Unlimited Creativity Holdings Limited

(formerly known as "B.A.L. Holdings Limited")

Continued into Bermuda with limited liability
Stock Code: 8079

Annual Report 2011

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "EXCHANGE")

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This report, for which the directors (the "Directors") of Unlimited Creativity Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

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Financial Summary

Annual results for the five years from 2006

	Year ended 31 March 2011	Period from 1 November 2008 to 31 March 2010	Year ended 31 October 2008	Year ended 31 October 2007	Year ended 31 October 2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		(As restated)			
Turnover	**69,917**	179,409	272,078	170,822	146,381
(Loss)/profit from operations	**(57,608)**	(54,760)	(80,974)	22,334	20,842
(Loss)/profit attributable to the equity holders of the Company	**(68,299)**	(58,193)	(77,371)	15,931	17,052

	As at 31 March		**As at 31 October**		
	2011	2010	2008	2007	2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total assets	**204,812**	161,789	191,807	301,235	111,196
Total liabilities	**(39,094)**	(28,355)	(43,249)	(126,830)	(29,594)
	165,718	133,434	148,558	174,405	81,602

Corporate Information

Directors

Executive Directors

Mr. SHIU Yeuk Yuen – Chairman
Mr. LEUNG Ge On, Andy

Independent Non-executive Directors

Mr. HUNG Anckes Yau Keung
FCPA (Practising), FCCA, CICPA, CGA
Mr. SIU Yim Kwan, Sidney *S.B.St.J.*
Mr. TSUI Pui Hung, Walter *LL.B. (Hons), LL.M., BSc (Hons)*

Company Secretary

Mr. LI Chik Ming, Edmond *FCCA, FCPA*

Compliance Officer

Mr. LEUNG Ge On, Andy

Authorized Representatives

Mr. SHIU Yeuk Yuen
Mr. LEUNG Ge On, Andy

Audit Committee

Mr. HUNG Anckes Yau Keung *(Chairman)*
FCPA (Practising), FCCA, CICPA, CGA
Mr. SIU Yim Kwan, Sidney *S.B.St.J*.
Mr. TSUI Pui Hung, Walter *LL.B. (Hons), LL.M., BSc (Hons)*

Remuneration and Nomination Committee

Mr. HUNG Anckes Yau Keung
FCPA (Practising), FCCA, CICPA, CGA
Mr. SIU Yim Kwan, Sidney *S.B.St.J.*
Mr. TSUI Pui Hung, Walter *LL.B. (Hons), LL.M., BSc (Hons)*
Mr. SHIU Yeuk Yuen
Mr. LEUNG Ge On, Andy

Legal Adviser on the Bermuda Law

Appleby

Auditors

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

Principal Share Registrar and Transfer Office

Appleby Management (Bermuda) Ltd
Argyle House
41a Cedar Avenue
PO Box HM 1179
Hamilton HM 11
Bermuda

Hong Kong Branch Share Registrar and Transfer Office

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

Registered Office

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Head Office and Principal Place of Business in Hong Kong

1/F & 2/F
Morrison Plaza
9 Morrison Hill Road
Wanchai
Hong Kong

Principal Bankers

Bank of China (Hong Kong) Limited
409-415 Hennessy Road, Wanchai
Hong Kong

DBS Bank (Hong Kong) Limited
16th Floor, The Center
99 Queen's Road Central
Hong Kong

Stock Code

8079

Website

http://www.ulcreativity.com

Chairman's Statement

On behalf of the board of Directors (the "Board"), I am pleased to present to the Shareholders the audited consolidated results of the Company and its subsidiaries for the year ended 31 March 2011.

REVIEW OF OPERATIONS

For our beauty services and clinical services, in order to reduce those operation with unsatisfactory performance and reallocate the financial resources to the profitable areas, in August 2010, a Sales & Purchase Agreement has been entered with an independent third party to dispose our subsidiaries which are engaged in the provision of beauty services and clinical services in Hong Kong and PRC. The said disposal was completed in October 2010. It would have a negative impact on our turnover of corresponding business segments but it's believed that it would improve the performance of the Group in the long term. The decrease in operating loss of corresponding business segments this year signified the change is in the right track.

As more resource has been put in the money lending business during the year under review, substantial growth in turnover with satisfactory profit in this business segment was resulted. It's sure that this business segment will be one of our bright areas in the coming future.

As a strategic investment, during the year under review, the Group, through the public market, acquired more than 10% of China 3D Digital Entertainment Limited ("China 3D"). It is a company listed on the GEM of Stock Exchange and is principally engaged in entertainment business specialising in (i) film and television programme production, distribution and licensing; and (ii) artiste management.

In December 2010, the Company has been renamed from "B.A.L. Holdings Limited" to "Unlimited Creativity Holdings Limited" to reflect the down scale of our beauty services business and the diversity of our business.

PROSPECTS

More resources would be reallocated to more profitable businesses such as money lending business. In addition, we will continue to explore opportunities to broaden the business scope with the ultimate goal to maximize the shareholders' wealth.

APPRECIATION

On behalf of the Board of Directors, I would like to express my sincere gratitude to our shareholders, clients and staff members for their support in the past years. I would also like to express my personal appreciation to my fellow board members for their continuous valuable contributions.

Mr. Shiu Yeuk Yuen
Chairman

Hong Kong, 17 June 2011

Management Discussion and Analysis

Operation Review

Due to the disposal of some of our subsidiaries engaging in the provision of beauty services and clinical services in Hong Kong and PRC in October 2010, turnover of the Group for the year ended 31 March 2011 was decreased to approximately HK$69.9 million. Loss attributable to owners of the Company for the year was approximately HK$68.3 million.

Beauty Services and Sale of Beauty Products Operations

The Group's turnover in relation to the operation of beauty services and sale of beauty products for the year under review was approximately HK$23.2 million.

The competition of beauty services in Hong Kong is keen with thin profit margin. It's our strategy to streamline the operation in Hong Kong and focus on the beauty services in Macau and other business segments which generate more income to the Group.

Clinical Services

The disposal of our subsidiaries during the year also has negative impact on the turnover in the segment of clinical services. The turnover from this segment decreased to HK$39.2 million.

Similar to beauty services, those loss making centres have been disposed and only profitable centres providing clinical services would be kept.

Property Investment

Benefit from the upward trends of property market in Hong Kong, an increase in fair value of properties held was recorded. In addition to the fair value increase, the rental income also benefited from the booming property market and recorded a turnover of HK$0.6 million.

Securities Investment

For the year under review, the stock market was fluctuated. In particular, China 3D has announced a rights issue to raise not less than HK$114.0 million on the basis of seven Rights Shares for every one share held on 29 March 2011. This led to a substantial decrease in market price of China 3D as at 31 March 2011. As a result, loss of $29.7 million was resulted in this segment.

Money Lending

The revenue generated from this business segment increased materially to HK$6.9 million and result of this segment was HK$1.8 million. It reflects the success of developing this business and the Group will continue to put more resource into this segment to make it one of major segment of the Group.

Outlook

As those subsidiaries operating loss making beauty and clinical centers have been sold and resources have been put into businesses such as money lending business which can bring us profit, we are confident that the operating result of our Group will gradually improve.

Since the increase in price in residential properties was much higher than the rental income associated with those properties in Hong Kong, it lowered the overall rate of return in holding residential properties. As a result, the rate of return of industrial properties would be comparatively attractive.

As such, it's the Group's strategy to restructure its property portfolio to increase industrial properties and reduce residential properties. To align with this strategy, in April and May 2011, the Group acquired two industrial properties in Hong Kong Island.

Liquidity and financial resources

The Group generally financed its operations with internally generated cash flows. As at 31 March 2011, the Group had cash and cash equivalents of approximately HK$35.5 million (2010: HK$30.6 million).

As at 31 March 2011 the Group had bank borrowing of HK$24.4 million which was using to finance the purchase of the property located at 1/F., and 2/F., Morrison Plaza, No. 9 Morrison Hill Road, the headquarter of the Group.

Because of the existence of the bank borrowing, as at 31 March 2011, the Group's gearing ratio, expressed as a percentage of total borrowings, (Comprising amounts due to minority shareholders, and borrowings) over total assets, increased to approximately 12% (2010: 6%).

Charges on Group Asset

At 31 March 2011, the Group's land and building with carrying amount of approximately HK$60,000,000 (31 March 2010: Nil) were pledged to a bank to secure the bank borrowing granted to the Group.

Treasury Policies

Cash and bank deposits of the Group are mainly in HK dollars ("HK$") or Renminbi ("RMB").

Since most of the transactions of the Group are denominated in Hong Kong dollars, no hedging or other arrangements to reduce the currency risk have been implemented.

Employees

As at 31 March 2011, the Group had 62 (2010: 293) full-time employees. The total of employee remuneration, including that of the Directors, for the year ended 31 March 2011 amounted to approximately HK$40.3 million (2010: HK$79.3 million). The Group remunerates its employees based on their performance, experience and the prevailing commercial practice.

Capital Structure

By a special resolution dated 8 September 2010, the capital reorganization involving, inter alia, the consolidation of share capital, the reduction of share capital and the increase of share capital, was approved.

During the year under review, adjusted shares of 168,000,000 and 14,100,000 of HK$0.01 each have been issued and allotted upon placing and exercise of share options granted by the Company respectively.

As at 31 March 2011, there are shares of 526,434,130 of HK$0.01 each have been issued. Details of the movements in share capital of the Company are set out in note 34 to the consolidated financial statement.

Significant Acquisitions and Disposals

On 24 April 2010, an indirect wholly-owned subsidiary of the Company, entered into an acquisition agreement with a third party to acquire a property located in Hong Kong at a total cash consideration of HK$51,000,000. The acquisition was completed on 29 October 2010.

On 31 August 2010, a direct wholly-owned subsidiary of the Company, entered into an agreement to dispose 100% of some of its subsidiaries which are principally operating the Group's beauty salon business in Hong Kong, Shenzhen, PRC and Guangzhou, PRC at consideration of HK$4,380,000. The disposal was completed on 29 October 2010.

On 8 October 2010, a direct wholly-owned subsidiary of the Company, entered into an agreement to dispose 100% interest of a wholly-owned subsidiary, together with the shareholder's loan, at aggregate consideration of approximately HK$12,560,000. The disposal was completed on 8 October 2010.

Contingent Liabilities

As at 31 March 2011, the Group had no material contingent liabilities (2010: Nil).

As at 31 March 2011, the Company has executed corporate guarantees to third parties with respect to general banking facilities granted to a subsidiary of the Company of approximately HK$25,000,000.

As at 31 March 2010, the Company has executed corporate guarantees to third parties with respect to operating leases of approximately HK$2,300,000, advertising contracts of certain subsidiaries of approximately HK$500,000 and general banking facilities granted to certain subsidiaries of the Company of approximately HK$8,759,000.

Share Option Scheme

On 24 September 2001, the shareholders of the Company approved a share option scheme ("the Existing Scheme") under which its Board of Directors may, at its discretion, offer full-time or part time employees and executive, non-executive and independent non-executive directors of the Company and/or any of its subsidiaries, options to subscribe for shares of the Company. The subscription price will be determined by the Company's Board of Directors and will be the highest of (i) the nominal value of the shares, (ii) the quoted closing price of the Company's shares on the date of offer of the options, and (iii) the average of the quoted closing prices of the Company's shares on the five trading days immediately preceding the date of offer of the options.

On 4 January 2011, the shareholders of the Company approved to terminate the Existing Scheme and adopted a new share option scheme ("the New Scheme") under which its Board of Directors may, at its discretion, offer full-time or part time employees and executive, non-executive and independent non-executive directors of the Company and/or any of its subsidiaries, suppliers, customers, advisors or consultants options to subscribe for shares of the Company. The maximum number of shares which may be allotted and issued upon exercise of all outstanding Options granted and yet to be exercised under the New Scheme and any other share option scheme adopted by the Group shall not exceed 30 per cent. of the share capital of the Company in issue from time to time. The subscription price will be determined by the Company's Board of Directors and will be the highest of (i) the nominal value of the shares, (ii) the quoted closing price of the Company's shares on the date of offer of the options, and (iii) the average of the quoted closing prices of the Company's shares on the five trading days immediately preceding the date of offer of the options.

The New Scheme is valid for ten years from the date of adoption.

Details of the Scheme of the Group are set out in note 35 to the consolidated financial statements.

Events after Reporting Period

On 28 February 2011, an indirect wholly-owned subsidiary of the Company, entered into a Disposal Agreement with independent third parties to the Company regarding the disposal of a property in Hong Kong at a cash consideration of HK$4,080,000. The disposal was completed on 28 April 2011.

On 13 April 2011, an indirect wholly-owned subsidiary of the Company, (as purchaser) entered into an Acquisition Agreement with an Independent Third Party (as vendor) regarding the acquisition of a property in Hong Kong at a cash consideration of HK$10,564,000. The completion of acquisition will take place on or before 15 July 2011.

The board of directors of China 3D, announced on 1 February 2011 that China 3D proposed to raise not less than HK$114.0 million and not more than HK$132.5 million, before expenses, by way of a rights issue of not less than 7,601,608,210 China 3D Rights Shares and not more than 8,828,194,312 China 3D Right Shares at the subscription price of HK$0.015 per China 3D Rights Share on the basis of seven China 3D Rights Shares for every one China 3D Share held on the Record Date payable in full upon application.

Under the China 3D Rights Issue, the Group is entitled to accept for an aggregate of 754,012,000 China 3D Rights Shares under its own entitlement. Furthermore, during the acceptance period of the China 3D Rights Issue, the Group has made additional purchases of nil-paid China 3D Rights Shares in the market. On 13 April 2011, the Company, itself and through its subsidiary, are interested in 215,320,000 nil-paid China 3D Rights Shares, which entitled the Group to subscribe for 215,320,000 China 3D Rights Shares. On this basis, the total consideration to be paid by the Group for a total of 969,332,000 China 3D Rights Shares which the Group is to take up amounts to HK$14,539,980.

On 13 May 2011, 105,000,000 ordinary shares of HK$0.01 each was issued at an issue price of HK$0.105 each for a total cash consideration HK$11,025,000 through a share placing.

On 16 June 2011, Yvonne Credit Service Company Limited, an indirect wholly-owned subsidiary of the Company (the "Lender") entered into the loan agreements with Mr. Sze Chun Pong, Forever East Limited, Century International Investment Holdings Limited and Billion Success Capital Investment Limited (collectively referred to as the "Borrowers"), pursuant to which the Lender agreed to grant to the Borrowers the loan facilities amounted to HK$10,000,000 (the "Loan Facilities"). The amount of the Loan Facilities has been drawn down by the Borrowers upon signing of the loan agreements.

Biographical Details of Directors

Executive Directors

Mr. Shiu Yeuk Yuen ("Mr. Shiu"), aged 61, is the executive director since December 2010 and appointed as the Chairman of the Group in January 2011. Mr. Shiu has over 35 years' experience in the ceramic tile and marble and granite products industry and over 10 year's experience in securities investment.

Mr. Shiu was one of the founders and has been the executive director of Companion Building Material International Holdings Limited (together with its subsidiaries, the "**CBMI Group**", currently known as Pacific Century Premium Developments Ltd, stock code: 432), a company listed on The Stock Exchange of Hong Kong Limited, for the period from September 1993 to January 2002 during which he was responsible for the development of the CBMI Group's corporate strategies.

Mr. Leung Ge On, Andy ("Mr. Leung"), aged 42, is the executive director of the Company. Mr. Leung joined the Group since 2005 and was appointed as an executive director in December 2010. Mr. Leung obtained a Bachelor of Arts degree in Economics at York University in Canada. Mr. Leung has extensive experience in business development, operation and marketing management. Mr. Leung is the nephew of Mr. Shiu.

Independent Non-executive Directors

Mr. HUNG Anckes Yau Keung ("Mr. Hung"), *FCPA (Practising), FCCA, CICPA, CGA*, aged 58, was appointed as an independent non-executive Director and Chairman of the Audit Committee of the Company in October 2003. Mr. Hung has over 30 years' experience in accounting. He is a fellow of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants, the Certified General Accountants Association, and an overseas non-practising member of the Chinese Institute of Certified Public Accountants.

Mr. Hung is now the practising director of KND & Co. CPA Limited, Certified Public Accountants (Practising). He is the Visiting Professor of the Southwestern University of Finance and Economics and the Research Institute of Economics of the Shenzhen University in China.

Mr. SIU Yim Kwan, Sidney ("Mr. Siu"), *S.B.St.J.*, aged 64, was appointed as an independent non-executive director and member of Audit Committee of the Company in December 2004. Mr. Siu is also the non-executive director of Wang On Group Limited, a listed company in Hong Kong since November 1993.

Mr. Siu is a director of The Association of The Directors & Former Directors of Pok Oi Hospital Limited, Bright China Foundation Limited and Chiu Yang Residents Association of Hong Kong Limited, those companies are non-profitable association and providing community services in Hong Kong.

Mr. Siu is also a director and chairman of The Hong Kong Tae Kwon Do Association Limited, a sport association in Hong Kong and also an executive member of a number of charitable organizations and sports associations.

Mr. TSUI Pui Hung, Walter ("Mr. Tsui"), *LL.B. (Hons), LL.M, BSc (Hons)*, aged 36, is a practicing solicitor of the High Court of Hong Kong, was appointed as an independent non-executive director and member of Audit Committee of the Company in June 2007. Mr. Tsui holds the degrees of a Master in Laws from University of London, Bachelor of Laws (with Honours) from Manchester Metropolitan University, Bachelor of Science (with Honours) from the Chinese University of Hong Kong, Postgraduate Certificate in Laws from the University of Hong Kong and Diploma in Translation from the Chinese University of Hong Kong. Mr. Tsui has years of management experience and is familiar with internal control issues and regulatory rules of listed company. Mr. Tsui is also an independent non-executive director of China Mandarin Holdings Limited, a company listed on the Main Board of Stock Exchange.

Corporate Governance Report

A. Corporate Governance Practices

The Company is committed to achieving high standards of corporate governance to protect the interests of the shareholders of the Company. The Company had complied with most of the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 15 of the GEM Listing Rules throughout the year ended 31 March 2011. This report describes the corporate governance standards and practices used by the Company to direct and manage its business affairs. It also explains the applications of the Code and deviations, if any.

B. Board of Directors

Composition of the board, number of board meetings and directors' attendance

The Company's Board is comprised of experienced and highly competent individuals and a balanced composition of executive and non-executive directors. 29 Board meetings were held during the financial year ended 31 March 2011. The composition of the Board and attendance of the Directors are set out below:

Name of Directors	**Number of meeting attended/Number of meeting held before resignation or after appointment**
Executive Directors	
Mr. Shiu Yeuk Yuen (appointed on 1 December 2010)	11/14
Mr. Leung Ge On, Andy (appointed on 1 December 2010)	12/14
Ms. Siu York Chee (resigned on 14 January 2011)	20/20
Mr. Leung Kwok Kui (resigned on 1 December 2010)	15/15
Ms. Leung Ge Yau (resigned on 1 December 2010)	10/15
Independent Non-executive Directors	
Mr. Hung Anckes Yau Keung	13/29
Mr. Siu Yim Kwan, Sidney	12/29
Mr. Tsui Pui Hung, Walter	10/29

The list of directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the GEM Listing Rules.

Mr. Leung Ge On, Andy is the nephew of Mr. Shiu Yeuk Yuen. Save for the aforesaid, none of the existing members of the Board is related to one another.

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

C. Appointment and Succession Planning of Directors

The procedures and process of appointment, re-election and removal of directors are laid down in the Company's Bye-Laws.

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election and Code Provision A.4.2 stipulates that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment.

None of the independent non-executive directors is appointed for a specific term. Pursuant to the Company's Bye-Laws, all directors of the Company, regardless of his/her term of appointment, if any, are subject to retirement by rotation at least once every three years and any new director appointed to fill a casual vacancy is subject to re-election by shareholders at the first general meeting after his/her appointment. The Company in practice will observe Code Provision A.4.2 and will ensure that any new director appointed to fill a casual vacancy shall submit himself/herself for re-election by shareholders at the first general meeting after his/her appointment.

D. Chairman and Chief Executive Officer

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

Mr. Shiu Yeuk Yuen is the Chairman and Chief Executive Officer of the Company. In view of the scale of operations of the Company and the fact that daily operations of the Group's business is delegated to the senior executives and department heads, the Board considers that vesting the roles of both Chairman and Chief Executive Officer in the same person will not impair the balance of power and authority between the Board and the management of the Company. The Board also believes that the current structure provides the Company with strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies. It is in the best interest of the Group to maintain the current practice for continuous efficient operations and development of the Group.

E. Remuneration Committee

A remuneration committee (the "Remuneration Committee"), consisting of 3 independent non-executive Directors and two executive Directors, was set up by the Company in accordance with the Code Provisions. The Remuneration Committee is responsible for reviewing and developing the remuneration polices of the Directors and senior management.

One meeting was held during the financial year ended 31 March 2011. None of the Directors participated in the determination of his/her own remuneration. Attendance of the members of the Remuneration Committee is set out below:

Name of Directors	**Number of meeting attended/Number of meeting held before resignation or after appointment**
Mr. Hung Anckes Yau Keung	1/1
Mr. Siu Yim Kwan, Sidney	1/1
Mr. Tsui Pui Hung, Walter	0/1
Ms. Siu York Chee (resigned on 14 January 2011)	1/1
Mr. Leung Kwok Kui (resigned on 1 December 2010)	1/1
Mr. Shiu Yeuk Yuen (appointed on 1 December 2010)	0/0
Mr. Leung Ge On, Andy (appointed on 1 December 2010)	0/0

F. Audit Committee

The Company established an Audit Committee with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the Audit Committee are to review the Company's annual report and financial statements, half-yearly report and quarterly reports and to provide advice and comment thereon to the Board. The Audit Committee is also responsible for reviewing and supervising the financial reporting process and internal control procedures of the Group. Currently it consists of three independent non-executive Directors, Mr. Hung Anckes Yau Keung, Chairman of the Audit Committee, Mr. Siu Yim Kwan, Sidney and Mr. Tsui Pui Hung, Walter. Four meetings were held during the financial year ended 31 March 2011. Attendance of the members of the Audit Committee is set out below:

Name of Directors	Attendance at Meetings
Mr. Hung Anckes Yau Keung	4/4
Mr. Siu Yim Kwan, Sidney	4/4
Mr. Tsui Pui Hung, Walter	4/4

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

G. Nomination Committee

A nomination committee (the "Nomination Committee") consisting of 3 independent non-executive Directors and two executive Directors was set up by the Company in accordance with the Code Provisions. The Nomination Committee is responsible for reviewing and making recommendations to the board regarding any proposed changes, selection of directorships.

One meeting was held during the financial year ended 31 March 2011. Attendance of the members of the Nomination Committee is set out below:

Name of Directors	Number of meeting attended/Number of meeting held before resignation or after appointment
Mr. Hung Anckes Yau Keung	1/1
Mr. Siu Yim Kwan, Sidney	1/1
Mr. Tsui Pui Hung, Walter	0/1
Ms. Leung Ge Yau (resigned on 1 December 2010)	1/1
Mr. Leung Kwok Kui (resigned on 1 December 2010)	1/1
Mr. Shiu Yeuk Yuen (appointed on 1 December 2010)	0/0
Mr. Leung Ge On, Andy (appointed on 1 December 2010)	0/0

H. Model Code for Securities Transactions

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 (the "Required Standard of Dealings") of the GEM Listing Rules.

Specific enquiry has been made of all the directors and the directors have confirmed that they have complied with the Required Standard of Dealings throughout the year ended 31 March 2011.

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

I. Responsibilities in respect of the Financial Reporting

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

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

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

J. Auditors’ Remuneration

The fees in relation to the audit and other services for the year ended 31 March 2011 provided by HLB Hodgson Impey Cheng, the external auditors of the Company, amounted to HK$415,000 and HK$334,000 respectively.

K. Internal Controls

The Board has overall responsibility for the internal control system of the Company. The Board has developed its systems of internal control and risk management and is also responsible for reviewing and maintaining an adequate internal control system to safeguard the interests of the shareholders and the assets of the Company. During the period under review, the Board has conducted a review of the effectiveness of the internal control system of the Company.

L. Communications with Shareholders

The Company recognizes the importance in engaging in regular, effective and fair communication with its shareholders and is committed to conveying important and relevant information to the shareholders on a timely basis.

The Company strives to ensure that information is made publicly available in a prompt and timely disseminated manner. Disclosure of information is made through announcements to the Stock Exchange, the Company’s annual, interim reports and quarterly reports, as well as the corporate website (http://www.ulcreativity.com).

M. Shareholder Rights

The rights of shareholders and the procedures for demanding a poll on resolutions at shareholders’ meetings are contained in the Company’s Bye-laws. Details of such rights to demand a poll were included in the circular to shareholders in relation to the holding of 2011 annual general meeting and explained during the proceedings of the meeting.

The general meetings of the Company provide an opportunity for communication between the shareholders and the Board. The Board will attend the 2011 annual general meeting to answer questions at the meeting.

Separate resolutions were proposed at 2011 annual general meeting on each substantial issue, including the election of individual director.

Report of the Directors

The directors of the Company ("Directors") present their annual report together with the audited financial statements of the Company and the Group for the year ended 31 March 2011.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The Group is principally engaged in the retailing of beauty products and provision of beauty services, clinical services, in Hong Kong and Macau, property investment, financial instruments and quoted shares investment and money lending business in Hong Kong.

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 22 of the annual report.

The Board of Directors does not recommend the payment of a final dividend for the year ended 31 March 2011.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five years is set out on page 3.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in note 12 to the consolidated financial statements.

ISSUED CAPITAL AND SHARE OPTIONS

On 4 January 2011, the shareholders of the Company approved to adopt a new share option scheme.

At 31 March 2011, the number of issued shares was 526,434,130 ordinary shares.

Details of the movements in issued capital and share options of the Company during the year ended 31 March 2011 are set out in notes 34 and 35, respectively to the consolidated financial statements.

RESERVES

Details of the movements in reserves of the Group and the Company during the period are set out in the consolidated statement of changes in equity and note 36 to the consolidated financial statements respectively.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 March 2011, the five largest suppliers of the Group accounted for less than 30% of its operating costs for the period.

Sales to the Group's five largest customers accounted for less than 30% of the Group's turnover for the year ended 31 March 2011.

Save as disclosed above, none of the directors or any of their associates (as defined in the Rules Governing the Listing of Securities on GEM ("GEM Listing Rules") or any shareholders of the Company (who, to the knowledge of the Directors, own more than 5% of the issued share capital of the Company) had any beneficial interest in any of the five largest suppliers or customers of the Group for year ended 31 March 2011.

DONATIONS

During the year, there was no donation made (31 March 2010: Nil).

DIRECTORS

The Directors who held office during the period are:

Executive Directors

Mr. Shiu Yeuk Yuen (appointed on 1 December 2010)
Mr. Leung Ge On, Andy (appointed on 1 December 2010)
Ms. Siu York Chee (resigned on 14 January 2011)
Mr. Leung Kwok Kui (resigned on 1 December 2010)
Ms. Leung Ge Yau (resigned on 1 December 2010)

Independent Non-executive Directors

Mr. Hung Anckes Yau Keung, *FCPA (Practising), FCCA, CICPA, CGA*
Mr. Siu Yim Kwan, Sidney, *S.B.St.J.*
Mr. Tsui Pui Hung, Walter, *LL. B. (Hons), LL.M., BSc (Hons)*

DIRECTORS' SERVICE CONTRACTS

Mr. Shiu Yeuk Yuen and Mr. Leung Ge On, Andy have entered into a service contract with the Company and the service contracts shall be renewed automatically after a year unless and until terminated by not less than three months' notice in writing served by either party on the other.

The independent non-executive Directors have no fixed term of office and all the directors are subject to the provisions of retirement and rotation of Directors under the Bye-laws of the Company.

SHARE OPTION SCHEMES

On 24 September 2001, the shareholders of the Company approved a share option scheme ("the Existing Scheme") under which its Board of Directors may, at its discretion, offer full-time or part time employees and executive, non-executive and independent non-executive directors of the Company and/or any of its subsidiaries, options to subscribe for shares of the Company. The subscription price will be determined by the Company's Board of Directors and will be the highest of (i) the nominal value of the shares, (ii) the quoted closing price of the Company's shares on the date of offer of the options, and (iii) the average of the quoted closing prices of the Company's shares on the five trading days immediately preceding the date of offer of the options.

On 4 January 2011, the shareholders of the Company approved to terminate the Existing Scheme and adopted a new share option scheme ("the New Scheme") under which its Board of Directors may, at its discretion, offer full-time or part time employees and executive, non-executive and independent non-executive directors of the Company and/or any of its subsidiaries, suppliers, customers, advisors or consultants options to subscribe for shares of the Company. The maximum number of shares which may be allotted and issued upon exercise of all outstanding Options granted and yet to be exercised under the New Scheme and any other share option scheme adopted by the Group shall not exceed 30 per cent. of the share capital of the Company in issue from time to time. The subscription price will be determined by the Company's Board of Directors and will be the highest of (i) the nominal value of the shares, (ii) the quoted closing price of the Company's shares on the date of offer of the options, and (iii) the average of the quoted closing prices of the Company's shares on the five trading days immediately preceding the date of offer of the options.

The New Scheme is valid for ten years from the date of adoption.

All share-based employee compensation will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the options.

Share options and respective exercise prices under the Existing Scheme are as follows for the reporting period presented:

Type of grantee	At 31 March 2010	Granted	Exercised/ Cancelled/ Lapsed	At 31 March 2011	Date of grant	Exercise period of the share options	Exercise price per share
							HK$
Employees							
– In aggregate	399,980	–	(399,980)	–	5-May-08	5/5/2008 – 4/5/2010	0.2830

The Existing Scheme has been terminated by the shareholders of the Company on 4 January 2011.

Share options and respective exercise prices under the New Scheme are as follows for the reporting period presented:

Type of grantee	At 4 January 2011	Granted	Exercised/ Cancelled/ Lapsed	At 31 March 2011	Date of grant	Exercise period of the share options	Exercise price per share
							HK$
Executive Directors							
– In aggregate	–	4,200,000	(4,200,000)	–	15-Feb-11	15/2/2011 – 14/2/2014	0.1542
– In aggregate	–	4,200,000	(4,200,000)	–	23-Feb-11	23/2/2011 – 22/2/2014	0.1396
Eligible person							
– In aggregate	–	4,200,000	(1,500,000)	2,700,000	15-Feb-11	15/2/2011 – 14/2/2014	0.1542
– In aggregate	–	4,200,000	(4,200,000)	–	23-Feb-11	23/2/2011 – 22/2/2014	0.1396
Employees							
– In aggregate	–	8,400,000	–	8,400,000	23-Feb-11	23/2/2011 – 22/2/2014	0.1396
	–	25,200,000	(14,100,000)	11,100,000			

For the year ended 31 March 2011, 25,200,000 options were granted, 14,100,000 options were exercised and 11,100,000 options were outstanding during the period ended 31 March 2011 under the New Scheme.

In total, approximately HK$2,761,000 of employee compensation expense has been included in the consolidated statement of comprehensive income for the ended 31 March 2011 (for the seventeen-month ended 31 March 2010: HK$1,415,000), the corresponding amount of which has been credited to share option reserve. No liabilities were recognized due to share-based payment transactions.

The fair values of options granted were determined using the Black-Scholes valuation model.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

As at 31 March 2011, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors to be notified to the Company and the Stock Exchange were as follows:

Interests in Shares

Long positions

Name	Personal Interests	Family Interests	Other Interests	Total	Approximate percentage to the issued share capital of the Company as at 31 March 2011
Mr. Shiu Yeuk Yuen *(note 1)*	4,200,000	1,170 *(note 2)*	770,558 *(note 3)*	4,971,728	0.94%
Mr. Leung Ge On, Andy *(note 1)*	4,200,000	–	–	4,200,000	0.80%

Notes:

1. Mr. Shiu Yeuk Yuen and Mr. Leung Ge On, Andy are the executive directors of the Company.

2. 1,170 shares are held by Ms. Hau Lai Mei, the spouse of Mr. Shiu Yeuk Yuen.

3. 770,558 shares are held by Heavenly Blaze Limited. Heavenly Blaze Limited is beneficially owned as to (i) 46% by Mr. Shiu Stephen Junior, son of Mr. Shiu Yeuk Yuen (being the executive Director); (ii) 34% by Mr. Shiu Yeuk Yuen and Ms. Siu York Chee (sister of Mr. Shiu Yeuk Yuen) together hold on behalf of Ms. Shiu Yo Yo and Ms. Shiu Sound Sound, daughters of Mr. Shiu Yeuk Yuen; (iii) 16% by Ms. Shiu Ting Yan, Denise, daughter of Mr. Shiu Yeuk Yuen; (iv) 1% by Mr. Cheng Jut Si; and (v) 3% by One Dollar Productions Limited which is beneficially owned as to 25% by Mr. Shiu Stephen Junior; and 75% by Ms. Hau Lai Mei.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

So far as known to the Directors, as at 31 March 2011, the Directors were not aware of any other person who had an interests or short position in the Shares or underlying Shares or debentures of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or who was interested in 10% or more of the nominal value of any class of share capital, or options in respect of such capital, carrying rights to vote in all circumstances at general meetings of the Company.

PRE-EMPTIVE RIGHTS

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

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 March 2011, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

RELATED PARTY TRANSACTIONS

Details of the related party transactions for the period are set out in note 38 to the consolidated financial statements.

Save as disclosed therein, there were no other transactions to be disclosed as related party transactions in accordance with the requirements of the GEM Listing Rules.

COMPETING INTEREST

None of the Directors or the management shareholders (as defined in the GEM Listing Rules) of the Company has an interest in a business, which competes or may compete with the business of the Group.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 (the "Required Standard of Dealings") of the GEM Listing Rules.

Specific enquiry has been made of all the directors and the directors have confirmed that they have complied with the Required Standard of Dealings throughout the period ended 31 March 2011.

As of the date of this report, the Board of Directors of the Company comprises, Mr. Shiu Yeuk Yuen, Mr. Leung Ge On, Andy, Executive Directors; Mr. Hung Anckes Yau Keung, Mr. Siu Yim Kwan, Sidney and Mr. Tsui Pui Hung, Walter, Independent Non-executive Directors of the Company.

AUDIT COMMITTEE

The Company has formed an audit committee with written terms of reference based on the guidelines recommended by the Hong Kong Institute of Certified Public Accountants. The audit committee (the "Committee") comprises three Independent Non-executive Directors, namely Mr. Hung Anckes Yau Keung, and Mr. Siu Yim Kwan, Sidney and Mr. Tsui Pui Hung Walter. Mr. Hung Anckes Yau Keung is also the chairman of the audit committee. The primary duties of the Committee are to review the Company's annual report and accounts, half-yearly report and quarterly reports and to provide advice and comments thereon to the board of Directors. The Committee is also responsible for reviewing and monitoring the Company's internal control procedures. The Committee has reviewed the draft of this report and has provided advice and comments thereon.

During the year ended 31 March 2011, the audit committee has reviewed the Company's half-year report and quarterly reports and has provided advice and comments thereon to the Board. The audit committee has met four times during the period for reviewing the Company's financial reports and monitoring the Company's internal control procedures.

CORPORATE GOVERNANCE

The Company has published its Corporate Governance Report, details of which are set out on pages 10 to 13 of this annual report.

APPOINTMENT OF PROFESSIONAL ADVISER AND COMPLIANCE ADVISER

Reference is made to the press release published by the GEM Listing Committee of the Stock Exchange to the Company on 19 January 2009 regarding the breaches of the GEM Listing Rules by the Company.

The Company has admitted breaching Rules 17.56, 19.34, 19.37, 19.38 and 19.40 of the GEM Listing Rules. Accordingly, against the facts and circumstances outlined and the admitted breaches, the Stock Exchange criticised the Company for its breaches of Rules 17.56, 19.34, 19.37, 19.38 and 19.40 of the GEM Listing Rules.

The Stock Exchange, having regard to the compliance history of the Company and the number and frequency of further breaches, (i) directs that the Company appoint a professional adviser to conduct a thorough review of and make recommendations to improve the Company's internal control and compliance systems to ensure the Company's GEM Listing Rules compliance including in particular the internal controls for compliance with Chapter 19 of the GEM Listing Rules; and (ii) directs the Company to appoint a compliance adviser for consultation on compliance matters including the GEM Listing Rules compliance and corporate governance matters on an ongoing basis for a duration of two years.

In this regard, the board of directors of the Company has appointed Guangdong Securities Limited as its professional adviser and compliance adviser for a term of two years with effect from 16 February 2009 to 15 February 2011. The appointment of the professional adviser and compliance adviser has been expired on 15 February 2011.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions ("Code Provisions") set out in Appendix 15 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited) ("GEM Listing Rules") that are considered to be relevant to the Company and has complied with the Code Provisions save as disclosed below.

a) Mr. Shiu Yeuk Yuen currently holds the offices of Chairman and Chief Executive Officer of the Company. The Board considers that the current structure of vesting the roles of Chairman and Chief Executive Officer in the same person will not impair the balance of power and authority between the Board and the management of the Company. The Board also believes that the current structure provides the Company with strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies.

b) None of the independent non-executive directors is appointed for a specific term but pursuant to the Company's Bye-Laws, all directors of the Company are subject to retirement by rotation and re-election at the annual general meetings of the Company at least once every three years. Further, pursuant to the Company's Bye-Laws, any new director appointed to fill a casual vacancy is subject to re-election by shareholders at the first general meeting after his/her appointment. The Company in practice will observe Code Provision A.4.2 and will ensure that any new director appointed to fill a casual vacancy shall submit himself/herself for re-election by shareholders at the first general meeting after his/her appointment.

AUDITORS

The financial statements of the Company for the year ended 31 March 2011 and for the seventeen months ended 31 March 2010 were audited by HLB Hodgson Impey Cheng, who will retire and a resolution to re-appoint HLB Hodgson Impey Cheng as auditors of the Company will be proposed at the forthcoming Annual General Meeting.

Grant Thornton had been Auditors of our Company for the financial years ended 31 October 2007 and 31 October 2008.

On behalf of the Board
Unlimited Creativity Holdings Limited

Shiu Yeuk Yuen
Chairman

Hong Kong, 17 June 2011

HLB 國衛會計師事務所
Hodgson Impey Cheng

Chartered Accountants
Certified Public Accountants

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

Independent Auditors' Report

TO THE MEMBERS OF UNLIMITED CREATIVITY HOLDINGS LIMITED
(FORMERLY KNOWN AS B.A.L. HOLDINGS LIMITED)
(Continued into Bermuda with limited liability)

We have audited the consolidated financial statements of Unlimited Creativity Holdings Limited (formerly known as B.A.L. Holdings Limited) (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 22 to 94, which comprise the consolidated and company statements of financial position as at 31 March 2011, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 90 of the Companies Act 1981 of Bermuda, 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 considers 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 state of affairs of the Company and the Group as at 31 March 2011, and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

Hong Kong, 17 June 2011

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2011

	Notes	Year ended 31 March 2011 HK$'000	Period ended 31 March 2010 HK$'000 (As restated)
Revenue	4	**69,917**	179,409
Cost of sales		**(13,231)**	(42,163)
Gross profit		**56,686**	137,246
Other revenue and other (losses)/gains-net	4	**(15,702)**	15,190
Servicing, selling and distribution costs		**(37,456)**	(125,920)
Administrative expenses		**(43,091)**	(53,754)
Net losses on disposals of subsidiaries		**(5,623)**	–
Other operating expenses		**(12,422)**	(27,522)
Operating loss		**(57,608)**	(54,760)
Finance costs	7	**(383)**	(919)
Share of losses of associates	16	**(3,854)**	(245)
Loss before income tax	6	**(61,845)**	(55,924)
Income tax expense	8	**(5,470)**	(2,736)
Loss for the year/period		**(67,315)**	(58,660)
Other comprehensive income:			
Available-for-sale financial assets		**1,206**	749
Change in fair value of land and buildings		**6,828**	–
Other comprehensive income for the year/period, net of tax		**8,034**	749
Total comprehensive income for the year/period		**(59,281)**	(57,911)
Loss attributable to:			
Owners of the Company		**(68,299)**	(58,193)
Non-controlling interests		**984**	(467)
		(67,315)	(58,660)
Total comprehensive income attributable to:			
Owners of the Company		**(60,265)**	(57,444)
Non-controlling interests		**984**	(467)
		(59,281)	(57,911)
Loss per share			
Basic and diluted	10	**HK$ (0.18)**	HK$ (0.51)

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

Consolidated Statement of Financial Position

At 31 March 2011

	Notes	At 31 March 2011 HK$'000	At 31 March 2010 HK$'000 (As restated)	At 1 November 2008 HK$'000 (As restated)
ASSETS				
Non-current assets				
Property, plant and equipment	*12*	**67,231**	21,830	33,158
Investment properties	*13*	**5,000**	16,390	11,820
Intangible assets	*14*	**–**	–	4,528
Interests in associates	*16*	**10,282**	15,336	5,994
Held-to-maturity investments	*17*	**817**	2,669	708
Loans and advances	*22*	**11,482**	1,224	497
Prepayments, deposits and other receivables	*20*	**2,841**	6,367	6,070
Restricted bank deposits	*26*	**–**	1,300	449
Deferred tax assets	*33*	**–**	–	1,704
		97,653	65,116	64,928
Current assets				
Intangible assets	*14*	**–**	–	1,500
Inventories	*23*	**–**	1,727	2,307
Loans and advances	*22*	**25,424**	11,389	13,378
Trade receivables	*21*	**787**	7,294	21,121
Prepayments, deposits and other receivables	*20*	**4,339**	8,544	17,532
Financial assets at fair value through profit or loss	*24*	**25,104**	30,903	13,397
Held-to-maturity investments	*17*	**1,855**	180	79
Available-for-sale financial assets	*18*	**6,240**	5,034	3,025
Derivative financial instruments	*19*	**–**	16	2,746
Amounts due from related companies	*25*	**1,606**	875	2,038
Restricted bank deposits	*26*	**–**	–	3,573
Cash and cash equivalents	*27*	**35,504**	30,626	46,177
Tax recoverable		**85**	85	6
		100,944	96,673	126,879
Assets held for sale	*28*	**6,215**	–	–
		107,159	96,673	126,879

Consolidated Statement of Financial Position *(Continued)*

At 31 March 2011

	Notes	At 31 March 2011 HK$'000	At 31 March 2010 HK$'000 (As restated)	At 1 November 2008 HK$'000 (As restated)
LIABILITIES				
Current liabilities				
Trade payables	29	**–**	103	190
Accruals, receipts in advance and other payables	30	**5,949**	13,625	18,786
Amounts due to non-controlling interests	31	**297**	1,077	1,077
Derivative financial instruments	19	**–**	4	5,671
Borrowings	32	**24,363**	8,759	10,409
Provision for tax		**2,054**	3,396	3,570
		32,663	26,964	39,703
Net current assets		**74,496**	69,709	87,176
Total assets less current liabilities		**172,149**	134,825	152,104
Non-current liabilities				
Borrowings	32	**–**	–	1,995
Derivative financial instruments	19	**–**	–	1,230
Deposits	30	**–**	251	212
Deferred tax liabilities	33	**6,431**	1,140	109
		6,431	1,391	3,546
Net assets		**165,718**	133,434	148,558
EQUITY				
Equity attributable to owners of the parent				
Share capital	34	**5,264**	23,633	8,522
Reserves		**159,240**	109,801	139,569
		164,504	133,434	148,091
Non-controlling interests		**1,214**	–	467
Total equity		**165,718**	133,434	148,558

The consolidated financial statements were approved and authorized for issue by the Board of Directors on 17 June 2011 and were signed on its behalf.

Shiu Yeuk Yuen
Director

Leung Ge On, Andy
Director

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

Statement of Financial Position

At 31 March 2011

	Notes	At 31 March 2011 HK$'000	At 31 March 2010 HK$'000
ASSETS			
Non-current assets			
Investments in subsidiaries	15	**1,097**	1,097
Prepayments	20	**1,499**	2,942
		2,596	4,039
Current assets			
Amounts due from subsidiaries	15	**135,754**	110,967
Prepayments and deposits	20	**2,255**	3,666
Financial assets at fair value through profit or loss	24	**14,142**	16,750
Cash and cash equivalents	27	**15,372**	3,132
		167,523	134,515
LIABILITIES			
Current liabilities			
Accruals	30	**287**	114
Amounts due to subsidiaries	15	**17,851**	5,288
Provision for tax		**117**	117
		18,255	5,519
Net current assets		**149,268**	128,996
Net assets		**151,864**	133,035
EQUITY			
Equity attributable to owners of the parent			
Share capital	34	**5,264**	23,633
Reserves	36	**146,600**	109,402
Total equity		**151,864**	133,035

The financial statements were approved and authorized for issue by the Board of Directors on 17 June 2011 and were signed on its behalf.

Shiu Yeuk Yuen
Director

Leung Ge On, Andy
Director

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

Consolidated Statement of Changes in Equity

For the year ended 31 March 2011

	Equity attributable to owners of the parent												
	Share capital *HK$'000*	Share premium* *HK$'000*	Capital redemption reserve* *HK$'000*	Exchange reserve* *HK$'000*	Accumulated losses* *HK$'000*	Capital reserves* *HK$'000*	Investment revaluation reserves* *HK$'000*	Revaluation reserves* *HK$'000*	Share option reserve* *HK$'000*	Contributed surplus* *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
Balance at 1 November 2008	8,522	22,300	278	17	(47,721)	28,327	(2,179)	–	3,228	135,319	148,091	467	148,558
Comprehensive income													
Loss for the period	–	–	–	–	(58,193)	–	–	–	–	–	(58,193)	(467)	(58,660)
Other comprehensive income													
Available-for-sale financial assets	–	–	–	–	–	–	749	–	–	–	749	–	749
Total comprehensive income	–	–	–	–	(58,193)	–	749	–	–	–	(57,444)	(467)	(57,911)
Transactions with owners													
Equity-settled share option arrangement *(Note 35)*	–	–	–	–	–	–	–	–	1,415	–	1,415	–	1,415
Options forfeited	–	–	–	–	4,554	–	–	–	(4,554)	–	–	–	–
Bonus issue	18,963	(18,963)	–	–	–	–	–	–	–	–	–	–	–
Repurchase of shares	(71)	(1,204)	–	–	–	–	–	–	–	–	(1,275)	–	(1,275)
Allotment of shares	4,400	38,247	–	–	–	–	–	–	–	–	42,647	–	42,647
Capital reduction	(8,181)	–	–	–	–	–	–	–	–	8,181	–	–	–
Transactions with owners	15,111	18,080	–	–	4,554	–	–	–	(3,139)	8,181	42,787	–	42,787
Balance at 31 March 2010	23,633	40,380	278	17	(101,360)	28,327	(1,430)	–	89	143,500	133,434	–	133,434
Balance at 1 April 2010	23,633	40,380	278	17	(101,360)	28,327	(1,430)	–	89	143,500	133,434	–	133,434
Comprehensive income													
Loss for the year	–	–	–	–	(68,299)	–	–	–	–	–	(68,299)	984	(67,315)
Other comprehensive income													
Available-for-sale financial assets	–	–	–	–	–	–	1,206	–	–	–	1,206	–	1,206
Change in fair value of land and buildings *(Note 12)*	–	–	–	–	–	–	–	6,828	–	–	6,828	–	6,828
Total comprehensive income	–	–	–	–	(68,299)	–	1,206	6,828	–	–	(60,265)	984	(59,281)
Transactions with owners													
Equity-settled share option arrangement *(Note 35)*	–	–	–	–	–	–	–	–	2,761	–	2,761	–	2,761
Shares issued on exercise of share option	141	3,452	–	–	–	–	–	–	(1,541)	–	2,052	–	2,052
Options expired	–	–	–	–	125	–	–	–	(125)	–	–	–	–
Allotment of shares	13,560	72,780	–	–	–	–	–	–	–	–	86,340	–	86,340
Capital reduction	(32,070)	–	–	–	–	–	–	–	–	32,070	–	–	–
Disposal of equity interest of non-controlling interests *(Note 39)*	–	–	–	–	–	199	–	–	–	–	199	(199)	–
Released upon disposals of subsidiaries *(Note 37)*	–	–	–	(17)	–	–	–	–	–	–	(17)	429	412
Transactions with owners	(18,369)	76,232	–	(17)	125	199	–	–	1,095	32,070	91,335	230	91,565
Balance at 31 March 2011	5,264	116,612	278	–	(169,534)	28,526	(224)	6,828	1,184	175,570	164,504	1,214	165,718

* *These reserve accounts comprise the consolidated reserves of approximately HK$159,240,000 (for the period ended 31 March 2010: HK$109,801,000) in the consolidated statement of financial position.*

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

Consolidated Statement of Cash Flows

For the year ended 31 March 2011

	Notes	At 31 March 2011 HK$'000	At 31 March 2010 HK$'000
Cash flows from operating activities			
Loss before income tax		**(61,845)**	(55,924)
Adjustments for:			
– Dividend income from listed investments		**(541)**	(948)
– Fair value losses/(gains) on financial assets at fair value through profit or loss		**21,382**	(8,499)
– Fair value gains on investment properties		**(2,544)**	(2,607)
– Interest income		**(237)**	(2,321)
– Net losses on disposals of subsidiaries	*37*	**5,623**	–
– Amortization of intangible assets		**–**	1,500
– Depreciation	*12*	**5,969**	15,720
– Equity-settled share option expense	*35*	**2,761**	1,415
– Fair value losses on derivative financial instruments		**–**	797
– Losses on disposals of property, plant and equipment		**4,269**	844
– Impairment of goodwill		**–**	4,528
– Provision for impairment of other receivables		**–**	10,205
– Provision for impairment of amount due from a related company		**–**	699
– Provision for impairment of trade receivables		**1,842**	10,328
– Provision for impairment of loans and advances		**2,134**	–
– Provision for impairment of amounts due from associates		**4,000**	–
– Reversal of impairment of amount due from a related company		**(699)**	–
– Equity-settled transactions with cash alternative		**–**	2,820
– Interest expenses		**383**	919
– Share of losses of associates	*16*	**3,854**	245
Changes in working capital (excluding the effects of acquisition and exchange differences on consolidation):		**(13,649)**	(20,279)
Decrease in inventories		**1,727**	580
Decrease in trade and other receivables		**4,496**	7,341
Increase in loans and advances		**(26,427)**	–
Decrease in trade and other payables		**(369)**	(5,209)
(Increase)/decrease in amounts due from related companies		**(32)**	464
Increase in amount due to an associate		**–**	13
Net cash outflow of purchase of financial assets at fair value through profit or loss		**(15,583)**	(9,007)
Net cash inflow/(outflow) of purchase of derivative financial instruments		**12**	(4,964)
Dividend received		**541**	948
Cash used in operations		**(49,284)**	(30,113)
Interest received		**237**	2,321
Income tax paid		**(1,342)**	(254)
Net cash used in operating activities		**(50,389)**	(28,046)

Consolidated Statement of Cash Flows *(Continued)*

For the year ended 31 March 2011

	Notes	At 31 March 2011 HK$'000	At 31 March 2010 HK$'000
Cash flows from investing activities			
Net cash inflow/(outflow) of held-to-maturity financial assets		**177**	(2,062)
Purchase of available-for-sale financial assets		**–**	(1,260)
Investment in an associate		**–**	(4,800)
Loan to an associate		**(2,800)**	(4,800)
Purchase of investment properties		**–**	(1,963)
Purchase of property, plant and equipment		**(58,121)**	(5,357)
Proceeds from disposals of investment properties		**7,719**	–
Proceeds from disposals of subsidiaries		**4,380**	–
Proceeds from disposals of property, plant and equipment		**30**	121
Net cash used in investing activities		**(48,615)**	(20,121)
Cash flows from financing activities			
Interest paid		**(383)**	(919)
Proceeds from allotment of shares, net of expenses		**86,340**	42,647
Proceeds from exercise of share options		**2,052**	–
Repayments of amounts due to non-controlling interests		**(780)**	–
Repurchase of shares		**–**	(1,275)
Repayments of convertible notes		**–**	(10,000)
Repayments of loans		**(9,647)**	(2,522)
Drawdown of loans		**25,000**	1,963
Decrease in restricted bank deposits		**1,300**	2,722
Net cash generated from financing activities		**103,882**	32,616
Net increase/(decrease) in cash and cash equivalents		**4,878**	(15,551)
Cash and cash equivalents at beginning of year/period		**30,626**	46,177
Cash and cash equivalents at end of year/period	*27*	**35,504**	30,626
Analysis of balances of cash and cash equivalents			
Cash and bank balances		**35,504**	30,626

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

1. GENERAL INFORMATION

Unlimited Creativity Holdings Limited (formerly known as B.A.L. Holdings Limited) (the "Company") was an exempted company continued into Bermuda with limited liability. The address of its registered office is situated at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda.

The principal places of business of the Company and its subsidiaries (the "Group") are in Hong Kong, Macau and the Peoples' Republic of China (the "PRC"). The Company's shares are listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activities of the Group include the provision of beauty services and clinical services, sales of beauty products, properties and securities investment, investment holding and money lending.

Pursuant to a special resolution passed by the Company's shareholders on 8 November 2010, the name of the Company has been changed from "B.A.L. Holdings Limited" to "Unlimited Creativity Holdings Limited" and has registered "無限創意控股有限公司" as its secondary name.

The Company announced on 16 October 2009 that the financial year end date of the Company was changed from 31 October to 31 March commencing from the financial year 2009. Accordingly, the financial statements for the current year cover the twelve-month period from 1 April 2010 to 31 March 2011. The corresponding amounts shown for the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and related notes cover the seventeen-month period from 1 November 2008 to 31 March 2010 and therefore may not be comparable with the amounts shown for the current year.

These consolidated financial statements are presented in thousands of units of Hong Kong dollars (HK$'000), unless otherwise stated. These consolidated financial statements were approved and authorized for issue by the Board of Directors on 17 June 2011.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

2.1.1 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 April 2010.

HKFRS 1 (Amendment)	Additional exemption for first-time adopters
HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (as revised in 2008)	Business Combinations
HKAS 27 (as revised in 2008)	Consolidated and Separate Financial Statements
HKAS 32 (Amendment)	Classification of Rights Issues
HKAS 39 (Amendments)	Eligible Hedged Items
HKFRS (Amendments)	Improvements to HKFRS 2009
HKFRS (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRS 2008
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners
HK-Int 5	Presentation of financial statements-Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The adoption of the above new or revised standards and amendments and interpretation to standards did not have significant effect on the consolidated financial statements or result in any significant changes in the Group's significant accounting policies except as described below:

Hong Kong Interpretation 5 Presentation of Financial Statements-Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ("HK-Int 5") clarifies that term loans that include a clause that 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. The Group has applied HK-Int 5 for the first time in the current year. HK-Int 5 requires retrospective application.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

2.1.1 Changes in accounting policy and disclosures (Continued)

(a) New and amended standards adopted by the Group *(Continued)*

As a result, bank loans that contain a repayment on demand clause with non-current portion amounting to nil, HK$8,246,000 and HK$8,978,000 have been reclassified from non-current liabilities to current liabilities at 31 March 2011, 31 March 2010 and 1 November 2008 respectively. The application of HK-Int 5 has had no impact on the reported profit or loss for the current year and prior periods.

Effect of application of HK-Int 5 on the consolidated statement of financial position

	At 31 March 2011	At 31 March 2010	At 1 November 2008
	HK$'000	*HK$'000*	*HK$'000*
Increase/(decrease) in			
Current liabilities			
Bank borrowings	**–**	8,246	8,978
Non-current liabilities			
Bank borrowings	**–**	(8,246)	(8,978)

(b) New standards, amendments and interpretations have been issued but are not effective for the financial year beginning 1 April 2010 and have not been early adopted

HKFRS (Amendments)	Improvements to HKFRS 2010[1]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopter[2]
HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopter[3]
HKFRS 7 (Amendment)	Disclosures-Transfers of Financial Assets[3]
HKFRS 9	Financial Instruments[4]
HKAS 12 (Amendment)	Deferred Tax: Recovery of Underlying Assets[6]
HKAS 24 (as revised in 2009)	Related Party Disclosures[5]
HK(IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[5]
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity the Instruments[2]

[1] Amendments that all effective for accounting periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate

[2] Effective for accounting periods beginning on or after 1 July 2010

[3] Effective for accounting periods beginning on or after 1 July 2011

[4] Effective for accounting periods beginning on or after 1 January 2013

[5] Effective for accounting periods beginning on or after 1 January 2011

[6] Effective for the year ending 31 December 2012

The adoption of HKAS 12 (Amendment) where the Group is expected to derecognize the deferred tax liabilities arising from investment property measured at fair value and there will also be certain changes in presentation and disclosures in the consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

2.1.1 Changes in accounting policy and disclosures (Continued)

(b) New standards, amendments and interpretations have been issued but are not effective for the financial year beginning 1 April 2010 and have not been early adopted *(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 November 2010) adds requirements for financial liabilities and for derecognition.

Under HKFRS 9, all recognized financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" are subsequently measured at either amortized 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 amortized 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 accounting 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 financial year ending 31 March 2014 and that the application of this new standard may mainly affect the classification and measurement of the Group's available for sale investments but may not affect the classification and measurement of the Group's other financial assets and liabilities based on an analysis of its consolidated financial statements on 31 March 2011.

The directors of the Company anticipate that the application of the other new and revised standards, amendments and interpretations will have no material impact on the consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Consolidation

2.2.1 Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the consolidated statement of comprehensive income.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.2.2 Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Consolidation *(Continued)*

2.2.3 Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of its associates' post-acquisition profits or losses is recognized in the consolidated statement of comprehensive income, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognized in the consolidated statement of comprehensive income.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company that makes strategic decisions.

2.4 Foreign currency translation

2.4.1 Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars (HK$), which is the Company's functional and the Group's presentation currency.

2.4.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of comprehensive income, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses are presented in the consolidated statement of comprehensive income.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analyzed between translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortized cost are recognized in profit or loss, and other changes in carrying amount are recognized in other comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4 Foreign currency translation *(Continued)*

2.4.2 Transactions and balances (Continued)

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available-for-sale, are included in other comprehensive income.

2.4.3 Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income are translated at average exchange rates for the year; and
- all resulting exchange differences are recognized in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognized in the consolidated statement of comprehensive income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.5 Property, plant and equipment

Leasehold properties comprising land and buildings held on which a reliable estimate is not available on the split of the carrying value attributable to each of the land and building elements are accounted for as finance leases and shown at fair value, based on periodic valuations by external independent valuers, less subsequent depreciation. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

All other property, plant and equipment is stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of premises are credited to premises revaluation reserves in the consolidated statement of changes in equity. Decreases that offset previous increases of the same asset are charged against revaluation reserves directly in equity; all other decreases are expensed in the consolidated statement of comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.5 Property, plant and equipment *(Continued)*

Depreciation of property, plant and equipment is calculated, using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

– Land	Over period of the lease
– Buildings	50 years
– Leasehold improvements	20% or over the lease terms, if shorter
– Equipment	20% to 30%
– Furniture and fixtures	20%
– Motor vehicles	20%

The difference between depreciation based on the revalued carrying amount of premises charged to the consolidated statement of comprehensive income and depreciation based on the premises' original cost is transferred from premises revaluation reserves to retained earnings.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the consolidated statement of comprehensive income.

When revalued assets are sold, the amounts included in revaluation reserves are transferred to retained earnings.

2.6 Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use.

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease.

Property that is being constructed or developed for future use as investment property is classified as property, plant and equipment and stated at cost until construction or development is complete, at which time it is reclassified as investment property. Any changes between the fair value of the property at that date and its previous carrying amount is recognized in profit or loss.

Gains or losses arising from either changes in the fair value or the sale of an investment property is included in the profit or loss for the period in which they arise.

2.7 Intangible assets

2.7.1 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in "intangible assets". Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment.

2.7 Intangible assets *(Continued)*

2.7.2 Non-competition arrangement

Separately acquired non-competition arrangement is shown at historical cost. Non-competition arrangement has a finite useful life and is carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of non-competition arrangement over their estimated useful lives of 18 months.

2.8 Impairment of investments in subsidiaries, associates and non-financial assets

Assets that have an indefinite useful life, for example, goodwill or intangible assets not ready to use, are not subject to amortization and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.9 Financial assets

2.9.1 Classification

The Group classifies its financial assets in the following categories: held-to-maturity, at fair value through profit or loss, loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which are classified as current assets.

(b) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(c) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "trade receivables", "other receivables", "amounts due from related companies", "restricted bank deposits" and "cash and cash equivalents" in the consolidated statement of financial position.

(d) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the end of the reporting period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.9 Financial assets *(Continued)*

2.9.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognized on the trade-date (the date on which the Group commits to purchase or sell the asset). Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the consolidated statement of comprehensive income. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the consolidated statement of comprehensive income in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the consolidated statement of comprehensive income as part of other income when the Group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognized in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the consolidated statement of comprehensive income as "gains and losses from investment securities".

Interest on available-for-sale securities calculated using the effective interest method is recognized in the consolidated statement of comprehensive income as part of other income. Dividends on available-for-sale equity instruments are recognized in the consolidated statement of comprehensive income as part of other income when the Group's right to receive payments is established.

2.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

2.11 Impairment of financial assets

2.11.1 Assets carried at amortized cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.11 Impairment of financial assets *(Continued)*

2.11.1 Assets carried at amortised cost (Continued)

- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;

- It becomes probable that the borrower will enter bankruptcy or other financial reorganization;

- The disappearance of an active market for that financial asset because of financial difficulties; or

- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

  (i) adverse changes in the payment status of borrowers in the portfolio;

  (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the consolidated statement of comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

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 recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the consolidated statement of comprehensive income.

2.11.2 Assets classified as available-for-sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Group uses the criteria refer to 2.11.1 above. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from equity and recognized in the separate consolidated statement of comprehensive income. Impairment losses recognized in the separate consolidated statement of comprehensive income on equity instruments are not reversed through the separate consolidated statement of comprehensive income. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through the separate consolidated statement of comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.12 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.13 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

2.14 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts (if any).

2.15 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.16 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.17 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.18 Convertible notes

For convertible notes identified as a share-based payment transaction with cash alternative, the convertible notes and the goods or services acquired are measured at the fair value. Until the convertible notes are settled, they are remeasured at the fair value at each reporting date and at the date of settlement, with any changes in fair value recognized in the consolidated statement of comprehensive income for the period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.19 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the consolidated statement of comprehensive income, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.20 Retirement benefit costs and short term employee benefits

2.20.1 Retirement benefit costs

Retirement benefits to employees are provided through a defined contribution plan.

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

The employees of the Group's subsidiary which operates in the PRC are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to the statement of comprehensive income as they become payable in accordance with the rules of the central pension scheme.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.20 Retirement benefit costs and short term employee benefits *(Continued)*

2.20.2 Short-term employee benefits

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognized until the time of leave.

2.21 Share-based employee compensation

All share-based payment arrangements granted after 7 November 2002 and had not vested on 1 November 2005 are recognized in the consolidated financial statements. The Group operates equity-settled share-based compensation plans for remuneration of its employees.

All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. These are indirectly determined by reference to the share options awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

All share-based compensation is ultimately recognized as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in share option reserve. If vesting periods or other vesting conditions apply, the expense is recognized over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates. No adjustment to expense recognized in prior periods is made if fewer share options ultimately are exercised than originally vested.

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

2.22 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.23 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below.

(a) Sales of goods are recognized upon transfer of the significant risks and rewards of ownership to the customer. This is usually taken as the time when the goods are delivered and the customer has accepted the goods.

(b) Provision of beauty and clinical services are recognized in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

(c) Revenue arising from the sales of properties held for resale is recognized upon the signing of the sale and purchase agreement or the issue of an occupation permit by the relevant government authorities, whichever is the later. Deposits received on properties sold prior to the date of revenue recognition are included in the consolidated statement of financial position under deposits received.

(d) Rental income is recognized on a straight-line basis over the term of the lease.

(e) Management/franchisee fee income is recognized when services are rendered.

(f) Interest income is recognized on a time-proportion basis using the effective interest method.

(g) Dividend is recognized when the right to receive payment is established.

2.24 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the consolidated statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.25 Financial guarantees issued

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

Where the Company issues a financial guarantee, the fair value of the guarantee is initially recognized as deferred income within other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognized in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognized in consolidated statement of comprehensive income on initial recognition of any deferred income.

The amount of the guarantee initially recognized as deferred income is amortized in consolidated statement of comprehensive income over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognized if and when it becomes probable that the holder of the guarantee will call upon the Company under the guarantee and the amount of that claim on the Company is expected to exceed the current carrying amount of the guarantee i.e. the amount initially recognized less accumulated amortization, where appropriate.

2.26 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's and Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.27 Related parties

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

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

(b) the party is an associate;

(c) the party is a jointly-controlled entity;

(d) the party is a member of the key management personnel of the Group or its parent;

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

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

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

2.28 Assets held for sale

Assets are classified as assets held for sale when their carrying amounts are to be recovered principally through sale transactions and sales are considered highly probable. Except for investment properties which are carried at fair value, they are stated at the lower of carrying amount and fair value less costs to sell if their carrying amounts are to be recovered principally through sale transactions rather than through continuing use.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

3.1 Critical accounting estimates and assumptions

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

(a) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in Note 2.7.1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill was nil, nil and HK$4,528,000 at 31 March 2011, 31 March 2010 and 1 November 2008, respectively. Details of the impairment assessment are disclosed in Note 14.

(b) Estimated impairment of inventories

The management of the Group reviews the inventories at the end of the reporting period, and make allowance for impairment of obsolete, slow-moving and impaired items. The management estimates the net realizable value for such inventories based primarily on the expected future market conditions and the revenue associated. The Group carries out a review on the inventories at the end of the reporting period and makes allowance for impairment if the net realizable value is below the carrying amount.

(c) Share-based employee compensation

Expense on share-based employee compensation is subject to the limitations of the option pricing models adopted and the uncertainty in estimates used by management in the assumptions. Should the estimates including limited early exercise behaviour, expected interval and frequency of open exercise periods in the share option life and the relevant parameters of the share option mode be changed, there would be material changes in the amount of share option benefits recognized in the consolidated statement of comprehensive income and share option reserve.

(d) Income taxes

The Group is subject to income taxes in certain jurisdictions other than Hong Kong. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination are made.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS *(Continued)*

3.1 Critical accounting estimates and assumptions *(Continued)*

(e) Estimated fair value of investment properties

The investment properties of the Group were stated at fair value in accordance with the accounting policy stated in Note 2.6. The fair value of the investment properties are determined by RHL Appraisal Limited ("RHL"), an independent qualified professional valuers. The valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results.

In making the judgement, consideration has been given to assumptions that are mainly based on market conditions existing at the end of the reporting period and appropriate capitalization rates. These estimates are regularly compared to actual market data and actual transactions entered into by the Group.

(f) Deferred tax assets

Deferred tax assets are recognized for all temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available in the future against which the temporary differences, the carry forward of unused tax credits and unused tax losses could be utilized. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted at the end of the reporting date and which are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled. Where the actual or expected tax positions in future are different from the original estimate, such difference will impact the recognition of deferred tax assets and income tax expense in the period in which such estimate has been changed.

(g) Valuation for derivative financial instruments

The fair values of the derivative financial instruments are determined by RHL. Binomial Model was used in determining the fair value of the derivative financial instruments. This valuation model requires the input of subjective assumptions, including the risk free rate, stock price, estimated volatility and expected life of the options. Changes in subjective input assumptions can materially affect the fair value estimate. Details of the fair value of each kind of the derivative financial instrument are disclosed in Note 19.

(h) Useful lives of property, plant and equipment

The Group has significant property, plant and equipment. The Group is required to estimate the useful lives of property, plant and equipment in order to ascertain the amount of depreciation charges for each reporting period.

The useful lives are estimated at the time of purchase of these assets after considering future technology changes, business developments and the Group's strategies. The Group performs annual reviews to assess the appropriateness of the estimated useful lives. Such review takes into account any unexpected adverse changes in circumstances or events, including declines in projected operating results, negative industry or economic trends and rapid advancement in technology. The Group extends or shortens the useful lives and/or makes impairment provisions according to the results of the review.

3.2 Critical judgments in applying the entity's accounting policies

(a) Impairment of other non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that other non-financial assets with finite lives may be impaired. If any such indication exists, the Group estimates the recoverable amount of the assets in accordance with the accounting policy stated in Note 2.8. In assessing whether there is any indication that other non-financial assets may be impaired, the Group considers indications from both internal and external sources of information such as evidence of obsolescence or decline in economic performance of the assets, changes in market conditions, economic environment and customers' tastes. These assessments are subjective and require management's judgments and estimations.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS *(Continued)*

3.2 Critical judgements in applying the entity's accounting policies *(Continued)*

(b) *Impairment of receivables*

The policy for making allowance for impairment of receivables of the Group is based on the evaluation of collectability and aging analysis of the receivables and on management's judgment. A considerable amount of judgement is required in assessing the ultimate realization of these receivables, including the current creditworthiness and the past collection history of each customer/debtor. If the financial conditions of the customers/debtors of the Group deteriorate thus resulting in impairment as to their ability to make payments, additional allowance for impairment may be required. If the financial conditions of the customers/debtors of the Group, on whose account allowance for impairment has been made, were improved and no impairment of their ability to make payments were noted reversal of allowance for impairment may be required.

(c) *Held-to-maturity investments*

The Group follows the HKAS 39 guidance on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held to maturity. This classification requires significant judgment. In making this judgment, the Group evaluates its intention and ability to hold such investments to maturity.

If the Group fails to keep these investments to maturity other than for specific circumstances explained in HKAS 39, it will be required to reclassify the whole class as available-for-sale. The investments would, therefore, be measured at fair value not amortized cost.

4. REVENUE, OTHER REVENUE AND OTHER (LOSSES)/GAINS-NET

Revenue, which is also the Group's turnover, represents total invoiced value of beauty products, net of discounts and sales returns, the appropriate proportion of contract revenue generated from the provision of beauty and clinical services, the appropriate proportion of rental income based on the terms of the lease of investment properties and time-proportionate interest income from rendering money lending services.

	Year ended 31 March 2011 *HK$'000*	Period ended 31 March 2010 *HK$'000* (As restated)
Revenue		
Beauty services and sale of beauty products	**23,161**	97,667
Clinical services	**39,207**	79,153
Rental income from investment properties	**601**	772
Money lending	**6,948**	1,817
	69,917	179,409
Other revenue and other (losses)/gains-net		
Dividend income from listed investments	**541**	948
Fair value (losses)/gains on financial assets at fair value through profit or loss	**(21,382)**	8,499
Fair value gains on investment properties	**2,544**	2,607
Franchise fee income	**256**	839
Interest income	**237**	504
Rental income from sublet of office premises	**994**	1,604
Others	**1,108**	189
	(15,702)	15,190

5. SEGMENT INFORMATION

The chief operating decision makers have been identified as the executive directors of the Company (the "Executive Directors"). The Executive Directors review the Group's internal reporting in order to assess performance and allocate resources. Management determined the operating segments based on these reports.

Management assesses the performance based on the nature of the Group's businesses which are principally located in Hong Kong, the PRC and Macau, and comprises (i) provision of beauty services and sale of beauty products; (ii) provision of clinical services; (iii) property investment; (iv) securities investment; and (v) money lending.

The segment information provided to the Executive Directors for the reportable segments for the year ended 31 March 2011 is as follows:

	Beauty services and sale of beauty products	Clinical services	Property investment	Securities investment	Money lending	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue:						
Revenue from external customers	**23,161**	**39,207**	**601**	**–**	**6,948**	**69,917**
Other revenue and other (losses)/gains-net	**–**	**–**	**2,544**	**(20,841)**	**–**	**(18,297)**
	23,161	**39,207**	**3,145**	**(20,841)**	**6,948**	**51,620**
Segment results	**(15,183)**	**1,055**	**9,326**	**(29,665)**	**1,773**	**(32,694)**
Unallocated income						**2,595**
Unallocated expenses						**(21,886)**
Net losses on disposals of subsidiaries						**(5,623)**
Operating loss						**(57,608)**
Finance costs						**(383)**
Share of losses of associates						**(3,854)**
Loss before income tax						**(61,845)**
Income tax expense						**(5,470)**
Loss for the year						**(67,315)**

5. SEGMENT INFORMATION *(Continued)*

For the year ended 31 March 2011

	Beauty services and sale of beauty products *HK$'000*	Clinical services *HK$'000*	Property investment *HK$'000*	Securities investment *HK$'000*	Money lending *HK$'000*	Total *HK$'000*
Segment assets	1,256	5,275	71,280	18,051	36,906	132,768
Associates						10,282
Unallocated assets						61,762
Total assets						204,812
Segment liabilities	1,377	1,359	25,101	210	743	28,790
Unallocated liabilities						10,304
Total liabilities						39,094
Capital expenditure	1,171	255	53,260	–	–	54,686
Unallocated portion						3,435
Total capital expenditure						58,121
Depreciation and amortization	2,895	2,310	–	–	–	5,205
Unallocated portion						764
Total depreciation and amortization						5,969
Other non-cash expenses other than depreciation and amortization	4,277	–	–	–	2,134	6,411
Unallocated portion						4,436
Total other non-cash expenses other than depreciation and amortization						10,847

5. SEGMENT INFORMATION *(Continued)*

The segment information for the period ended 31 March 2010 is as follows:

	Beauty services and sale of beauty products *HK$'000*	Clinical services *HK$'000*	Property investment *HK$'000*	Securities investment *HK$'000*	Money lending *HK$'000* (As restated)	Total *HK$'000* (As restated)
Segment revenue:						
Revenue from external customers	97,667	79,153	772	–	1,817	179,409
Other revenue and other (losses)/gains-net	–	–	2,607	9,457	–	12,064
	97,667	79,153	3,379	9,457	1,817	191,473
Segment results	(38,408)	6,390	2,297	8,660	(131)	(21,192)
Unallocated income						3,126
Unallocated expenses						(36,694)
Operating loss						(54,760)
Finance costs						(919)
Share of losses of associates						(245)
Loss before income tax						(55,924)
Income tax expense						(2,736)
Loss for the period						(58,660)

5. SEGMENT INFORMATION *(Continued)*

For the period ended 31 March 2010

	Beauty services and sale of beauty products HK$'000	Clinical services HK$'000	Property investment HK$'000	Securities investment HK$'000	Money lending HK$'000 (As restated)	Total HK$'000 (As restated)
Segment assets	23,377	14,439	16,402	38,803	12,613	105,634
Associates						15,336
Unallocated assets						40,819
Total assets						161,789
Segment liabilities	6,881	4,548	135	4	25	11,593
Unallocated liabilities						16,762
Total assets						28,355
Capital expenditure	4,205	622	1,963	–	–	6,790
Unallocated portion						530
Total capital expenditure						7,320
Depreciation and amortization	9,867	6,738	–	–	–	16,605
Unallocated portion						615
Total depreciation and amortization						17,220
Impairment of goodwill	4,528	–	–	–	–	4,528
Other non-cash expenses other than depreciation and amortization	9,062	2,110	–	3,079	–	14,251
Unallocated portion						12,319
Total other non-cash expenses other than depreciation and amortization						26,570

During the period ended 31 March 2010, money lending did not qualify as a reportable operating segment. However, with the business development and expansion during the year ended 31 March 2011, money lending qualifies as a reportable operating segment and, therefore, the comparatives are consistent in this regard.

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales for the year ended 31 March 2011 (for the period ended 31 March 2010: nil).

The accounting policies of the reporting segments are the same as the Group's accounting policies. Segment loss represents the loss generated by each segment without allocation of central administration costs, finance costs, share-based payments, bank interest income and income tax. This is the measure reported to the Executive Directors for the purposes of resources allocation and assessment of segment performance.

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

- all assets other than unallocated corporate assets and asset held for sale are allocated to reportable segments. Goodwill is allocated to reportable segments; and

- all liabilities other than unallocated corporate liabilities and current tax liabilities are allocated to reportable segments.

5. SEGMENT INFORMATION *(Continued)*

Geographical information

The Group's operations are located in three main geographical areas. The following table provides an analysis of the Group's revenue by geographical market based on the geographical location of customers, irrespective of the origin of the goods and services.

Revenue from external customers by geographical markets:

	Year ended 31 March 2011	Period ended 31 March 2010
	HK$'000	*HK$'000*
Hong Kong	**47,797**	132,322
Macau	**15,968**	21,286
PRC	**6,152**	25,801
	69,917	179,409

The Group's information about its segment assets and capital expenditures by geographical locations are detailed below:

	At 31 March 2011		At 31 March 2010	
	Segment assets	**Capital expenditures**	Segment assets	Capital expenditures
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Hong Kong	**202,806**	**57,001**	142,089	5,850
Macau	**2,006**	**248**	6,440	336
PRC	**–**	**872**	13,260	1,134
	204,812	**58,121**	161,789	7,320

6. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging/(crediting):

	Year ended 31 March 2011	Period ended 31 March 2010
	HK$'000	*HK$'000*
Auditors' remuneration	**415**	460
Amortization of intangible assets	**–**	1,500
Cost of inventories recognized as expense	**653**	5,600
Depreciation	**5,969**	15,720
Net exchange losses	**159**	120
Fair value losses on derivative financial instruments	**–**	797
Net losses on disposals of subsidiaries	**5,623**	–
Losses on disposals of property, plant and equipment	**4,269**	844
Minimum lease payments under operating leases in respect of land and buildings	**9,109**	23,021
Impairment of goodwill	**–**	4,528
Provision for impairment of other receivables	**–**	10,205
Provision for impairment of amount due from a related company	**–**	699
Provision for impairment of trade receivables	**1,842**	10,328
Provision for impairment of loans and advances	**2,134**	–
Provision for impairment of amounts due from associates	**4,000**	–
Reversal of impairment of amount due from a related company	**(699)**	–
Rental income net of outgoings in respect of investment properties	**(104)**	(351)
Employee benefit expense (including directors' remuneration)		
Basic salaries and allowances	**36,708**	72,387
Equity-settled share option expense	**2,761**	1,415
Equity-settled transactions with cash alternative	**–**	2,820
Retirement benefit scheme contributions	**812**	2,646
Total employee benefit expense	**40,281**	79,268

7. FINANCE COSTS

	Year ended 31 March 2011	Period ended 31 March 2010
	HK$'000	*HK$'000*
Interest expense on:		
– bank borrowings not wholly repayable within five years	**178**	318
– bank overdrafts	**–**	5
– other loans wholly repayable within five years	**205**	539
– finance lease liabilities	**–**	57
	383	919

8. INCOME TAX EXPENSE

Hong Kong Profits Tax has been provided at the rate of 16.5% (for the period ended 31 March 2010: 16.5%) on the estimated assessable profit for the year/period. No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group incurred a tax loss for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year/period at the rates of taxation prevailing in the countries in which the Group operates.

	Year ended 31 March 2011	Period ended 31 March 2010
	HK$'000	*HK$'000*
Current tax:		
– Current tax on profits for the year/period	**–**	–
– Adjustments in respect of prior years	**–**	1
Total current tax	**–**	1
Deferred tax: *(Note 33)*		
– Current year/period	**5,470**	1,031
– Underprovision in respect of prior year/period	**–**	1,704
Total deferred tax	**5,470**	2,735
Income tax expense	**5,470**	2,736

8. INCOME TAX EXPENSE *(Continued)*

The tax charge for the year/period can be reconciled to loss before tax per the consolidated statement of comprehensive income as follows:

	Year ended 31 March 2011 *HK$'000*	Period ended 31 March 2010 *HK$'000*
Loss before tax	**(61,845)**	(55,924)
Tax on loss before income tax, calculated at the rates applicable to loss in the tax jurisdiction concerned *(Note)*	**(11,939)**	(10,048)
Tax effect of non-taxable revenue	**(518)**	(690)
Tax effect of non-deductible expenses	**1,020**	2,184
Tax effect of previously unrecognized tax losses	**–**	(127)
Tax effect of unused tax loss not recognized	**11,437**	8,483
Tax effect of unrecognized deferred tax items	**5,470**	1,229
Underprovision of deferred tax in prior years	**–**	1,704
Underprovision of current tax in prior years	**–**	1
Tax charge	**5,470**	2,736

Note: The applicable tax rates for the PRC, Macau and Hong Kong are 25%, 12% and 16.5% (for the period ended 31 March 2010: 25%, 12% and 16.5%) respectively.

9. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

The loss attributable to owners of the Company is dealt with in the financial statements of the Company to the extent of approximately HK$72,324,000 (for the period ended 31 March 2010: HK$44,821,000).

10. LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to owners of the Company of approximately HK$68,299,000 (for the period ended 31 March 2010: HK$58,193,000) and on the weighted average number of 386,112,760 (for the period ended 31 March 2010 (restated): 114,389,556) ordinary shares in issue during the year/period.

The computation of diluted loss per share did not assume the exercise of the Company's potential ordinary shares granted under the Company's share option scheme since their exercise would have an anti-dilutive effect.

Both the weighted average number of ordinary shares adopted in the calculation of the basic and diluted loss per share for the year ended 31 March 2011 and for the period ended 31 March 2010 have been adjusted to reflect the impact of the share consolidation affected during the year.

11. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS

Directors' emoluments

The remuneration of every director for the year ended 31 March 2011 is set out below:

		For the year ended 31 March 2011			
	Notes	Fees HK$'000	Salaries, allowances, and benefits in kind HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Executive directors					
– Mr. Shiu Yeuk Yuen	*(i)*	**–**	**716**	**4**	**720**
– Mr. Leung Ge On, Andy	*(i)*	**–**	**840**	**4**	**844**
– Ms. Siu York Chee, Doreen	*(ii)*	**–**	**525**	**–**	**525**
– Mr. Leung Kwok Kui	*(iii)*	**–**	**790**	**13**	**803**
– Ms. Leung Ge Yau	*(iii)*	**–**	**721**	**9**	**730**
		–	**3,592**	**30**	**3,622**
Independent non-executive directors					
– Mr. Hung Yau Keung, Anckes		**71**	**–**	**–**	**71**
– Mr. Siu Yim Kwan, Sidney		**133**	**–**	**–**	**133**
– Mr. Tsui Pui Hung		**90**	**–**	**–**	**90**
		294	**–**	**–**	**294**
		294	**3,592**	**30**	**3,916**

	For the period ended 31 March 2010			
	Fees HK$'000	Salaries, allowances, and benefits in kind HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Executive directors				
– Ms. Siu York Chee, Doreen	–	1,669	11	1,680
– Mr. Leung Kwok Kui	–	598	26	624
– Ms. Leung Ge Yau	–	540	6	546
	–	2,807	43	2,850
Independent non-executive directors				
– Mr. Hung Yau Keung, Anckes	50	–	–	50
– Mr. Siu Yim Kwan, Sidney	200	–	–	200
– Mr. Tsui Pui Hung	50	–	–	50
	300	–	–	300
	300	2,807	43	3,150

11. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS *(Continued)*

Notes:

(i) Appointed on 1 December 2010.

(ii) Resigned on 14 January 2011.

(iii) Resigned on 1 December 2010.

Except as disclosed above, there were no remuneration paid to the other directors for the year ended 31 March 2011 and for the period ended 31 March 2010.

During the year/period, no emolument were paid by the Group to its directors as an inducement to join or upon joining the Group or as compensation for loss of office (for the period ended 31 March 2010: nil).

None of the directors has waived any emoluments during the year (for the period ended 31 March 2010: none).

Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included one director (for the period ended 31 March 2010: two directors) whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining four (for the period ended 31 March 2010: three) individuals during the year are as follows:

	Year ended 31 March 2011 *HK$'000*	Period ended 31 March 2010 *HK$'000*
Salaries, allowances and benefits in kind	**12,198**	13,632
Retirement benefit scheme contributions	**54**	50
Inducement fees paid during the year/period	**–**	2,492
Equity-settled share option expense	**862**	138
Equity-settled transactions with cash alternative	**–**	2,820
	13,114	19,132

The emoluments fell within the following bands:

	Number of individuals	
	Year ended 31 March 2011	Period ended 31 March 2010
Emoluments bands		
Nil – HK$1,000,000	**2**	–
HK$1,000,001 – HK$1,500,000	**–**	1
HK$3,000,001 – HK$3,500,000	**1**	1
HK$6,000,001 – HK$7,500,000	**1**	–
HK$15,500,001 – HK$16,000,000	**–**	1
	4	3

12. PROPERTY, PLANT AND EQUIPMENT – GROUP

	Land and buildings HK$'000	Leasehold improvements HK$'000	Equipment HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Total HK$'000
At 1 November 2008						
Cost	–	25,939	35,886	1,483	958	64,266
Accumulated depreciation	–	(13,854)	(16,347)	(592)	(315)	(31,108)
Net book amount	–	12,085	19,539	891	643	33,158
Period ended 31 March 2010						
Opening net book amount	–	12,085	19,539	891	643	33,158
Additions	–	2,468	2,500	59	330	5,357
Disposals	–	(539)	(263)	(53)	(110)	(965)
Depreciation	–	(6,064)	(9,015)	(362)	(279)	(15,720)
Closing net book amount	–	7,950	12,761	535	584	21,830
At 31 March 2010						
Cost	–	20,912	36,158	1,401	1,177	59,648
Accumulated depreciation	–	(12,962)	(23,397)	(866)	(593)	(37,818)
Net book amount	–	7,950	12,761	535	584	21,830
Year ended 31 March 2011						
Opening net book amount	**–**	**7,950**	**12,761**	**535**	**584**	**21,830**
Additions	**53,260**	**3,400**	**1,450**	**11**	**–**	**58,121**
Change in fair value of land and buildings	**6,828**	**–**	**–**	**–**	**–**	**6,828**
Disposals	**–**	**(4,268)**	**(30)**	**(1)**	**–**	**(4,299)**
Disposals of subsidiaries *(Note 37)*	**–**	**(2,315)**	**(6,719)**	**(246)**	**–**	**(9,280)**
Depreciation	**(88)**	**(2,146)**	**(3,395)**	**(140)**	**(200)**	**(5,969)**
Closing net book amount	**60,000**	**2,621**	**4,067**	**159**	**384**	**67,231**
At 31 March 2011						
At Cost	**–**	**9,786**	**12,929**	**585**	**1,177**	**24,477**
At valuation	**60,000**	**–**	**–**	**–**	**–**	**60,000**
Accumulated depreciation	**–**	**(7,165)**	**(8,862)**	**(426)**	**(793)**	**(17,246)**
Net book amount	**60,000**	**2,621**	**4,067**	**159**	**384**	**67,231**

Notes:

(i) The equipment of net book amount of nil, nil and approximately HK$1,816,000 was held under finance lease at 31 March 2011, 31 March 2010 and 1 November 2008, respectively.

(ii) The Group's leasehold land held for own use with a net book amount of approximately HK$52,450,000, nil, nil is held on long-term lease in Hong Kong at 31 March 2011, 31 March 2010 and 1 November 2008, respectively.

(iii) The Group has pledged its land and buildings at valuation of approximately HK$60,000,000, nil, nil to bank to secure the Group's bank borrowings (Note 32(i)).

(iv) Land and buildings were revalued at 31 March 2011 by RHL based on the direct comparison method using market evidence of transaction price for similar properties.

13. INVESTMENT PROPERTIES – GROUP

	At 31 March 2011	At 31 March 2010	At 1 November 2008
	HK$'000	*HK$'000*	*HK$'000*
At fair value			
Beginning of the year/period	**16,390**	11,820	1,630
Acquisition	**–**	1,963	14,367
Disposals	**(7,719)**	–	(1,830)
Classified as held for sale	**(6,215)**	–	–
Net gains from fair value adjustments	**2,544**	2,607	(2,347)
End of the year/period	**5,000**	16,390	11,820

All of the Group's property interests held under operating lease to earn rental or for capital appreciation purpose are measured using the fair value model and is classified and accounted for as investment properties. All investment properties are located in Hong Kong and held under medium-term lease.

Investment properties were revalued at 31 March 2011 by RHL based on the direct comparison method using market evidence of transaction price for similar properties.

The investment properties held by the Group are leased to third parties under operating leases, further summary details of which are included in Note 40(c) to the consolidated financial statements.

The Group has pledged its investment properties with carrying value of approximately nil, HK$16,390,000, HK$11,820,000 to banks to secure the Group's bank borrowings (Note 32(i)) at 31 March 2011, 31 March 2010 and 1 November 2008, respectively.

14. INTANGIBLE ASSETS – GROUP

	At 31 March 2011	At 31 March 2010	At 1 November 2008
	HK$'000	*HK$'000*	*HK$'000*
Goodwill *(Note (i))*	**–**	–	4,528
Non-competition arrangement *(Note (ii))*	**–**	–	1,500
	–	–	6,028
Non-current portion	**–**	–	(4,528)
Current portion	**–**	–	1,500

14. INTANGIBLE ASSETS – GROUP *(Continued)*

Notes:

(i) GOODWILL

The main changes in the carrying amount of goodwill result from the impairment of previously recognized goodwill. The net carrying amount of goodwill can be analysed as follows:

	At 31 March 2011	At 31 March 2010	At 1 November 2008
	HK$'000	*HK$'000*	*HK$'000*
Beginning of the year/period			
Cost	**4,819**	4,819	4,819
Accumulated impairment	**(4,819)**	(291)	–
Net book amount at beginning of year/period	**–**	4,528	4,819
Net book amount at beginning of year/period	**–**	4,528	4,819
Impairment	**–**	(4,528)	(291)
Net book amount at end of year/period	**–**	–	4,528
End of the year/period			
Cost	**–**	4,819	4,819
Accumulated impairment	**–**	(4,819)	(291)
Net book amount at end of year/period	**–**	–	4,528

The carrying amount of goodwill was related to the beauty service business.

The recoverable amounts for the cash-generating unit (the "CGU") given above were determined based on value-in-use calculations, covering a detailed 3-year budget plan, followed by an extrapolation of expected cash flows at the growth rates stated below. The growth rates reflect the long-term average growth rates for the revenue of CGU.

The key assumptions used for value in use calculations

	Year ended 31 March 2011	Period ended 31 March 2010	Year ended 31 October 2008
	HK$'000	*HK$'000*	*HK$'000*
Growth rates	**–**	–	8% – 10%
Discount rates	**–**	2.4%	2.7%

The Group management's key assumptions for the Group have been determined based on past performance and its expectations for the market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

The forecast for the Group's beauty service and business was adjusted in 2010 for the decline in the market. Due to close down of the branch under this CGU mainly in the first half of 2009, the directors expect there are no future cash inflows. Impairment testing taking into account these latest developments resulted in the reduction of goodwill associated with this segment.

The related goodwill impairment loss of nil (for the period ended 31 March 2010: HK$4,528,000) was included under "other operating expenses" in the consolidated statement of comprehensive income (Note 6).

Apart from the considerations described in determining the value-in-use of the CGU above, the Group's management is not currently aware of any other probable changes that would necessitate changes in its key estimates.

14. INTANGIBLE ASSETS – GROUP *(Continued)*

Notes: (Continued)

(ii) NON-COMPETITION ARRANGEMENT

The Group entered into a service agreement (the "Service Agreement") with a doctor (the "Doctor") of which the agreement includes a non-competition arrangement for a consideration of HK$3,000,000. During the year ended 31 March 2011, nil (for the period ended 31 March 2010: HK$1,500,000) has been amortized to the consolidated statement of comprehensive income respectively (Note 6).

15. INVESTMENTS IN SUBSIDIARIES – COMPANY

	At 31 March 2011 *HK$'000*	At 31 March 2010 *HK$'000*
Investments at cost		
– Unlisted shares	**1,097**	1,097

The amounts due from/(to) subsidiaries are unsecured, interest free and repayable on demand.

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

Name	Place/country of incorporation and kind of legal entity	Particulars of issued and fully paid capital	Percentage of issued/ registered capital held by the Company Directly	Indirectly	Principal activities and place of operations
Rainbow Cosmetic (BVI) Limited	British Virgin Islands, limited liability company	50,000 ordinary shares of US$1 each	100%	–	Investment holding, Hong Kong
Be A Lady (Macau) Limited	Macau, limited liability company	60,000 ordinary shares of MOP1 each	–	100%	Provision of beauty services and sale of beauty products, Macau
Be Cool Limited	Hong Kong, limited liability company	1 ordinary share of HK$1 each	–	100%	Provision of beauty services and sale of beauty products, Hong Kong
Korea Plastic Surgery Service Limited	Hong Kong, limited liability company	10,000 ordinary shares of HK$1 each	–	100%	Dormant, Hong Kong

15. INVESTMENTS IN SUBSIDIARIES – COMPANY *(Continued)*

Name	Place/country of incorporation and kind of legal entity	Particulars of issued and fully paid capital	Percentage of issued/ registered capital held by the Company		Principal activities and place of operations
			Directly	Indirectly	
Thailand (HK) Plastic Surgery Service Limited	Hong Kong, limited liability company	1 ordinary share of HK$1 each	–	100%	Property investment, Hong Kong
Top Euro Limited	Hong Kong, limited liability company	1 ordinary share of HK$1 each	–	100%	Property investment, Hong Kong
Top Legend Investment Limited	Hong Kong, limited liability company	10,000 ordinary shares of HK$1 each	–	100%	Provision of securities investment, Hong Kong
Be A Lady (Site 1) Medical Limited	Macau, limited liability company	30,000 ordinary shares of MOP1 each	–	90%	Provision of clinical services, Macau
The Specialists Limited	Hong Kong, limited liability company	1,000 ordinary shares of HK$1 each	–	97.5%	Provision of clinical services, Macau
Yvonne Credit Service Company Limited	Hong Kong, limited liability company	10,000 ordinary shares of HK$1 each	–	100%	Provision of money lending business, Hong Kong

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

16. INTERESTS IN ASSOCIATES – GROUP

	At 31 March 2011	At 31 March 2010	At 1 November 2008
	HK$'000	*HK$'000*	*HK$'000*
Beginning of the year/period	**15,336**	5,994	26,351
Acquisition of an associate	**–**	4,800	–
Loans to associates	**2,800**	4,800	6,000
Advances from an associate	**–**	(13)	–
Share of results of associates			
– loss before income tax	**(3,854)**	(245)	4,673
– income tax expense	**–**	–	(789)
Disposal of an associate	**–**	–	(30,241)
Provision for impairment	**(4,000)**	–	–
End of the year/period	**10,282**	15,336	5,994

The amounts due from/(to) associates are unsecured, interest fee and repayable on demand.

16. INTERESTS IN ASSOCIATES – GROUP *(Continued)*

Particulars of the associate at 31 March 2011 are as follows:

Name	Particulars of issued and fully paid capital	Country of incorporation	Percentage of issued capital held by the Group		Principal activity
			Directly	Indirectly	
One Dollar Movies Productions Limited	10 ordinary shares of HK$1 each	Hong Kong	40%	–	Movies production
One Dollar Distribution Limited	10,000 ordinary shares of HK$1 each	Hong Kong	40%	–	Movies distribution
Perfect Talent Limited	1 ordinary share of HK$1 each	Hong Kong	–	40%	Movies production

The summarised financial information of the Group's associates extracted from their management accounts are as follows:

	At 31 March 2011	At 31 March 2010	At 1 November 2008
	HK$'000	*HK$'000*	*HK$'000*
Assets	**10,463**	15,406	23,986
Liabilities	**22,296**	17,284	24,000
Revenue	**–**	–	–
Loss	**(9,637)**	(612)	(14)

17. HELD-TO-MATURITY INVESTMENTS – GROUP

	At 31 March 2011	At 31 March 2010	At 1 November 2008
	HK$'000	*HK$'000*	*HK$'000*
Debt securities listed outside Hong Kong			
Non-current portion	**817**	2,669	708
Current portion	**1,855**	180	79
	2,672	2,849	787

At 31 March 2011, the debt securities represent bonds with fixed interest rates from 2.25% to 5.625% per annum, and mature on 23 July 2011, 4 September 2011, 27 October 2011 and 27 August 2012. The Group receives related interest payments semi-annually.

At 31 March 2010, the debt securities represent bonds with fixed interest rates from 2.25% to 5.625% per annum, and mature on 29 July 2010, 23 July 2011, 4 September 2011, 27 October 2011 and 27 August 2012. The Group receives related interest payments semi-annually.

At 1 November 2008, the debt securities represent bonds with fixed interest rates from 3.05% to 3.40% per annum, and mature on 24 August 2009, 28 September 2009, 29 July 2010 and 4 September 2011. The Group receives related interest payments semi-annually.

The Group's management does not identify any potentially significant financial risk exposure.

At 31 March 2011, 31 March 2010 and 1 November 2008, the held-to-maturity investments amounted approximately HK$1,855,000, HK$2,034,000 and HK$787,000 were held on trust for the Group by Madam Siu York Chee, Mr. Leung Kwok Kui and Ms. Leung Ge Yau, the ex-directors of the Company, respectively.

18. AVAILABLE-FOR-SALE FINANCIAL ASSETS – GROUP

	At 31 March 2011	At 31 March 2010	At 1 November 2008
	HK$'000	*HK$'000*	*HK$'000*
Investment funds listed outside Hong Kong, at market value	**6,240**	5,034	3,025

The amounts presented for the investment funds have been determined directly by reference to published price quotations in active markets.

These financial assets are subject to financial risk exposure in terms of price risk.

19. DERIVATIVE FINANCIAL INSTRUMENTS – GROUP

	At 31 March 2011		At 31 March 2010		At 1 November 2008	
	Assets	**Liabilities**	Assets	Liabilities	Assets	Liabilities
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Financial instruments held-for-trading						
Equity forward contracts *(Note (i))*	**–**	**–**	16	4	–	4,405
Market-linked instruments with interest swap arrangements *(Note (ii))*	**–**	**–**	–	–	–	2,496
Financial instruments designated as financial assets at fair value through profit or loss						
Market-linked instruments with initial investments *(Note (iii))*	**–**	**–**	–	–	2,746	–
Total	**–**	**–**	16	4	2,746	6,901
Less: Non-current portion						
Market-linked instruments with interest swap arrangements	**–**	**–**	–	–	–	(1,230)
Non-current portion	**–**	**–**	–	–	–	(1,230)
Current portion	**–**	**–**	16	4	2,746	5,671

19. DERIVATIVE FINANCIAL INSTRUMENTS – GROUP *(Continued)*

Notes:

(i) EQUITY FORWARD CONTRACTS

At 31 March 2010, the major terms of the equity forward contracts are as follows:

Underlying stock	Maturity	Notional principal amount outstanding
		HK$'000
1. Hong Kong Exchanges and Clearing Limited ("A")	6 May 2010	805
2. Henderson Land Development Company Limited ("B")	21 July 2010	440

Under the terms of the contracts, the Group is obligated to sell the underlying shares of each contract at a forward price for a year long. The contracts require no initial cost. Pre-determined number of shares is accumulated to be sold by the Group on a daily basis and they are settled on monthly basis. The key terms of these contracts incorporate knock-out and gearing properties. A knock-out price is set for each contract, once the daily share price of the underlying shares triggers the knock-out price, the contract is closed out immediately. However, if the daily share price of the underlying share falls below the forward price, the Group has to sell double of the pre-determined daily number of shares.

The forward contracts are measured at fair value at the end of the reporting period. Their fair values are determined by RHL using the Binomial Model. The significant input into the model, which was based on market related data at the end of the reporting period, was as follows:

	Share price	Forward price	Time to maturity	Volatility	Risk-free rate	Dividend yield	Fair value at 31 March 2010
	HK$	*HK$*	*Year*				*HK$'000*
A	129.60	129.00	0.09	38.65%	0.055%	3.446%	16
B	54.70	61.07	0.31	43.43%	0.112%	3.696%	(4)

These financial instruments are subject to financial risk exposure in terms of price risk.

(ii) MARKET-LINKED INSTRUMENTS WITH INTEREST SWAP ARRANGEMENTS

At 1 November 2008, the Group held two interest rate swap arrangements with aggregate nominal amount of approximately HK$4,290,000. The contracts were expired on 10 November 2008 and 19 September 2010 respectively. Under the swap arrangements, the interest expenses payable by and the interest income receivable by the Group were primarily based on the USD LIBOR floating rate and the performance of a basket of underlying listed securities respectively. Where one or more of the underlying listed securities are traded below the predetermined knock-in prices, the Group has to buy the worst performing security at the predetermined strike price on the maturity date of the contract, with the maximum aggregate acquisition amount to be approximately HK$4,290,000. This instrument will be terminated automatically if the closing price of each of the underlying securities is at or above the autocall price on any specified trading day.

These derivative financial instruments were measured at fair value as determined by Vigers using the Binomial Model. The significant inputs into the model were volatility ranging from 54% to 76%, risk free rate of 0.60% and dividend yield ranging from 3.59% to 7.78%. These inputs were based on market related data at the end of the reporting date.

These financial instruments were subject to financial risk exposure in terms of price risk.

19. DERIVATIVE FINANCIAL INSTRUMENTS – GROUP *(Continued)*

Notes: (Continued)

(iii) MARKET-LINKED INSTRUMENTS WITH INITIAL INVESTMENTS

At 1 November 2008, the Group held five market linked instruments in respect of baskets of the shares of certain listed companies in and outside Hong Kong (the "Shares"). The aggregate notional principal amount of the instruments at 1 November 2008 was approximately HK$7,830,000. Under the contracts, the Group had paid the principal amounts of the instruments. A coupon is accrued on each scheduled trading day only if the prices of the Shares close at or above the accrual barrier. When the market prices of the Shares exceed the knock-out prices as set forth in the contracts, the contracts are closed out immediately. At maturity date, if the closing level of the underlying shares traded at or above the agreed knock-in level, the Group can redeem the full principal amount. Otherwise, the Group either receives shares of the worst performing shares at strike price with maximum acquisition amount which is equal to notional principal amount or the redemption will be reduced by percentage of the depreciation in shares against the strike level.

At the maturity dates of the financial instruments, the financial instruments will either be settled by taking the worst performing shares at an agreed strike price or cash by reference to the performance of the shares. The investment therefore contains a host contract and one or more embedded derivatives which are not closely related to the host contract, and is designated as financial assets at fair value through profit or loss which requires the investment to be carried at fair value at the end of the reporting date and the changes in the fair value are recognized in the statement of comprehensive income. At 1 November 2008, the fair values of these financial instruments are determined by Vigers using the Binomial Model. The significant inputs into the model were volatility ranging from 32% to 66%, risk free rate ranging from 0.60% to 1.85% and dividend yield ranging from 1.85% to 4.97%. These inputs were based on market related data at 1 November 2008.

These financial instruments were subject to financial risk exposure in terms of price risk.

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES – GROUP AND COMPANY

	Group			**Company**	
	At 31 March 2011	At 31 March 2010	At 1 November 2008	**At 31 March 2011**	At 31 March 2010
	HK$'000	*HK$'000* (As restated)	*HK$'000* (As restated)	***HK$'000***	*HK$'000*
Prepayments	**4,576**	9,862	6,983	**3,722**	6,208
Deposits	**2,024**	5,017	6,040	**32**	400
Other receivables	**580**	32	10,579	**–**	–
	7,180	14,911	23,602	**3,754**	6,608
Less: Non-current portion					
Prepayments	**(2,082)**	(4,226)	(2,275)	**(1,499)**	(2,942)
Deposits	**(759)**	(2,141)	(3,795)	**–**	–
Non-current portion	**(2,841)**	(6,367)	(6,070)	**(1,499)**	(2,942)
Current portion	**4,339**	8,544	17,532	**2,255**	3,666

21. TRADE RECEIVABLES – GROUP

	At 31 March 2011	At 31 March 2010	At 1 November 2008
	HK$'000	*HK$'000*	*HK$'000*
Trade receivables	**787**	10,058	34,514
Less: Provision for impairment of trade receivables	**–**	(2,764)	(13,393)
Trade receivables – net	**787**	7,294	21,121

Included in trade receivables are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

	At 31 March 2011	At 31 March 2010	At 1 November 2008
Renminbi ("RMB")	**–**	RMB1,481,000	RMB2,539,000
Macao Pataca ("MOP")	**MOP616,000**	MOP1,405,000	MOP2,088,000

The Group maintains credit terms of one month, one to three months and one to three months at 31 March 2011, 31 March 2010 and 1 November 2008, respectively. At the end of the reporting period, the aging analysis of the trade receivables based on the invoice dates is as follows:

	At 31 March 2011	At 31 March 2010	At 1 November 2008
	HK$'000	*HK$'000*	*HK$'000*
Within three months	**787**	4,925	14,831
Over three months but within six months	**–**	2,369	4,348
Over six months and within one year	**–**	–	1,942
Over one year	**–**	2,764	13,393
	787	10,058	34,514

The movements in the provision for impairment of trade receivables are as follows:

	At 31 March 2011	At 31 March 2010	At 1 November 2008
	HK$'000	*HK$'000*	*HK$'000*
Balance at beginning of year/period	**2,764**	13,393	798
Provision for impairment recognized during the year/period	**1,842**	10,328	12,595
Receivables written off during the year/period	**(4,606)**	(20,957)	–
Balance at end of year/period	**–**	2,764	13,393

21. TRADE RECEIVABLES – GROUP *(Continued)*

At each of the reporting period, the Group reviews trade receivables for evidence of impairment on both an individual and collective basis. The Group has determined trade receivables of nil, HK$2,764,000, and HK$13,393,000 as individually impaired at 31 March 2011, 31 March 2010 and 1 November 2008 respectively. Based on this assessment, provision for impairment loss of approximately HK$1,842,000, HK$10,328,000, HK$12,595,000 at 31 March 2011, 31 March 2010 and 1 November 2008, respectively, has been recognized. The impaired trade receivables are due from customers experiencing financial difficulties that were in default or delinquency of payments.

The Group did not hold any collateral as security or other credit enhancements over the impaired trade receivables whether determined on an individual or collective basis.

The aging analysis of the Group's trade receivables that were past due at the end of the reporting period but not impaired, based on due date is as follows:

	At 31 March 2011	At 31 March 2010	At 1 November 2008
	HK$'000	*HK$'000*	*HK$'000*
Neither past due nor impaired	**787**	2,625	9,282
Within three months past due	**–**	2,675	5,549
Over three months but within six months past due	**–**	1,994	4,348
Over six months but within one year past due	**–**	–	1,942
	787	7,294	21,121

Trade receivables that were past due but not impaired related to a large number of diversified customers. Based on past credit history, management believe that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable. The Group did not hold any collateral in respect of trade receivables past due but not impaired.

22. LOANS AND ADVANCES – GROUP

Loans and advances to customers	*Notes*	**At 31 March 2011**	At 31 March 2010	At 1 November 2008
		HK$'000	*HK$'000* (As restated)	*HK$'000* (As restated)
Term loans		**39,040**	12,613	13,875
Less: impairment allowances	*(a)*	**(2,134)**	–	–
	(b)	**36,906**	12,613	13,875

At 31 March 2011, 31 March 2010 and 1 November 2008, certain term loans amounted to approximately HK$5,029,000, nil and nil are secured by customers' pledged properties at fair value of approximately HK$11,580,000, nil and nil, respectively.

22. LOANS AND ADVANCES – GROUP *(Continued)*

Notes:

(a) Reconciliation of allowance account for losses on loans and advances to customers

Movement in impairment allowances on loans and advances	***HK$'000***
Balance at 1 November 2008, 31 March 2010 and 1 April 2010	**–**
Provision for impairment recognized during the year	**2,134**
Balance at 31 March 2011	**2,134**

(b) Loans and advances to customers are as follows:

	At 31 March 2011 ***HK$'000***	At 31 March 2010 *HK$'000* (As restated)	At 1 November 2008 *HK$'000* (As restated)
Not later than 1 year	**25,424**	11,389	13,378
Later than 1 year and not later than 5 years	**11,482**	1,224	497
	36,906	12,613	13,875

23. INVENTORIES – GROUP

	At 31 March 2011 ***HK$'000***	At 31 March 2010 *HK$'000*	At 1 November 2008 *HK$'000*
Merchandise for sale	**–**	1,223	1,028
Consumable store	**–**	504	1,279
	–	1,727	2,307

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS – GROUP AND COMPANY

	Group			**Company**	
	At 31 March 2011 ***HK$'000***	At 31 March 2010 *HK$'000*	At 1 November 2008 *HK$'000*	**At 31 March 2011** ***HK$'000***	At 31 March 2010 *HK$'000*
Listed equity securities – held-for-trading					
– Hong Kong	**22,512**	24,961	9,565	**11,550**	14,804
– Overseas	**2,592**	5,942	3,832	**2,592**	1,946
	25,104	30,903	13,397	**14,142**	16,750

Financial assets at fair value through profit or loss are presented within "operating activities" as part of changes in working capital in the consolidated statement of cash flows.

Changes in fair values of financial assets at fair value through profit or loss are recorded in "other revenue and (losses)/gains-net" in the consolidated statement of comprehensive income.

The fair value of all equity securities is based on their current bid prices in an active market.

These financial assets are subject to financial risk exposure in terms of price risk.

25. AMOUNTS DUE FROM RELATED COMPANIES – GROUP

Particulars of the amounts due from related companies are as follows:

	Highest balance outstanding during the period *HK$'000*	At 31 March 2011 *HK$'000*	At 31 March 2010 *HK$'000*	At 1 November 2008 *HK$'000*
Name				
One Dollar Productions Limited	**1,596**	**1,596**	1,574	1,929
Less: Provision for impairment loss		**–**	(699)	–
		1,596	875	1,929
Runway Models Limited	**–**	**–**	–	109
China 3D Digital Entertainment Limited	**10**	**10**	–	–
		1,606	875	2,038

Amounts due from related companies are unsecured, interest free and repayable on demand. These related companies are beneficially owned and controlled by certain family members of Mr. Shiu Yeuk Yuen.

26. RESTRICTED BANK DEPOSITS – GROUP

At 31 March 2011, there is no restricted bank deposits in aggregate represented guaranteed deposits place in a banks in Hong Kong.

At 31 March 2010, restricted bank deposits of approximately HK$1,300,000 in aggregate represented guaranteed deposits place in a banks in Hong Kong to secure the credit card processing transaction facility granted by the bank.

At 1 November 2008, restricted bank deposits of approximately HK$4,022,000 in aggregate represented guaranteed deposits place in a banks in Hong Kong to secure settlement for the equity forward contracts and market-linked instruments with interest swap arrangement.

27. CASH AND CASH EQUIVALENTS – GROUP AND COMPANY

	Group			**Company**	
	At 31 March 2011 *HK$'000*	At 31 March 2010 *HK$'000*	At 1 November 2008 *HK$'000*	**At 31 March 2011** *HK$'000*	At 31 March 2010 *HK$'000*
Cash at banks and on hand	**35,504**	28,171	18,092	**15,372**	3,132
Short-term time deposits	**–**	2,455	28,085	**–**	–
	35,504	30,626	46,177	**15,372**	3,132

Cash at banks carry interest at floating rates based on daily bank deposit rates. The effective interest rate on short-term time deposits ranged from nil, 0.65% to 3.24%, and 1.75% to 3.28% per annum at 31 March 2011, 31 March 2010 and 1 November 2008, respectively. At 31 March 2011, 31 March 2010 and 1 November 2008, the deposits had a maturity of nil, 90 days, and 90 days respectively.

27. CASH AND CASH EQUIVALENTS – GROUP AND COMPANY *(Continued)*

At 31 March 2011, 31 March 2010 and 1 November 2008, the Group had cash and bank balances of approximately HK$1,095,000, HK$3,446,000, and 7,789,000 are denominated in RMB respectively. RMB is not a freely convertible currency. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks that are authorized to conduct foreign exchange business.

Cash and cash equivalents with aggregate amount of approximately HK$511,000, HK$1,789,000, and HK$5,408,000 were held on trust for the Group by Madam Siu York Chee, Mr. Leung Kwok Kui and Ms. Leung Ge Yau at 31 March 2011, 31 March 2010 and 1 November 2008, respectively.

28. ASSETS HELD FOR SALE

At 31 March 2011, 31 March 2010 and 1 November 2008, the Group determined to disposals of certain investment properties with aggregate fair value of approximately HK$6,215,000, nil and nil, respectively. Accordingly, the asset was presented separately in the consolidated statement of financial position.

29. TRADE PAYABLES – GROUP

The Group was granted by its suppliers credit periods ranging from one to three months. At the end of the reporting period, the aging analysis of the trade payables based on the invoice dates is as follows:

	At 31 March 2011	At 31 March 2010	At 1 November 2008
	HK$'000	*HK$'000*	*HK$'000*
Within three months	**–**	103	190

The carrying amounts of the Group's trade payables are denominated in Hong Kong dollars. Trade payables are non-interest-bearing.

30. ACCRUALS, RECEIPTS IN ADVANCE AND OTHER PAYABLES – GROUP AND COMPANY

	Group			**Company**	
	At 31 March 2011	At 31 March 2010	At 1 November 2008	**At 31 March 2011**	At 31 March 2010
	HK$'000	*HK$'000*	*HK$'000*	***HK$'000***	*HK$'000*
Accruals	**3,927**	6,747	6,780	**287**	114
Receipts in advance	**1,190**	4,242	9,844	**–**	–
Deposits and other payables	**832**	2,887	2,374	**–**	–
	5,949	13,876	18,998	**287**	114
Non-current portion	**–**	(251)	(212)	**–**	–
Current portion	**5,949**	13,625	18,786	**287**	114

Other payables are non-interest-bearing.

31. AMOUNTS DUE TO NON-CONTROLLING INTERESTS – GROUP

Amounts due to non-controlling interests are unsecured, interest-free and repayable on demand.

32. BORROWINGS – GROUP

	Notes	At 31 March 2011 HK$'000	Group At 31 March 2010 HK$'000 (As restated)	At 1 November 2008 HK$'000 (As restated)
Non-current				
Convertible notes	*(ii)*	**–**	–	1,622
Finance lease liabilities	*(iii)*	**–**	–	373
		–	–	1,995
Current				
Bank borrowings	*(i)*			
– Portion of term loans from bank due for repayment within one year		**1,523**	513	486
– Portion of term loans from bank due for repayment after one year which contain a repayment on demand clause		**22,840**	8,246	8,978
Finance lease liabilities	*(iii)*	**–**	–	945
		24,363	8,759	10,409
Total borrowings		**24,363**	8,759	12,404

Notes:

(i) BANK BORROWINGS

At 31 March 2011, 31 March 2010 and 1 November 2008, the bank borrowings of the Group were secured by the charges over the Group's entire land and buildings (Note 12) and investment properties (Note 13) and corporate guarantees executed by the Company (Note 41). At 31 March 2011, 31 March 2010 and 1 November 2008, the Group's entire bank borrowings are denominated in HK$, bearing floating interest rate of 1.11% to 1.21%, 2.45%, and 2.70% per annum respectively.

The maturity of the Group's bank borrowings is as follows:

	At 31 March 2011 *HK$'000*	At 31 March 2010 *HK$'000*	At 1 November 2008 *HK$'000*
Portion of term loans due for repayment within one year	**1,523**	513	486
Term loans due for repayment after one year *(Note)*			
After 1 year but within 2 years	**1,548**	524	504
After 2 year but within 5 years	**4,767**	1,654	1,571
After the fifth year	**16,525**	6,068	6,903
	22,840	8,246	8,978
	24,363	8,759	9,464

Note: The amount due are based on the scheduled repayment dates set out in the loan agreements and ignore that effects of any repayment on demand clause.

32. BORROWINGS – GROUP AND COMPANY *(Continued)*

Notes: (Continued)

(ii) CONVERTIBLE NOTES

Convertible notes of the Group (the "Notes") were issued on 18 January 2008 (the "Issue Date"). The Notes were convertible into 45,454,545 ordinary shares of the Company at a price of HK$0.22 (subject to the usual anti-dilution adjustments on capital structure changes) at the Issue Date with zero coupon and will be matured on 18 January 2010 ("Maturity Date"). The Notes are convertible into ordinary shares of the Company at any time between the Issue Date of the Notes and the Maturity Date. The noteholder may exercise up to the maximum principal amount of HK$5,000,000 at the end of the twelve month from the Issue Date. The Notes may be redeemed at the option of the Company on any business day prior to the Maturity Date by giving not less than seven business days prior written notice to the noteholder. Unless previously converted or redeemed, the Company will redeem the Notes on Maturity Date.

The Notes were issued to the Doctor in accordance with the Service Agreement to exchange for 5-year services to the Group. If the Doctor has converted the Notes into shares of the Company or the Company has redeemed the Notes before or at the Maturity Date but he terminates his services at anytime during 5 years after the Service Agreement becomes effective, he has to refund the principal amount of the Notes to the Group. The Notes are accounted for in accordance with HKFRS 2 "Share-based Payment". At the Issue Date, the fair value of the Notes was determined by RHL, an independent qualified professional valuers, at an amount of approximately HK$8,891,000 by using the discount cash flow method. Significant inputs into the calculation included a 2-year risk free rate of 1.78% and discount rate 4.10%.

In total, none of equity-settled transactions with cash alternative has been included in the consolidated statement of comprehensive income for the year ended 31 March 2011 (for the period ended 31 March 2010: HK$2,820,000), the corresponding amount of which has been credited to the Notes.

On 18 December 2008, the Company was requested for early redemption of half of the convertible notes, representing principal amount of HK$5,000,000, for a consideration of HK$5,000,000 from the noteholder and the noteholder has agreed for the early redemption. The redemption process was completed on 19 January 2009.

The Group has redeemed the rest of the convertible notes of the Group, representing principal amount of HK$5,000,000 from the Doctor at Maturity Date.

(iii) FINANCE LEASE LIABILITIES

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

	At 31 March 2011	At 31 March 2010	At 1 November 2008
	HK$'000	*HK$'000*	*HK$'000*
Gross finance lease liabilities – minimum lease payments			
No later than one year	**–**	–	1,000
Later than one year and no later than five years	**–**	–	381
	–	–	1,381
Future finance charges on finance leases	**–**	–	(63)
Present value of finance lease liabilities	**–**	–	1,318

The present value of finance lease liabilities is as follows:

	At 31 March 2011	At 31 March 2010	At 1 November 2008
	HK$'000	*HK$'000*	*HK$'000*
No later than one year	**–**	–	945
Later than one year and no later than five years	**–**	–	373
	–	–	1,318

The Group has entered into finance leases for certain items of equipment. The lease periods were for 1 to 2 years. These leases do not have options to renew or any contingent rental provisions. Under the terms of one of the leases, the Group has the option to purchase the leased asset at a price that is expected to be sufficiently lower than the fair value of the leased asset at the end of the lease.

33. DEFERRED INCOME TAX – GROUP

The gross movement on the deferred income tax account is as follows:

	At 31 March 2011	At 31 March 2010	At 1 November 2008
	HK$'000	*HK$'000*	*HK$'000*
Beginning of the year/period	**(1,140)**	1,595	547
Statement of comprehensive income (charged)/credited	**(5,470)**	(1,031)	1,430
Underprovision in respect of prior years	**–**	(1,704)	(350)
Disposals of subsidiaries *(Note 37)*	**179**	–	–
Attributable to reduction in tax rate	**–**	–	(32)
End of the year/period	**(6,431)**	(1,140)	1,595

The movement in deferred income tax assets and liabilities during the year/period, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax liabilities

		Fair value gains	
	At 31 March 2011	At 31 March 2010	At 1 November 2008
	HK$'000	*HK$'000*	*HK$'000*
Beginning of the year/period	**(1,140)**	(109)	–
Charged to the statement of comprehensive income	**(5,470)**	(1,031)	(109)
Disposals of subsidiaries *(Note 37)*	**179**	–	–
End of the year/period	**(6,431)**	(1,140)	(109)

Deferred tax assets

	Accelerated tax depreciation			**Tax losses**			**Total**		
	At 31 March 2011	At 31 March 2010	At 1 November 2008	**At 31 March 2011**	At 31 March 2010	At 1 November 2008	**At 31 March 2011**	At 31 March 2010	At 1 November 2008
	HK$'000	*HK$'000*	*HK$'000*	***HK$'000***	*HK$'000*	*HK$'000*	***HK$'000***	*HK$'000*	*HK$'000*
Beginning of the year/period	**(571)**	(970)	(814)	**571**	2,674	1,361	**–**	1,704	547
(Charged)/credited to the statement of comprehensive income	**–**	–	(179)	**–**	–	1,718	**–**	–	1,539
Over/(under)provision in prior years	**–**	399	(24)	**–**	(2,103)	(326)	**–**	(1,704)	(350)
Attributable to reduction in tax rate	**–**	–	47	**–**	–	(79)	**–**	–	(32)
End of the year/period	**(571)**	(571)	(970)	**571**	571	2,674	**–**	–	1,704

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

Deferred tax assets are recognized for tax losses carried forward to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The Group has estimated tax losses of approximately HK$154,239,000, HK$121,947,000 and HK$48,146,000 arising in subsidiaries that have been loss-making for some time which will be carried forward against future taxable income at 31 March 2011, 31 March 2010 and 1 November 2008, respectively.

34. SHARE CAPITAL – GROUP AND COMPANY

	Number of shares	*HK$'000*
Authorized:		
Ordinary shares of HK$0.05 each		
At 1 November 2008	6,000,000,000	300,000
Ordinary shares of HK$0.01 each		
Share subdivision	24,000,000,000	–
At 31 March 2010	30,000,000,000	300,000
Ordinary shares of HK$0.1 each		
Share consolidation	**(27,000,000,000)**	**–**
Ordinary shares of HK$0.01 each		
Capital reduction	**–**	**(270,000)**
Ordinary shares of HK$0.01 each		
Capital increase	**27,000,000,000**	**270,000**
At 31 March 2011	**30,000,000,000**	**300,000**
Issued and fully paid:		
Ordinary shares of HK$0.05 each		
At 1 November 2008	170,441,281	8,522
Share option exercised	19	–
Share consolidation	(136,353,040)	–
Capital reduction	–	(8,181)
Ordinary shares of HK$0.01 each		
Allotment of shares	440,000,000	4,400
Bonus issue	1,896,353,040	18,963
Repurchase of shares	(7,100,000)	(71)
At 31 March 2010	2,363,341,300	23,633
Ordinary shares of HK$0.01 each		
Share consolidation	**(3,207,007,170)**	**–**
Ordinary shares of HK$0.1 each		
Capital reduction	**–**	**(32,070)**
Ordinary shares of HK$0.01 each		
Share options exercised	**14,100,000**	**141**
Allotment of shares	**1,356,000,000**	**13,560**
At 31 March 2011	**526,434,130**	**5,264**

Notes:

(i) 19 new ordinary shares of HK$0.05 each were issued upon the exercise of 19 units of share option on 12 December 2008.

(ii) By a special resolution dated 14 January 2009, the nominal value of each share in issue was reduced from HK$0.05 to HK$0.01 by cancelling paid up capital to the extent of HK$0.24 on each issued share and the issued share capital of the Company was reduced by HK$8,181,000 from HK$8,522,000 divided into 170,441,300 ordinary shares of HK$0.05 each to HK$341,000 divided into 34,088,260 ordinary shares of HK$0.01 each. Authorized share capital for ordinary shares of HK$0.05 each were subdivided on the basis of one to twenty-five from 6,000,000,000 ordinary shares of HK$0.05 each to 30,000,000,000 ordinary shares of HK$0.01 each.

(iii) By an ordinary resolution dated 25 February 2009, 40,000,000 ordinary shares of the Company of HK$0.01 each were allotted at a subscription price of HK$0.09 each. Funds raised from the allotment were approximately HK$3,488,000, net of share issue expenses.

34. SHARE CAPITAL – GROUP AND COMPANY *(Continued)*

Notes: (Continued)

(iv) By an ordinary resolution dated 21 July 2009, 400,000,000 ordinary shares of the Company of HK$0.01 each were allotted at a subscription price of HK$0.10 each. Funds raised from the allotment were approximately HK$39,160,000, net of share issue expenses.

(v) On 2 November 2009, the Company approved the issue of 1,896,353,040 bonus shares on the basis of 4 bonus share for every 1 ordinary shares held. The bonus shares are issued and credited as fully paid upon issue and rank pari passu in all respects with the existing shares with effect from the date of issue.

(vi) During the period ended 31 March 2010, the Company repurchased its own shares through the Stock Exchange as follows:

			Price per share repurchased	
Day of repurchase	**Number of ordinary shares of HK$0.01 each**	**Aggregate consideration**	**Highest price paid**	**Lowest price paid**
			HK$	HK$
27 January 2010	5,100,000	918,700	0.186	0.177
29 January 2010	2,000,000	351,460	0.177	0.175
	7,100,000	1,270,160		

The above shares were cancelled upon repurchase.

(vii) For the period ended 31 March 2010, the premium totally approximately HK$18,080,000 arising from the subscription of shares, bonus issue and repurchase of shares during the period, net of share issue expenses of approximately HK$18,963,000, has been credited directly to the share premium account.

(viii) By a special resolution dated 8 September 2010, authorized share capital for ordinary shares of HK$0.01 each ("Reorganized Shares") was consolidated on the basis of every ten into one from 30,000,000,000 ordinary shares of HK$0.01 each to 3,000,000,000 ordinary shares of HK$0.10 each. The issued share capital was consolidated on the basis of ten into one from 3,563,341,300 ordinary shares of HK$0.01 each to 356,334,130 ordinary shares of HK$0.10 each.

(ix) By a special resolution dated 8 September 2010, the nominal value of each share in issue was reduced from HK$0.10 to HK$0.01 by cancelling paid up capital to the extent of HK$0.09 on each issued share and the authorized share capital of the Company was reduced to HK$30,000,000 divided into 3,000,000,000 Reorganized Shares of HK$0.01 each.

(x) By a special resolution dated 8 September 2010, the authorized share capital from HK$30,000,000 divided into 3,000,000,000 Reorganized Shares of HK$0.01 each increased to HK$300,000,000 divided into 3,000,000,000 reorganised shares of HK$0.01 each.

(xi) 12,600,000 new ordinary shares of HK$1.00 each were issued upon the exercise of 12,600,000 units of share option on 7 March 2011.

(xii) 1,500,000 new ordinary shares of HK$1.00 each were issued upon the exercise of 1,500,000 units of share option on 14 March 2011.

(xiii) By ordinary resolution dated on 14 April 2010, 1,200,000,000 ordinary shares of the Company of HK$1.00 each were allotted at a subscription price of HK$1.00 each. Funds raised from the allotment were approximately HK$1,200,000,000, net of share issue expenses.

(xiv) By ordinary resolution dated on 15 September 2010, 71,000,000 ordinary shares of the Company of HK$1.00 each were allotted at a subscription price of HK$1.00 each. Funds raised from the allotment were approximately HK$710,000,000, net of share issue expenses.

(xv) By ordinary resolution dated on 18 January 2011, 85,000,000 ordinary shares of the Company of HK$1.00 each were allotted at a subscription price of HK$1.00 each. Funds raised from the allotment were approximately HK$850,000,000, net of share issue expenses.

35. SHARE-BASED EMPLOYEE COMPENSATION

The shareholders of the Company approved a share option scheme (the "2001 Share Option Scheme") under which its board of directors may, at its discretion, offer full-time or part time employees and executive, non-executive and independent non-executive directors of the Company and/or any of its subsidiaries, options to subscribe for shares in the Company. The maximum number of shares in respect of which options may be granted under the Scheme shall not exceed 30% of the issued share capital of the Company. The subscription price will be determined by the Company's board of directors and will be the highest of (i) the nominal value of the shares, (ii) the quoted closing price of the Company's shares on the date of offer of the options, and (iii) the average of the quoted closing prices of the Company's shares on the five trading days immediately preceding the date of offer of the options. The 2001 Share Option Scheme become effective on 24 September 2001 was terminated by shareholders of the Company on 4 January 2011.

An ordinary resolution was passed by the shareholders at the special general meeting of the Company held on 4 January 2011 to adopt a new share option scheme (the "2011 Share Option Scheme") and terminate the 2001 Share Option Scheme.

The purpose of the 2011 Share Option Scheme is to enable the Group to grant share options to the participants as incentives or rewards for their contribution to the Group.

Eligible participants of the 2011 Share Option Scheme ("Eligible Participants") include (i) any full-time employees and directors (including executive directors, non-executive directors and independent non-executive directors) of the Group; (ii) any supplier of goods or services to any member of the Group or any entity in which any member of the Group holds an equity interest ("Invested Entity"); (iii) any customer of any member of the Group or any Invested Entity; (iv) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity; (v) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; (vi) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and (vii) any other group or classes of Eligible Participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group,

The 2011 Share Option Scheme became effective on 4 January 2011 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of share options permitted to be granted under the 2011 Share Option Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at the date of approval of the 2011 Share Option Scheme.

The maximum number of shares issuable under share options to each eligible participant in the 2011 Share Option Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in a general meeting.

The offer of a grant of share options may be accepted within 21 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a vesting period and ends on a date which is not later than ten years from the date of offer of the share options.

The exercise price of share options is determinable by the directors, but shall not be less than the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets on the date of grant of the share options; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of grant; and (iii) the nominal value of the Company's share. Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

35. SHARE-BASED EMPLOYEE COMPENSATION *(Continued)*

All share-based employee compensation will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the options.

Share options and respective exercise prices are as follows for the reporting periods presented:

For the year ended 31 March 2011

Type of grantee	At 1 April 2010	Granted	Exercised	Expired/ cancelled/ lapsed	At 31 March 2011	Date of grant	Exercise period of the share options	Exercise price per share *HK$*
Directors								
– In aggregate	–	4,200,000	(4,200,000)#	–	–	15 February 2011	15 February 2011 to 14 February 2014	0.1542
– In aggregate	–	4,200,000	(4,200,000)#	–	–	23 February 2011	23 February 2011 to 22 February 2014	0.1396
Employees								
– In aggregate	399,980	–	–	(399,980)	–	5 May 2008	5 May 2008 to 4 May 2010	0.2830
– In aggregate	–	12,600,000	(4,200,000)#	–	8,400,000	23 February 2011	23 February 2011 to 22 February 2014	0.1396
Other eligible persons								
– In aggregate	–	4,200,000	(1,500,000)##	–	2,700,000	15 February 2011	15 February 2011 to 14 February 2014	0.1542
Total	**399,980**	**25,200,000**	**(14,100,000)**	**(399,980)**	**11,100,000**			
Weighted average exercise price	**0.2830**	**0.1445**	**0.1315**	**0.2830**	**0.1431**			

During the year ended 31 March 2011, the weighted average closing price of the shares immediately before the date on which the option was exercised was HK$0.1350. The weighted average closing share price on the date of exercise was HK$0.1390.

During the year ended 31 March 2011, the weighted average closing price of the shares immediately before the date on which the option was exercised was HK$0.1350. The weighted average closing share price on the date of exercise was HK$0.1320.

The fair values of options granted during the year ended 31 March 2011 were determined using the Black-Scholes valuation model.

For the share options granted on 15 February 2011, significant inputs into the calculation included a weighted average share price of HK$0.1191 and exercise prices as illustrated above. Furthermore, the calculation takes into account option life of 3 years and volatility of 140.072%, based on expected share price. Risk-free interest rates of 1.241% were determined.

For the share options granted on 23 February 2011, significant inputs into the calculation included a weighted average share price of HK$0.1026 and exercise prices as illustrated above. Furthermore, the calculation takes into account option life of 3 years and volatility of 140.557%, based on expected share price. Risk-free interest rates of 1.071% were determined.

35. SHARE-BASED EMPLOYEE COMPENSATION *(Continued)*

For the period ended 31 March 2010

Type of grantee	At 1 November 2008	Granted	Adjustments*	Expired/ cancelled/ lapsed	Outstanding	Adjustments**	Expired/ cancelled/ lapsed	At 31 March 2010	Date of grant	Exercise period of the share options	Exercise price per share *HK$*
Employees											
– In aggregate	619,516	–	–	(619,516)	–	–	–	–	20 June 2005	22 June 2005 to 21 December 2008	2.7295
– In aggregate	379,296	–	(303,437)	(75,859)	–	–	–	–	27 February 2007	27 February 2007 to 26 February 2009	14.2375*
– In aggregate	1,399,180	–	(1,119,344)	(279,836)	–	–	–	–	27 September 2007	27 September 2007 to 26 September 2009	6.5500*
– In aggregate	1,424,412	–	(1,139,530)	–	284,882	1,139,528	(1,424,410)	–	1 February 2008	6 February 2008 to 5 February 2010	1.0000**
– In aggregate	3,400,000	–	(2,719,985)	(600,019)	79,996	319,984	–	399,980	5 May 2008	5 May 2008 to 4 May 2010	0.2830**
Other eligible persons											
– In aggregate	126,432	–	(101,146)	(25,286)	–	–	–	–	14 March 2007	14 March 2007 to 13 March 2009	21.7550*
– In aggregate	263,400	–	(210,720)	(52,680)	–	–	–	–	4 October 2007	17 October 2007 to 16 October 2009	6.6450*
Total	7,612,236	–	(5,594,162)	(1,653,196)	364,878	1,459,512	(1,424,410)	399,980			
Weighted average exercise price	3.0402	–	3.0678	3.4321	0.8428	0.8428	1.0000	0.2830			

* This reflects the adjusted exercise prices and number of share options which have been granted and are outstanding after the completion of share consolidation on 15 January 2009.

** This reflects the adjusted exercise prices and number of share options which have been granted and are outstanding after the completion of bonus issue on 9 November 2009.

No options were exercised during the period ended 31 March 2010.

In total, approximately HK$2,761,000 of employee compensation expense has been included in the consolidated statement of comprehensive income for the year ended 31 March 2011 (for the period ended 31 March 2010: HK$1,415,000), the corresponding amount of which has been credited to share option reserve (Note 36). No liabilities were recognized due to these share-based payment transactions.

36. RESERVES – GROUP AND COMPANY

Group

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

The Group's capital reserves represent the difference between the nominal value of the shares of the subsidiaries acquired pursuant to the Group reorganisation in previous years over the nominal value of the Company's shares issued in exchange therefore.

Company

	Share premium *HK$'000*	**Capital redemption reserve** *HK$'000*	**Accumulated losses** *HK$'000*	**Share option reserve** *HK$'000*	**Contribution surplus** *HK$'000* *(Note (i) &(ii))*	**Total** *HK$'000*
At 1 November 2008	22,300	278	(34,578)	3,228	135,319	126,547
Loss for the period	–	–	(44,821)	–	–	(44,821)
Equity-settled share option arrangement *(Note 35)*	–	–	–	1,415	–	1,415
Option forfeited	–	–	4,554	(4,554)	–	–
Bonus issue	(18,963)	–	–	–	–	(18,963)
Repurchase of shares	(1,204)	–	–	–	–	(1,204)
Allotment of shares	38,247	–	–	–	–	38,247
Capital reduction	–	–	–	–	8,181	8,181
At 31 March 2010	40,380	278	(74,845)	89	143,500	109,402
Loss for the year	–	–	(72,324)	–	–	(72,324)
Equity-settled share option arrangement *(Note 35)*	–	–	–	2,761	–	2,761
Shares issued on exercise of share options	3,452	–	–	(1,541)	–	1,911
Option expired	–	–	125	(125)	–	–
Allotment of shares	72,780	–	–	–	–	72,780
Capital reduction	–	–	–	–	32,070	32,070
At 31 March 2011	**116,612**	**278**	**(147,044)**	**1,184**	**175,570**	**146,600**

Notes:

(i) Pursuant to a special resolution passed at the extraordinary general meeting of the Company on 2 November 2009, the Company reduced its issued share capital by an amount of approximately HK$8,181,000 (Note 34) and transferred the same amount to the contributed surplus account of the Company.

(ii) Pursuant to a special resolution passed at the extraordinary general meeting of the Company on 8 September 2010, the Company reduced its issued share capital by an amount of approximately HK$32,070,000 (Note 34) and transferred the same amount to the contributed surplus account of the Company.

37. DISPOSALS OF SUBSIDIARIES

On 31 August 2010, the Group disposed of its entire equity interests in Be A Lady Limited and it subsidiaries ("BAL Group"), New Creative Limited ("New Creative"), B.A.L. Clinic Limited ("Clinic") and Excel Future Enterprise Limited ("Excel") at a cash consideration of HK$4,380,000.

The assets and liabilities of these disposed subsidiaries at the date of disposal were as follows:

	BAL Group *HK$'000*	New Creative *HK$'000*	Clinic *HK$'000*	Excel *HK$'000*	Total *HK$'000*
Property, plant equipment *(Note 12)*	**7,165**	**943**	**1,172**	**–**	**9,280**
Trade receivables	**8,642**	**(4,124)**	**(4,734)**	**–**	**(216)**
Other receivables	**7,633**	**198**	**285**	**–**	**8,116**
Trade payables	**(2,869)**	**(2,491)**	**767**	**(17)**	**(4,610)**
Other payables	**(1,761)**	**(192)**	**(847)**	**–**	**(2,800)**
Deferred tax liabilities *(Note 33)*	**–**	**(179)**	**–**	**–**	**(179)**
Net assets disposed of	**18,810**	**(5,845)**	**(3,357)**	**(17)**	**9,591**
Loss on disposal of subsidiaries	**(14,888)**	**5,835**	**3,413**	**17**	**(5,623)**
Non-controlling interests	**475**	**10**	**(56)**	**–**	**429**
Cumulative exchange differences released	**(17)**	**–**	**–**	**–**	**(17)**
Total cash consideration	**4,380**	**–**	**–**	**–**	**4,380**
Net cash inflow arising on disposals:					
Consideration received in cash and cash equivalent	**4,380**	**–**	**–**	**–**	**4,380**

38. RELATED PARTY TRANSACTIONS

(i) In addition to the transactions and balances detailed elsewhere in these consolidated financial statements, the Group had the following transactions with related parties during the year/period:

	Notes	**Year ended 31 March 2011** ***HK$'000***	Period ended 31 March 2010 *HK$'000*
Rental income	*(a)&(b)*	**54**	96
Advertising fee paid	*(c)*	**–**	280

Notes:

(a) For the year ended 31 March 2011, rental income of HK$30,000 (for the period ended 31 March 2010: HK$51,000) was received from a company controlled by Madam Siu York Chee, the ex-director of the Company.

(b) For the year ended 31 March 2011, rental income of HK$24,000 (for the period ended 31 March 2010: rental income of HK$45,000) was received from a company controlled by Mr. Shiu Yeuk Yuen and Shiu Stephen Junior, son of Mr. Shiu Yeuk Yuen.

(c) For the period ended 31 March 2010, entire advertising fee was paid to a company controlled by Mr. Shiu Yeuk Yuen and Shiu Stephen Junior, son of Mr. Shiu Yeuk Yuen.

38. RELATED PARTY TRANSACTIONS *(Continued)*

(ii) Key management compensation

	Year ended 31 March 2011 HK$'000	Period ended 31 March 2010 HK$'000
Short term employee benefits	**13,139**	17,621
Share-based payments	**931**	–
Other long term benefits	**56**	51
	14,126	17,672

(iii) At 31 March 2011, certain financial assets, including held-to-maturity investments of approximately HK$1,855,000 (2010: HK$2,034,000) and cash and cash equivalents of approximately HK$511,000 (2010: HK$1,789,000) which are held by certain directors of the subsidiaries on trust for the Group, are included in "held-to-maturity investments" and "cash and cash equivalents" respectively in the consolidated statement of financial position.

39. TRANSACTIONS WITH NON-CONTROLLING INTERESTS

Disposal of interest in a subsidiary without loss of control

During the year ended 31 March 2011, the Company disposed of 2.5% of interest in The Specialists Limited at a consideration of nil. The carrying amount of the non-controlling interests in The Specialists Limited on the date of disposal was approximately HK$199,000. The Group recognized a decrease in non-controlling interest of approximately HK$199,000 and an increase in equity attributable to owners of the parent of approximately HK$199,000. The effect of changes in the ownership interest of The Specialists Limited on the equity attributable to owners of the Company during the year is summarized as follows:

	HK$'000
Carrying amount of non-controlling interests disposed of	**199**
Consideration received from non-controlling interests	**–**
Gain on disposal within equity	**199**

40. COMMITMENTS – GROUP

(a) Capital commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

	At 31 March 2011 HK$'000	At 31 March 2010 HK$'000
Contracted but not provided for		
– Acquisition of a PRC company	**–**	1,671

40. COMMITMENTS – GROUP *(Continued)*

(b) Operating lease commitments – The Group as lessee

The Group's total future minimum lease payments under non-cancellable operating leases are as follows:

	At 31 March 2011 HK$'000	At 31 March 2010 HK$'000
Within one year	**4,508**	15,224
In the second to fifth year, inclusive	**2,214**	5,364
	6,722	20,588

The Group leases a number of properties under operating leases. The leases run for an initial period of two to five years, with an option to renew the lease and renegotiated the terms at the expiry date or at dates as mutually agreed between the Group and respective landlords/lessors.

Total future minimum sublease payments expected to be received by the Group under non-cancellable subleases by the Group are as follows:

	At 31 March 2011 HK$'000	At 31 March 2010 HK$'000
Within one year	**–**	674

(c) Operating lease commitments – The Group as lessor

The Group had future aggregate minimum lease receipts under non-cancellable operating leases as follows:

	At 31 March 2011 HK$'000	At 31 March 2010 HK$'000
Within one year	**432**	405
In the second to fifth year, inclusive	**241**	81
	673	486

The Group leases its investment properties (Note 13) under operating lease arrangement which runs for an initial period of two years, without an option to renew the lease terms at the expiry date. The terms of the leases generally also require the tenants to pay security deposits.

41. CORPORATE GUARANTEES – COMPANY

At 31 March 2011, the Company has executed corporate guarantees to third parties with respect to operating leases of nil (for the period ended 31 March 2010: HK$2,300,000), advertising contracts of certain subsidiaries of nil (for the period ended 31 March 2010: HK$500,000) and general banking facilities granted to certain subsidiaries of the Company of approximately HK$25,000,000 (for the period ended 31 March 2010: HK$10,868,000).

In the opinion of the directors, no material liabilities will arise from the above guarantees which arose in the ordinary course of business and the fair value of the corporate guarantees granted by the Group is immaterial.

42 FINANCIAL RISK MANAGEMENT

42.1 Financial instruments by category

	Held-to-maturity investments HK$'000	Available-for-sale financial assets HK$'000	Loans and receivables HK$'000	Financial assets at fair value through profit or loss HK$'000	Total HK$'000
31 March 2011					
Financial assets as per consolidated statement of financial position					
Held-to-maturity investments	2,672	–	–	–	2,672
Available-for-sale financial assets	–	6,240	–	–	6,240
Trade receivables	–	–	787	–	787
Loans and advances	–	–	36,906	–	36,906
Deposits and other receivables	–	–	2,604	–	2,604
Held for trading investments	–	–	–	25,104	25,104
Amounts due from related companies	–	–	1,606	–	1,606
Cash and bank balances	–	–	35,504	–	35,504
	2,672	6,240	77,407	25,104	111,423

	Financial liabilities measured at amortised cost HK$'000	Total HK$'000
31 March 2011		
Financial liabilities as per consolidated statement of financial position		
Derivative financial instruments	–	–
Trade payables	–	–
Accruals and other payables	4,759	4,759
Amounts due to non-controlling interests	297	297
Borrowings	24,363	24,363
	29,419	29,419

42 FINANCIAL RISK MANAGEMENT *(Continued)*

42.1 Financial instruments by category *(Continued)*

	Held-to-maturity investments HK$'000	Available-for-sale financial assets HK$'000	Loans and receivables HK$'000 (As restated)	Financial assets at fair value through profit or loss HK$'000	Total HK$'000 (As restated)
31 March 2010					
Financial assets as per consolidated statement of financial position					
Held-to-maturity investments	2,849	–	–	–	2,849
Available-for-sale financial assets	–	5,034	–	–	5,034
Derivative financial instruments	–	–	–	16	16
Trade receivables	–	–	7,294	–	7,294
Loans and advances	–	–	11,389	–	11,389
Deposits and other receivables	–	–	5,049	–	5,049
Held for trading investments	–	–	–	30,903	30,903
Amounts due from related companies	–	–	875	–	875
Restricted bank deposits	–	–	1,300	–	1,300
Cash and bank balances	–	–	30,626	–	30,626
	2,849	5,034	56,533	30,919	95,335

	Financial liabilities at fair value through profit or loss HK$'000	Financial liabilities measured at amortised cost HK$'000	Total HK$'000
31 March 2010			
Financial liabilities as per consolidated statement of financial position			
Derivative financial instruments	4	–	4
Trade payables	–	103	103
Accruals and other payables	–	9,634	9,634
Amounts due to non-controlling interests	–	1,077	1,077
Borrowings	–	8,759	8,759
	4	19,573	19,577

42 FINANCIAL RISK MANAGEMENT *(Continued)*

42.1 Financial instruments by category *(Continued)*

	Held-to-maturity investments HK$'000	Available-for-sale financial assets HK$'000	Loans and receivables HK$'000 (As restated)	Financial assets at fair value through profit or loss HK$'000	Total HK$'000 (As restated)
At 1 November 2008					
Financial assets as per consolidated statement of financial position					
Held-to-maturity investments	787	–	–	–	787
Available-for-sale financial assets	–	3,025	–	–	3,025
Derivative financial instruments	–	–	–	2,746	2,746
Trade receivables	–	–	21,121	–	21,121
Loans and advances	–	–	11,076	–	11,076
Deposits and other receivables	–	–	13,378	–	13,378
Held for trading investments	–	–	–	13,397	13,397
Amounts due from related companies	–	–	2,038	–	2,038
Restricted bank deposits	–	–	4,022	–	4,022
Cash and bank balances	–	–	46,177	–	46,177
	787	3,025	97,812	16,143	117,767

	Financial liabilities at fair value through profit or loss HK$'000	Financial liabilities measured at amortised cost HK$'000	Total HK$'000
At 1 November 2008			
Financial liabilities as per consolidated statement of financial position			
Derivative financial instruments	6,901	–	6,901
Trade payables	–	190	190
Accruals and other payables	–	9,154	9,154
Amounts due to minority interests	–	1,077	1,077
Borrowings	–	12,404	12,404
	6,901	22,825	29,726

42 FINANCIAL RISK MANAGEMENT *(Continued)*

42.2 Financial risk factors

The Group's activities expose itself to a variety of financial risks: market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

Financial risk management is coordinated at the Group's headquarters, in close co-operation with the board of directors. The overall objectives in managing financial risks focus on securing the Group's short to medium term cash flows by minimising its exposure to financial markets. Long term financial investments are managed to generate lasting returns with acceptable risk levels.

The Group identifies ways to access financial markets and monitors the Group's financial risk exposures. Regular reports are provided to the Board of Directors.

(a) Market risk

(i) Foreign currency risk

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposures to foreign currency risk arise from investments in equity and debt securities, which are primarily denominated in RMB, Taiwan Dollar ("NT$"), Japanese yen ("JPY") and United States dollars ("US$"). These are not the functional currencies of the Group entities to which these transactions relate. The Group currently does not have a foreign currency hedging policy.

Summary of exposure

Foreign currency denominated financial assets and liabilities, translated into Hong Kong dollars at the closing rates, are as follows:

	At 31 March 2011			At 31 March 2010		
	Financial assets	**Financial liabilities**	**Net exposure**	Financial assets	Financial liabilities	Net exposure
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
RMB	**1,855**	**–**	**1,855**	6,961	–	6,961
NT$	**2,592**	**–**	**2,592**	1,946	–	1,946
US$	**7,081**	**–**	**7,081**	5,849	–	5,849
JPY	**1,358**	**–**	**1,358**	–	–	–

Sensitivity analysis

In view of the fact that the HK$ is pegged to the US$, the Group's exposure of foreign currency risk is minimal.

At 31 March 2011, if a general appreciation/depreciation of 1% in HK$ against NT$, 8% against RMB and 5% against JPY is estimated, with all other variable held constant, each of loss after income tax for the year and other components of equity would increase/decrease by approximately HK$26,000 (for the period ended 31 March 2010: HK$20,000) and HK$148,000 (for the period ended 31 March 2010: HK$163,000) and HK$68,000 (for the period ended 31 March 2010: nil) respectively.

42 FINANCIAL RISK MANAGEMENT *(Continued)*

42.2 Financial risk factors *(Continued)*

(a) Market risk (Continued)

(ii) Cash flow and fair value interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from certain derivative financial instruments, bank deposits and borrowings. Borrowings bearing variable rates expose the Group to cash flow interest rate risk and fair value interest rate risk. The Group has not used any interest rate swaps in order to mitigate its exposure associated with the cash flow interest rate risk. However, management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arises.

Sensitivity analysis

The following table illustrates the sensitivity of the Group's loss after income tax and other components of equity to a possible change in interest rates of +/- 0.5% (for the period ended 31 March 2010: +/- 0.5%) higher/lower, with effect from the beginning of the period. The calculations are based on the Group's financial assets and liabilities held at the end of the reporting date. All other variables are held constant.

	Higher/(lower) in interest rate	Increase/ (decrease) in loss after income tax	Increase/ (decrease) in equity
	%	*HK$'000*	*HK$'000*
Year ended 31 March 2011			
	0.5	**1,218**	**1,218**
	(0.5)	**(1,218)**	**(1,218)**
Period ended 31 March 2010			
	0.5	144	144
	(0.5)	(144)	(144)

(iii) Price risk

Equity and debt security price risk relates to the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than changes in interest rates and foreign exchange rates). The Group is exposed to equity and debt security price risk arising from individual equity investments classified as financial assets at fair value through profit or loss (Note 24), available-for-sale financial assets (Note 18) and derivative financial instruments (Note 19) at 31 March 2011.

The Group's listed investments are primarily listed in Hong Kong, the United States and Taiwan. Listed investments held in the available-for-sale portfolio have been chosen based on their long term growth potential and are monitored regularly for performance against expectations. The portfolio is diversified in terms of industry distribution, in accordance with the limits set by the Group.

Sensitivity analysis

The following table indicates the approximate change in the Group's loss after income tax and other components of equity in response to the reasonably possible changes in the relevant stock market prices, to which the Group has significant exposure at the end of the reporting date.

42 FINANCIAL RISK MANAGEMENT *(Continued)*

42.2 Financial risk factors *(Continued)*

(a) Market risk (Continued)

(iii) Price risk *(Continued)*

Sensitivity analysis (Continued)

In response to the reasonably possible change in the market price of the listed securities and the underlying shares, the Group's investment in equity and debt securities has the following exposures:

Year ended 31 March 2011			Period ended 31 March 2010		
Increase/ (decrease) in securities market price	**Effect on profit/loss after income tax**	**Effect on other components of equity**	Increase/ (decrease) in securities market price	Effect on profit/loss after income tax	Effect on other components of equity
%	*HK$'000*	*HK$'000*	*%*	*HK$'000*	*HK$'000*
10	**3,402**	**624**	10	3,374	503
(10)	**(3,402)**	**(624)**	(10)	(3,374)	(503)

(b) Credit risk

Credit risk refers to the risk that the borrowers or counterparties may default on their payment obligations due to the Group. These obligations arise from the Group's lending and investment activities. Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the face of the statement of financial positions which are summarized in Note 42.1. None of the financial assets of the Group are secured by collateral or other credit enhancements except for loans and advances.

In order to minimize the credit risk, the Group has established policies and systems for the monitoring and control of credit risk. The management has delegated different divisions responsible for determination of credit limits, credit approvals and other monitoring processes to ensure that follow-up action is taken to recover overdue debts. In addition, management reviews the recoverable amount of loans and advances individually and collectively at each reporting date to ensure that adequate provision for impairment are made for irrecoverable amounts. In this regard, management considers that the Group's credit risk is significantly reduced.

All the Group's bank balances are deposited with major banks located in Hong Kong, Macau and the PRC.

Sales to customers are made in cash or via major credit cards. The maximum exposure to credit risk is represented by the carrying amount of each trade receivables in the reporting date after deducting any provision for impairment of trade receivables, if any. The Group's exposure of credit risk arising from trade receivables is set out in Note 21 to the consolidated financial statements.

(c) Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities. The Group is exposed to liquidity risk in respect of settlement of trade payables and its financing obligations and also in respect of its cash flow management. The Group manages its liquidity needs on a consolidated basis by carefully monitoring scheduled debt servicing payments for long term financial liabilities as well as forecast cash inflows and outflows due in day to day business.

The Group maintains cash and marketable securities to meet its liquidity requirements for up to 30-days periods at a minimum. Funding for longer-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell longer-term financial assets.

42 FINANCIAL RISK MANAGEMENT *(Continued)*

42.2 Financial risk factors *(Continued)*

(c) Liquidity risk (Continued)

Analysed below is the Group's remaining contractual maturities for its non-derivative and derivative financial liabilities at 31 March 2011 and 31 March 2010. When the creditor has a choice of when the liability is settled, the liability is included on the basis of the earliest date on when the Group can be required to pay. Where the settlement of the liability is in instalments, each instalment is allocated to the earliest period in which the Group is committed to pay.

The analysis is based on the contractual undiscounted cash flows of the financial liabilities.

	On demand	**Within one year**	**Over one year**	**Total undiscounted cash flows**	**Carrying amount**
	HK$'000	***HK$'000***	***HK$'000***	***HK'000***	***HK$'000***
At 31 March 2011					
Non-derivative financial instruments					
– Accruals and other payables	**4,759**	**–**	**–**	**4,759**	**4,759**
– Amounts due to non-controlling interests	**297**	**–**	**–**	**297**	**297**
– Borrowings	**24,363**	**–**	**–**	**24,363**	**24,363**
	29,419	**–**	**–**	**29,419**	**29,419**

	On demand	Within one year	Over one year	Total undiscounted cash flows	Carrying amount
	HK$'000	*HK$'000*	*HK$'000*	*HK'000*	*HK$'000*
	(As restated)	(As restated)	(As restated)	(As restated)	(As restated)
At 31 March 2010					
Non-derivative financial instruments					
– Trade payables	–	103	–	103	103
– Accruals and other payables	9,634	–	–	9,634	9,634
– Amounts due to non-controlling interests	1,077	–	–	1,077	1,077
– Borrowings	8,759	–	–	8,759	8,759
	19,470	103	–	19,573	19,573

42 FINANCIAL RISK MANAGEMENT *(Continued)*

42.2 Financial risk factors *(Continued)*

(c) Liquidity risk (Continued)

	On demand *HK$'000*	Within one year *HK$'000*	Over one year *HK$'000*	Total undiscounted cash flows *HK'000*	Carrying amount *HK$'000*
At 31 March 2010					
Derivative financial instruments					
– Equity forward contracts	–	4	–	4	4

	On demand *HK$'000* (As restated)	Within one year *HK$'000* (As restated)	Over one year *HK$'000* (As restated)	Total undiscounted cash flows *HK$'000*	Carrying amount *HK$'000*
At 1 November 2008					
Non-derivative financial instruments					
– Trade payables	–	190	–	190	190
– Accruals and other payables	9,154	–	–	9,154	9,154
– Amounts due to minority interests	1,077	–	–	1,077	1,077
– Borrowings	10,409	1,995	–	12,404	12,404
– Commitment on shareholder's loan to an associate	–	3,600	–	3,600	3,600
	20,640	5,785	–	26,425	26,425

	On demand *HK$'000*	Within one year *HK$'000*	Over one year *HK$'000*	Total undiscounted cash flows *HK$'000*	Carrying amount *HK$'000*
At 1 November 2008					
Derivative financial instruments					
– Equity forward contracts	–	4,405	–	4,405	4,405
– Market-linked instruments with interest swap arrangements	–	1,266	1,230	2,496	2,496
	–	5,671	1,230	6,901	6,901

42 FINANCIAL RISK MANAGEMENT *(Continued)*

42.2 Financial risk factors *(Continued)*

(c) Liquidity risk (Continued)

Bank borrowings with a repayment on demand clause are included in the "on demand or within 1 year" time band in the above maturity analysis. At 31 March 2011, 31 March 2010 and 1 November 2008, the aggregate undiscounted principal amounts of these bank borrowings amounted to HK$22,840,000, HK$8,246,000 and HK$8,978,000, respectively. Taking into account the Group's financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that such bank borrowings will be repaid from 10 years to 20 years after the end of the reporting period in accordance with the scheduled repayment dates set out in the loan agreements.

42.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets that are measured at fair value at 31 March 2011:

	Level 1	Level 2	Level 3	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Assets				
Available-for-sale financial assets	**6,240**	**–**	**–**	**6,240**
Financial assets at fair value through profit or loss	**25,104**	**–**	**–**	**25,104**
Total assets	**31,344**	**–**	**–**	**31,344**

42 FINANCIAL RISK MANAGEMENT *(Continued)*

42.3 Fair value estimation *(Continued)*

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily equity investments classified as trading securities or available for sale.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

During the year, there were no transfers of fair value measurements between level 1 and level 2 and no transfers into or out of level 3.

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

42.4 Capital risk management

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders by pricing goods and services commensurately with the level of risk.

The Group actively and regularly reviews its capital structure and makes adjustments in light of changes in economic conditions. The Group monitors its capital structure on the basis of the net debt to adjusted capital ratio. For this purpose net debt is defined as borrowings less cash and cash equivalents. Adjusted capital comprises all components of equity other than amounts recognized in equity. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

During the year ended 31 March 2011, the Group's overall strategy remains unchanged from prior period.

The net debt to adjusted capital ratio at the end of the reporting period was:

	At 31 March 2011	At 31 March 2010	At 1 November 2008
	HK$'000	*HK$'000*	*HK$'000*
		(As restated)	(As restated)
Borrowings			
– Current	**24,363**	8,759	10,409
– Non-current	**–**	–	1,995
Cash and cash equivalents	**(35,504)**	(30,626)	(46,177)
Net debt	**(11,141)**	(21,867)	(33,773)
Adjusted capital	**165,718**	133,434	148,558
Total debt to capital ratio	**N/A**	N/A	N/A

43. COMPARATIVE FIGURES

For comparative purposes, certain comparative figures have also been reclassified to conform with current period presentation to align with the financial statements presentation of the group.

44. DIVIDEND

The Board does not recommend the payment of a final dividend for the year (for the period ended 31 March 2011: nil).

45. EVENTS AFTER THE REPORTING PERIOD

Save as disclosed elsewhere in these consolidated financial statements, subsequent to the end of the reporting period, the Group had the following material events:

(a) The board of directors of China 3D Digital Entertainment Limited ("China 3D"), announced on 1 February 2011 that China 3D proposed to raise not less than HK$114.0 million and not more than HK$132.5 million, before expenses, by way of a rights issue of not less than 7,601,608,210 China 3D rights shares and not more than 8,828,194,312 China 3D right shares at the subscription price of HK$0.015 per China 3D rights share on the basis of seven China 3D rights shares for every one China 3D share held on the record date payable in full upon application ("China 3D Right Issue").

Under the China 3D Rights Issue, the Group is entitled to accept for an aggregate of 754,012,000 China 3D rights shares under its own entitlement. Furthermore, during the acceptance period of the China 3D Rights Issue, the Group has made additional purchases of nil-paid China 3D rights shares in the market. On 13 April 2011, the Company, itself and through its subsidiary, are interested in 215,320,000 nil-paid China 3D rights shares, which entitled the Group to subscribe for 215,320,000 China 3D rights shares. On this basis, the total consideration to be paid by the Group for a total of 969,332,000 China 3D rights shares which the Group is to take up amounts to HK$14,539,980.

On 13 May 2011, 105,000,000 ordinary shares of HK$0.01 each was issued at an issue price of HK$0.105 each for a total cash consideration HK$11,025,000 through a share placing.

(b) On 13 April 2011, an indirect wholly-owned subsidiary of the Company, (as purchaser) entered into an acquisition agreement with an independent third party (as vendor) regarding the acquisition of a property in Hong Kong at a cash consideration of HK$10,564,000. The completion of acquisition will take place on or before 15 July 2011.

(c) On 3 May 2011, the Company announced that an aggregate of 105,000,000 shares of HK$0.105 each in the capital of the Company were placed to not less than six placees, at the placing price of HK$0.105 per placing share, upon completion of the placing agreement dated 13 May 2011 entered into between the Company and Kingston Securities Limited as the placing agent. The net proceeds from the aforesaid placing amounted to approximately HK$11,030,000. The net proceeds would be used as to approximately HK$10,750,000 from the placing for (i) repayment of mortgage loan of the Group, (ii) general working capital of the Group and (iii) possible investment in the future when opportunities arise.

(d) On 16 June 2011, Yvonne Credit Service Company Limited, an indirect wholly-owned subsidiary of the Company (the "Lender") entered into the loan agreements with Mr. Sze Chun Pong, Forever East Limited, Century International Investment Holdings Limited and Billion Success Capital Investment Limited (collectively referred to as the "Borrowers"), pursuant to which the Lender agreed to grant to the Borrowers the loan facilities amounted to HK$10,000,000 (the "Loan Facilities"). The amount of the Loan Facilities has been drawn down by the Borrowers upon signing of the loan agreements.