001	57,911,603
Current liabilities		
Trade and other payables	**509,447**	459,467
Rental deposits from tenants	**4,410,273**	4,453,224
Tax liabilities	**113,855**	2,037,768
Secured bank loans – due within one year	**3,000,000**	3,000,000
	8,033,575	9,950,459
Net current assets	**42,647,426**	47,961,144
Non-current liabilities		
Deferred tax liabilities	**8,562,794**	7,796,462
Amounts due to shareholders	**6,719,453**	5,119,453
Secured bank loans – due after one year	**45,000,000**	52,000,000
	60,282,247	64,915,915
Net assets	**489,769,992**	420,045,229
Capital and reserve		
Share capital	**2**	2
Accumulated profits	**489,769,990**	420,045,227
	489,769,992	420,045,229

20. AVAILABLE-FOR-SALE INVESTMENTS

	2011	2010
	HK$	*HK$*
Club debentures	**2,160,500**	2,160,500

The directors consider that the carrying amount of available-for-sale investments approximates their fair value.

21. LOANS AND RECEIVABLES

	2011	2010
	HK$	*HK$*
Listed overseas debt securities	**8,110,381**	8,110,381

HKAS 39 and HKFRS 7 (Amendments) introduce the possibility of reclassification of non-derivative financial assets, in rare circumstances, from the Held-for-Trading category and from the Available-for-Sale category to Loans and Receivables and Held-to-Maturity. A reclassification is permitted as a one-time event, i.e. a reversal is not permitted.

The Group has made use of the HKAS 39 and HKFRS 7 (Amendments) and reclassified certain financial assets as of 1 July 2008. The Group reclassified debt securities out of category "Financial assets held for trading" into "Loans and receivables". The Group identified assets, eligible under the amendments, for which at 1 July 2008, it had a clear change of intent to hold for the foreseeable future rather than to exit or trade in the short term. The following table summarises the carrying amount reclassified, the carrying amount and fair value as of 31 March 2011 as well as fair value gains and losses that would have been recognised in the consolidated statement of comprehensive income or financial assets held for trading if the financial assets had not been reclassified.

				Effect if no assets would have been reclassified (1 July 2008 until 31 March 2011)
	Into: Loans and receivables			**Consolidated statement of comprehensive income**
	1 July 2008	**31 March 2011**		
Reclassification	**Carrying amount**	**Carrying amount**	**Fair value**	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
out of:				
Financial assets held for trading	8,110	8,110	8,184	74

The carrying values of these loans and receivables are stated at their fair values on 1 July 2008.

22. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables is rental receivable of HK$38,607 (2010: HK$314,539) with defined credit policy. The rental income is billed in advance each month. Immediate settlement is expected upon receipt of billing by the tenants.

At the end of the reporting period, all the rental receivable had an age of less than 90 days.

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

23. FINANCIAL ASSETS HELD FOR TRADING

	2011	2010
	HK$	*HK$*
Analysis of financial assets held for trading		
Listed overseas debt securities	**113,538,216**	95,304,604
Listed overseas equity securities	**8,490,627**	–
Listed local equity securities	**12,320,000**	–
	134,348,843	95,304,604
Market value	**134,348,843**	95,304,604

Market values are determined with reference to quoted market prices in an active market.

24. BANK BALANCES AND CASH

	2011	2010
	HK$	*HK$*
Bank balances and cash	**32,260,505**	95,723,805

Bank balances and cash comprise cash and short-term bank deposits carrying effective interest rate from 0.01% to 1.0% per annum (2010: 0.01% per annum) with an original maturity of three months or less.

25. TRADE AND OTHER PAYABLES

Included in trade and other payables is prepaid rental from tenants of HK$1,736,959 (2010: HK$1,670,856).

At the end of the reporting period, all the prepaid rental from tenants had an age of less than 90 day.

The directors consider that the carrying amount of trade and other payables approximates their fair value.

26. SECURED BANK LOANS

The secured bank loans are repayable as follows:

	2011	2010
	HK$	*HK$*
Within one year	**8,745,872**	8,718,352
More than one year but not exceeding two years	**212,777,627**	167,748,933
More than two years but not exceeding five years	**164,031,692**	223,438,745
More than five years	**11,313,615**	12,638,227
	396,868,806	412,544,257
Less: Amounts due within one year	**(8,745,872)**	(8,718,352)
	388,122,934	403,825,905

Nearly all of the bank loans are denominated in Hong Kong dollars with variable interest rate from 0.5% to 1.25 % over HIBOR (2010: from 0.5% to 1.25% over HIBOR) per annum.

The remaining bank loans are denominated in Canadian dollars with variable interest rate which is the prime rate plus 1% (2010: prime rate plus 1%) per annum.

27. AMOUNTS DUE TO SUBSIDIARIES

The amounts due to subsidiaries are unsecured, interest-free and have no fixed repayment terms. The amounts will not be repaid within twelve months from the end of the reporting period and the amounts are therefore classified as non-current.

28. SHARE CAPITAL

	2011 Number of ordinary share of HK$0.5 each	2011 Nominal value *HK$*	2010 Number of ordinary share of HK$0.5 each	2010 Nominal value *HK$*
Authorised:				
At 1 April and 31 March	**400,000,000**	**200,000,000**	400,000,000	200,000,000
Issued and fully paid:				
At 1 April and 31 March	**307,762,522**	**153,881,261**	307,762,522	153,881,261

There were no movements in the share capital of the Company for the years ended 31 March 2011 and 31 March 2010.

29. RESERVES

	Share premium *HK$*	Capital redemption reserve *HK$*	Dividend reserve *HK$*	Accumulated profits *HK$*	Total *HK$*
THE COMPANY					
At 1 April 2009	72,818,414	2,687,000	4,616,438	172,972,095	253,093,947
Total comprehensive income for the year	–	–	–	71,838,361	71,838,361
Dividends declared	–	–	26,159,814	(26,159,814)	–
Dividends paid	–	–	(7,694,063)	–	(7,694,063)
At 31 March 2010 and 1 April 2010	72,818,414	2,687,000	23,082,189	218,650,642	317,238,245
Total comprehensive income for the year	–	–	–	13,815,064	13,815,064
Dividends declared	–	–	14,157,076	(14,157,076)	–
Dividends paid	–	–	(28,621,914)	–	(28,621,914)
At 31 March 2011	**72,818,414**	**2,687,000**	**8,617,351**	**218,308,630**	**302,431,395**

The Company's reserves available for distribution to shareholders, calculated in accordance with generally accepted accounting principles in Hong Kong and section 79B of the Companies Ordinance, amounted to HK$226,925,981 (2010: HK$241,732,831) since, in accordance with the Company's Articles of Association, dividends can only be distributed out of realised profits of the Company.

30. DEFERRED TAX LIABILITIES

The following are the major deferred tax liabilities recognised and movements thereon during the current and prior reporting periods:

	HK$
At 1 April 2009	12,481,123
Deferred tax expenses for the year	1,609,283
Over provision in prior year	(2,456)
At 31 March 2010 and 1 April 2010	14,087,950
Deferred tax expenses for the year	1,821,427
Over provision in prior year	(232,768)
At 31 March 2011	**15,676,609**

At the end of the reporting period, the Group has unused tax losses of HK$6,609,228 (2010:HK$9,227,648) available for offset against future profits. No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future profit streams. Those tax losses may be carried forward indefinitely.

31. PENSIONS SCHEME

The Group operates Mandatory Provident Fund scheme (the "MPF") for all existing staff members of the Group.

The MPF is defined contribution scheme and the assets of the scheme are managed by the trustees.

The MPF is available to all employees aged 18 to 64 and with at least 60 days of service under the employment of the Group in Hong Kong. Contributions are made by the Group at 5% based on the staff's relevant income. The maximum relevant income for contribution purpose is HK$20,000 per month. Staff members are entitled to 100% of the Group's contributions together with accrued returns irrespective of their length of service with the Group, but the benefits are required by law to be preserved until the retirement age of 65.

The Group's cost for the MPF charged to the statement of comprehensive income for the year ended 31 March 2011 amounted to HK$114,340 (2010: HK$106,286). As at 31 March 2011, contributions due in respect of the reporting period had been fully paid over to the MPF.

32. PLEDGE OF ASSETS

At the end of the reporting period, the Group's banking facilities amounting to HK$616,748,000 (2010: HK$515,248,000) were fully secured by its investment properties and leasehold land and buildings with an aggregate carrying value amounting to HK$1,441,882,066 (2010: HK$1,099,003,855). These facilities were utilised to the extent of HK$396,868,806 (2010: HK$412,544,257) as at the end of the reporting period.

33. CONTINGENT LIABILITIES

At the end of the reporting period, there were contingent liabilities, so far as not provided for in the financial statements, in respect of guarantees for the banking facilities made available to:

	THE GROUP		THE COMPANY	
	2011	2010	**2011**	2010
	HK$	*HK$*	***HK$***	*HK$*
Subsidiaries	**–**	–	**396,868,806**	412,544,257
Associates	**24,000,000**	27,500,000	**24,000,000**	27,500,000
	24,000,000	27,500,000	**420,868,806**	440,044,257

The Company has not recognised any deferred income in respect of the guarantees as their fair value and transaction price cannot be reliably measured.

34. OPERATING LEASE ARRANGEMENTS

The Group as lessee

	2011	2010
	HK$	*HK$*
Lease payments paid under operating leases in respect of rented properties during the year	**608,000**	–

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

	2011	2010
	HK$	*HK$*
Within one year	**816,000**	–

Operating lease payments represent rental payable by the Group for the quarters of a director.

The Group as lessor

The investment properties of the Group are expected to generate rental yields of approximately 3.2% (2010: 3.7%) on an ongoing basis. All of the properties held have committed tenants not exceeding three years.

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

	2011	2010
	HK$	*HK$*
Within one year	**56,474,731**	51,198,477
In the second to fifth year inclusive	**31,504,780**	38,216,766
	87,979,511	89,415,243

35. CAPITAL COMMITMENTS

At 31 March 2011, the Group had no capital commitments (2010: Nil).

36. RELATED PARTY TRANSACTIONS

During the year, the Group received office rental income of HK$360,000 (2010: HK$360,000) and dividend income of HK$5,000,000 (2010: HK$90,000,000) from an associate of the Company, Win Easy Development Limited.

The directors of the Group considered that they are the key management personnel of the Group and their remunerations are set out in note 10.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include borrowings, trade and other receivables and trade and other payables. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and 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.

Currency risk management

One subsidiary of the Company has foreign currency income which expose the Group to foreign currency risk. Certain other receivables of the Group are denominated in foreign currencies. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

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

	Assets 2011 *HK$'000*	**Liabilities 2011** *HK$'000*	Assets 2010 *HK$'000*	Liabilities 2010 *HK$'000*
Canadian dollar ("CAD")	**102**	**949**	161	869

Sensitivity analysis

The following table shows the sensitivity analysis of a 5% increase/decrease in CAD against the Hong Kong dollars, the effect in the profit for the year is as follows:

	Impact of CAD 2011 *HK$'000*	Impact of CAD 2010 *HK$'000*
Increase/decrease in profit for the year	**42**	35

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the Group's funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, carrying out fund raising activities and matching the maturity profiles of financial assets and liabilities. The maturity profile of the Group's financial liabilities at the end of the reporting period based on contractual undiscounted payments is summarised below:

			2011		
	On demand	**Within 1 year**	**2-5 years**	**Over 5 years**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Trade and other payables	**6,375**	**–**	**–**	**–**	**6,375**
Rental deposits from tenants	**18,757**	**–**	**–**	**–**	**18,757**
Tax liabilities	**2,330**	**–**	**–**	**–**	**2,330**
Secured bank loans	**–**	**8,746**	**376,809**	**11,314**	**396,869**
	27,462	**8,746**	**376,809**	**11,314**	**424,331**

			2010		
	On demand	Within 1 year	2-5 years	Over 5 years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Trade and other payables	6,840	–	–	–	6,840
Rental deposits from tenants	16,665	–	–	–	16,665
Tax liabilities	2,122	–	–	–	2,122
Secured bank loans	–	8,718	391,188	12,638	412,544
	25,627	8,718	391,188	12,638	438,171

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk management

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 31 March 2011 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews regularly the recoverable amount of each individual trade debt to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management considers that the Group's credit risk is significantly reduced.

Interest rate risk management

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group has no significant interest-bearing assets. The Group's exposure to changes in interest rates is mainly attributable to its borrowings. Borrowings at variable rates expose the Group to cash flow interest-rate risk.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration of refinancing, renewal of existing position, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shifts is useful for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.

The Group currently does not use any interest rate swaps to hedge its exposure to interest rate risk. However, the Group will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below, which include interest rate exposure on variable interest-bearing liabilities and deposits, have been determined based on the exposure to interest rates for non-derivative instrument at the end of the reporting period. For non-bank borrowings, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. A 100 basis point increase or decrease is used which represents management's assessment of the possible change in interest rates.

If interest rates have been 100 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 March 2011 would increase/decrease by approximately HK$3,533,000 (2010: HK$3,042,000).

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Market price risk management

The Group is exposed to market price risk through its investments in debt and equity securities. The management manages this exposure by maintaining a portfolio of investments with different risks and returns. The Group's market price risk is primarily arising from overseas listed debt securities and locally listed equity securities. In this regards, the management considers the Group's exposure to market price risk is reduced.

At 31 March 2011, all loan and receivables and available-for-sale investments held by the Group were stated at costs, therefore, future market price risk would not materially affect the Group.

Fair values

As at 31 March 2011, the carrying amount of cash and cash equivalents, prepayments, deposits and other receivables, accrued liabilities and other payables approximated their fair values due to the short-term maturities of these assets and liabilities. The Group considers that financial assets held for trading are included in the statement of financial position at amounts approximating to their fair values.

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument;

- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data; and

- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Fair values (Continued)

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments the Group determines fair values using valuation techniques.

The table below analyses financial instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	2011			
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Financial assets held for trading				
Debt securities	**113,538**	–	–	**113,538**
Equity securities	**20,811**	–	–	**20,811**
Total	**134,349**	–	–	**134,349**

Capital risk management

The management's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for equity holders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to equity holders, return capital to equity holders, issue new shares or sell assets to reduce debt.

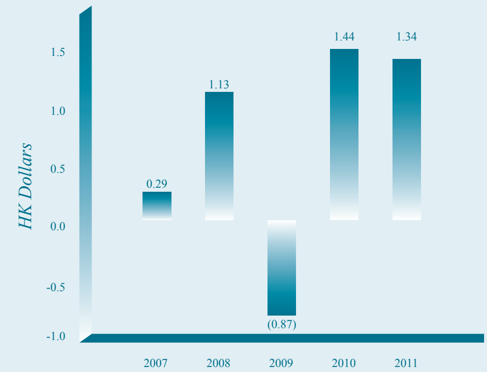
As at 31 March 2011, the Group's strategy remained unchanged as compared to 31 March 2010. Management of the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowing divided by total equity.

Gearing ratio of the Group at the year end date is as follows:

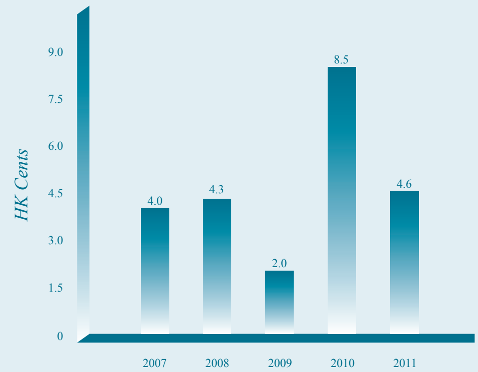
	2011	2010
	HK$'000	*HK$'000*
Bank loans	**396,869**	412,544
Total equity	**2,221,777**	1,838,443
Total debts to total equity ratio	**0.18**	0.22

FIVE-YEAR FINANCIAL SUMMARY

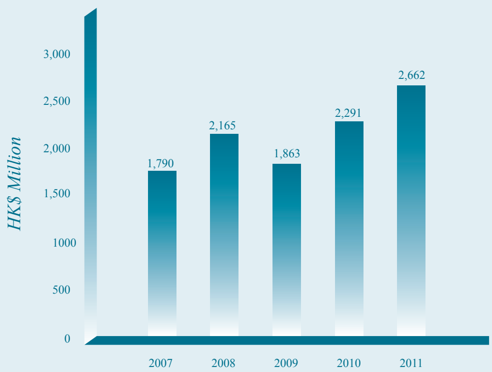
	2007 *HK$'000*	2008 *HK$'000*	2009 *HK$'000*	2010 *HK$'000*	**2011** ***HK$'000***
Turnover	48,430	60,033	65,908	66,145	**68,200**
Profit (loss) for the year	89,049	348,080	(266,865)	443,138	**411,956**
Earnings (loss) per share	HK$0.29	HK$1.13	(HK$0.87)	HK$1.44	**HK$1.34**
Dividends per share	HK4.0 cents	HK4.3 cents	HK2.0 cents	HK8.5 cents	**HK4.6 cents**
Total assets	1,789,835	2,165,035	1,862,862	2,290,703	**2,662,145**
Total liabilities	445,422	485,163	459,863	452,260	**440,368**
Total shareholders' funds	1,344,413	1,679,872	1,402,999	1,838,443	**2,221,777**



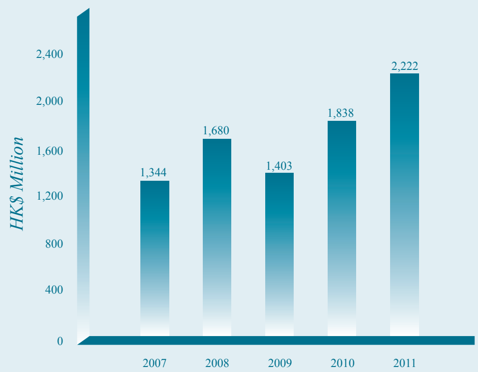
EARNINGS (LOSS) PER SHARE



DIVIDENDS PER SHARE



TOTAL ASSETS



TOTAL SHAREHOLDERS' FUNDS

PARTICULARS OF PROPERTIES HELD BY THE GROUP

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

I. LEASEHOLD LAND AND BUILDING

	Location	Use	Category of lease	Group's interest
	Hong Kong			
1.	The whole of 26th, 27th and 28th floors, Tower I, Tern Centre, 237 Queens Road Central, Hong Kong	Office	Long-term	100%
2.	Flat No. 59 on 15th floor, Tower 9 and car parking spaces nos. 66 and 67 on Car Park Entrance 4 (Level 3), Hong Kong Parkview, 88 Tai Tam Reservoir Road, Hong Kong	Directors' quarters	Long-term	100%
3.	Flat A on 43rd floor and car parking spaces Nos. 44 and 45 on 5th floor, HighCliff, 41D Stubbs Road, Hong Kong	Directors' quarters	Long-term	100%

II. INVESTMENT PROPERTIES

	Location	Use	Category of lease	Group's interest
	Hong Kong			
1.	Shops No. G15 and G16 on ground floor and Shop No. 8 on 1st floor, Site D of Park Lane Shopper's Boulevard, Nathan Road, Tsimshatsui, Kowloon	Commercial	Long-term	100%
2.	Shop No. G17 on ground floor and Shop No. 9A on 1st floor, Site D of Park Lane Shopper's Boulevard, Nathan Road, Tsimshatsui, Kowloon	Commercial	Long-term	100%
3.	Shop No. G21 on ground floor and Shop No. 11A on 1st floor, Site D of Park Lane Shopper's Boulevard, Nathan Road, Tsimshatsui, Kowloon	Commercial	Long-term	100%
4.	Duplex Shop F on ground floor and 1st floor, Burlington House, 90-94C Nathan Road, Tsimshatsui, Kowloon	Commercial	Medium-term	100%
5.	Shops No. B and C on ground floor, the whole of upper ground floor and 1st floor, Ka Wing Building, 27 Granville Road, Tsimshatsui, Kowloon	Commercial	Medium-term	100%
6.	Shop on ground floor, Wing Lock House, 3 Lock Road, Tsimshatsui, Kowloon	Commercial	Medium-term	100%
7.	Shop H on ground floor, Carnarvon Mansion, 8-12E Carnarvon Road, Tsimshatsui, Kowloon	Commercial	Medium-term	100%

II. INVESTMENT PROPERTIES (Continued)

Location		Use	Category of lease	Group's interest
Hong Kong				
8.	Shop No. 18A on ground floor, Star House, 3 Salisbury Road, Tsimshatsui, Kowloon	Commercial	Long-term	100%
9.	Shop No. 5 on ground floor, Lee Fat Building, 30-36 Jardine's Crescent, Causeway Bay, Hong Kong	Commercial	Long-term	100%
10.	The whole of Southgate Commercial Centre, 29 Granville Road, Tsimshatsui, Kowloon	Commercial	Medium-term	100%
11.	The whole of The Wave, 184 Nathan Road, Tsimshatsui, Kowloon	Commercial	Medium-term	100%
12.	The whole of ground floor and 1st, 2nd, 3rd and 5th floors, The Bodynits Building, 3 Cameron Road, Tsimshatsui, Kowloon	Commercial	Medium-term	100%
13.	The whole of lower ground floor, ground floor and 1st floor, Tower I, Tern Centre, 237 Queen's Road Central, Hong Kong	Commercial	Long-term	100%
14.	The whole of Tower II, Tern Centre, 251 Queen's Road Central, Hong Kong	Commercial	Long-term	100%
15.	The whole of 6th, 12th and 20th floors, The Bodynits Building, 3 Cameron Road, Tsimshatsui, Kowloon	Commercial	Medium-term	100%
16.	The whole of 11th and 18th floors, Unit 2 and Unit 3 of 13th floor, Tern Plaza, 5 Cameron Road, Tsimshatsui, Kowloon	Commercial	Medium-term	100%
17.	Carpark No. 31 on the podium of Level 2, 37 Repulse Bay Road, Hong Kong	Carpark	Long-term	100%
18.	Shops no. 1, 2 and 6 on ground floor and the whole of 1st, 2nd, 3rd, 4th, 5th, 6th, 8th and 9th floors, Tern Plaza, 5 Cameron Road, Tsimshatsui, Kowloon	Commercial	Medium-term	50%
19.	The whole of 9th floor, The Bodynits Building, 3 Cameron Road, Tsimshatsui, Kowloon	Commercial	Medium-term	50%

Location		Use	of lease	interest
Canada				
1.	Suite No. 2406 with one carpark, Pointe Claire, 1238 Melville Street, Vancouver, British Columbia	Residential	Freehold	100%