沿海綠色家園®

沿海綠色家園有限公司

COASTAL GREENLAND LIMITED

(incorporated in Bermuda with limited liability)

Stock Code : 1124

Creating **Artistic Dimensions**

Providing **Healthy Living Space**

Annual Report 07-08

CONTENTS

Corporate Information

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 1708, 17th Floor
One Exchange Square
8 Connaught Place
Central
Hong Kong
Tel: (852) 2877 9772
Fax: (852) 2524 0931

PRINCIPAL REGISTRARS

Butterfield Corporate Services Limited
Rosebank Centre
11 Bermudiana Road
Pembroke
Bermuda

REGISTRARS IN HONG KONG

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

COMPANY WEBSITE

http://www.coastal.com.cn

INVESTOR RELATIONS WEBSITE

http://www.irasia.com/listco/hk/coastal

EXECUTIVE DIRECTORS

Mr. CHAN Boon Teong *(Chairman)*
Mr. JIANG Ming *(Vice Chairman)*
Mr. TAO Lin
Mr. CHENG Wing Bor
Mr. LIN Chen Hsin
Mr. WU Xin *(Managing Director)*
Mr. CAI Shaobin

NON-EXECUTIVE DIRECTORS

Mr. ZHENG Hong Qing
Mr. Oliver P. WEISBERG
Mr. HU Aimin
Mr. ZHANG Yijun
Mr. ZHANG Huaqiao

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. TANG Lap Yan
Mr. LAW Kin Ho
Mr. WONG Kai Cheong

COMPANY SECRETARY

Mr. CHENG Wing Bor FCCA, CPA

QUALIFIED ACCOUNTANT

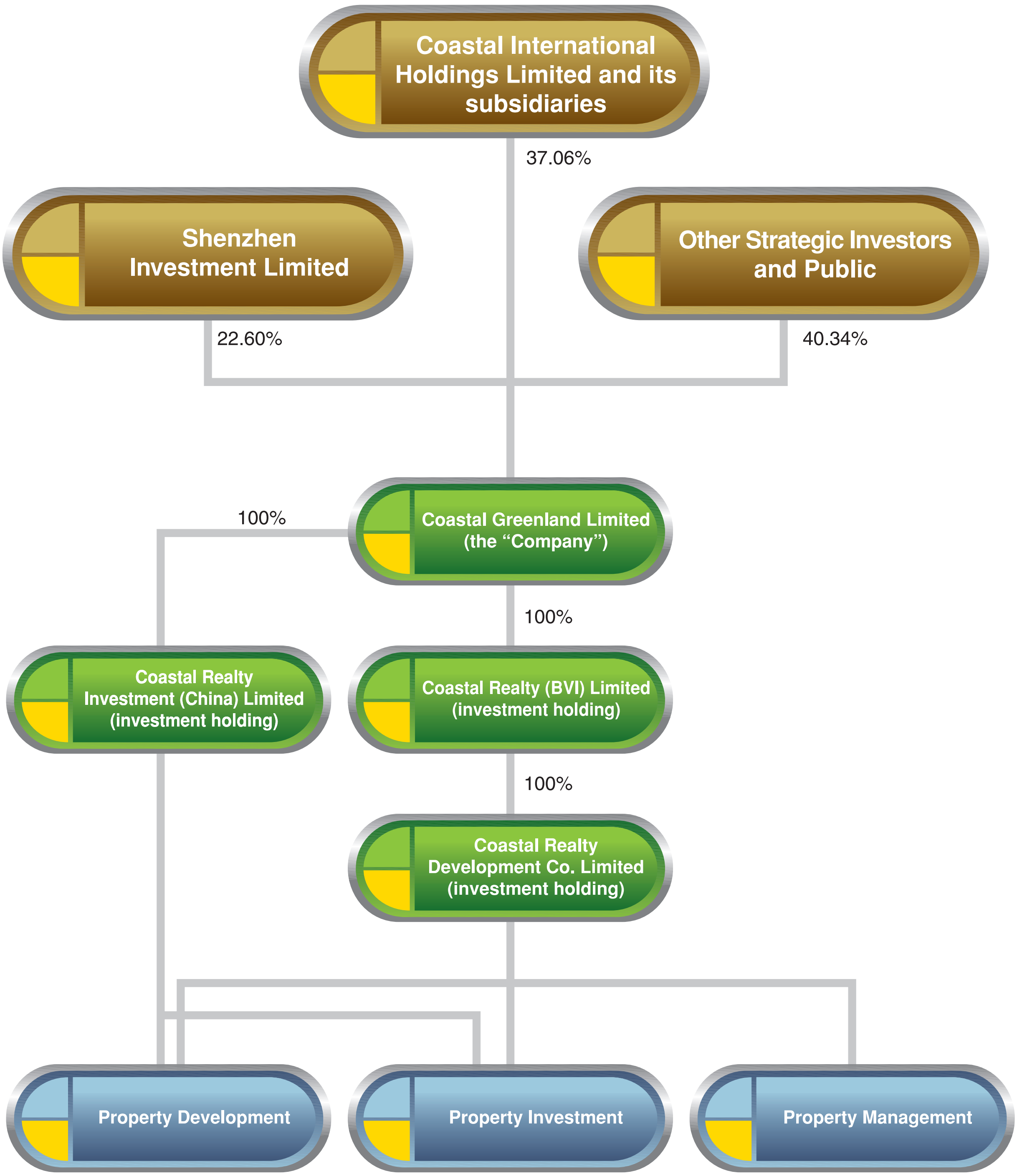
Mr. FUNG See Man FCCA, CPA

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants

STOCK CODE

1124


Coastal International Holdings Limited and its subsidiaries
37.06%
Shenzhen Investment Limited
22.60%
Other Strategic Investors and Public
40.34%
Coastal Greenland Limited (the "Company")
100%
100%
Coastal Realty Investment (China) Limited (investment holding)
Coastal Realty (BVI) Limited (investment holding)
100%
Coastal Realty Development Co. Limited (investment holding)
Property Development
Property Investment
Property Management

Financial Highlight

The following is a summary of the published consolidated results and of the assets and liabilities of the Group for the last five financial years as extracted from the audited financial statements and adjusted retrospectively for the effect of the impact of the new and revised Hong Kong Financial Reporting Standards, including Hong Kong Accounting Standards and Interpretations, issued by the Hong Kong Institute of Certified Public Accountants, as set out in note 2 to the consolidated financial statements for the year ended 31 March 2006.

RESULTS

	Year ended 31 March				
	2008	2007	2006	2005	2004
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
				(Restated)	(Restated)
Revenue	**3,722,156**	2,012,246	759,107	552,914	841,473
Profit before taxation	**869,660**	354,490	171,842	144,872	91,679
Profit for the year attributable to equity holders of the Company	**364,694**	126,703	105,035	102,403	52,234
Dividends	**–**	50,749	43,182	–	–

ASSETS AND LIABILITIES

	As at 31 March				
	2008	2007	2006	2005	2004
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
				(Restated)	(Restated)
Total assets	**11,935,321**	10,221,521	5,398,368	4,569,756	3,014,428
Total liabilities	**(8,238,888)**	(7,809,505)	(3,751,642)	(3,189,135)	(1,714,942)
Total equity	**3,696,433**	2,412,016	1,646,726	1,380,621	1,299,486
Minority interests	**(435,942)**	(430,929)	(40,628)	(59,315)	(45,011)
Equity attributable to equity holders of the Company	**3,260,491**	1,981,087	1,606,098	1,321,306	1,254,475

	Year ended 31 March	
	2008	2007
	HK$'000	HK$'000
Revenue by activity		
– Sale of properties	**3,710,681**	2,002,712
– Rental income	**6,823**	6,101
– Property management	**4,652**	3,433
Total	**3,722,156**	2,012,246

	Year ended 31 March	
	2008	2007
	HK$'000	HK$'000
Contribution to operating results by activity		
– Sale of properties	**1,035,634**	598,769
– Rental income	**83,961**	75,280
– Property management	**555**	(2,034)
	1,120,150	672,015
Unallocated corporate expenses	**(58,057)**	(121,958)
Net foreign exchange gains	**56,450**	–
Fair value gain on warrants	**49,776**	–
Fair value loss on derivative liability component of convertible bonds	**(222,503)**	(166,484)
Fair value loss on currency swap contract	**(37,405)**	–
Interest income	**6,728**	6,601
Finance costs	**(49,170)**	(34,778)
Share of profit (loss) of associates	**3,691**	(906)
Profit before taxation	**869,660**	354,490

CHAIRMAN’S STATEMENT

Suzhou Commercial Project

On behalf of Coastal Greenland Limited (the "Company"), I have the pleasure to present to the shareholders the Group's financial results and operation report for the year ended 31 March 2008 as follows:

Chan Boon Teong
Chairman

RESULTS

For the financial year ended 31 March 2008, the Group has recorded a revenue of about HK$3,722.2 million and profit attributable to equity holders of the Company of approximately HK$364.7 million. Earnings per share for the year were HK13.81 cents.

DIVIDENDS

The Board of Directors does not recommend the payment of a final dividend for the year ended 31 March 2008.

BUSINESS OVERVIEW

The Group achieved encouraging operating results for the financial year with revenue and profit attributable to shareholders up by 85% and 188% respectively from last financial year.

Profit before interest, taxation, depreciation, amortisation and net non-cash charges arising from fair value adjustments for derivative component of the convertible bonds and warrants issued by the Company was HK$1,281.9 million as compared to last year's HK$625.3 million on the same basis. With the interest costs for the financial year of HK$445.3 million (2007: HK$371.4 million), profit before interest, taxation, depreciation, amortisation and the net non-cash charges in respect of the convertible bonds and warrants had a coverage of 2.88 times over interest costs, an improvement of 71% from 1.68 times last year.

The property market in China continued to thrive during the year under review. The Group had demonstrated its ability to step up its development volume so as to tap the booming property market. The gross floor area completed by the Group for the year was 795,800 sq.m., an increase of 63% from last year. Gross profit margin also increased to 33% versus last year's 24%, attributable mainly to the increase in the selling price of the properties completed by the Group.

The Group's well-recognised corporate brand and the business strategy of maintaining a geographically well diversified property portfolio had continued to contribute to the satisfactory performance of the Group.

During the year, the Company raised US$150 million from the capital market by the issue of certain 12% senior notes due 2012. Part of the proceeds was used to redeem the senior notes of US$77.5 million and the balance was used by the Group to fund acquisition of property development projects and as general working capital purpose.

In respect of land reserve, the Group continues to adopt a policy of maintaining land reserve to a level as sufficient for 3 to 4 years' development requirement. The Group has on hand a land reserve with gross floor area of about 4.6 million sq.m. The Group will focus on development projects in the existing geographic locations where it has the local market knowledge and solid business connections and proven track records.

The Group is engaged in residential property development business as well as in the business of investing in quality commercial properties, including hotels and offices, at prime locations in major cities in the PRC. The Group plans to build up an investment property portfolio that will account for about 30% of its overall property portfolio in the next three to five years so as to enable the Group to generate more stable recurring income and capture the potential value appreciation of property.

Jiangxi Riviera Garden

To gain access of the PRC capital market and enhance its business presence in the PRC, the Group has proposed to inject its residential property development business into Shanghai Fenghwa Group Company Limited ("Shanghai Fenghwa"), currently an associate in which the Group has a 21.13% interest, in exchange for new shares to be issued by Shanghai Fenghwa. The proposed transaction is pending approvals from the relevant regulatory authorities and the terms of the transactions, including the share consideration in exchange for the assets to be injected by the Group are not yet finalised. There is no assurance that the proposed transaction may or may not proceed eventually. If it were approved and completed, Shanghai Fenghwa would become a subsidiary of the Company.

OUTLOOK

Various macro economic control measures implemented by the Chinese government including tight credit policy and restrictions in relation to property development orientation, taxation, financing and land supply etc, specific to the real estate sector are expected to cool down the PRC property market in the near term and in the long run bring stability and sustainability to the real estate sector. With more stringent requirements and financial demands imposed on property developers, smaller developers will become less competitive in the marketplace and more opportunities will be available to larger developers with more resources. The Group believes it is well positioned to take on new challenges and capture the new opportunities with its prudent growth strategy and with the support of its experienced and qualified management team, well-recognised corporate brand, strong internal and external financial sources accessible in the domestic and overseas capital markets, and its geographically well diversified quality development and investment property portfolio on hand.

Show flat of Shanghai Riviera Garden

Dongguan Riviera Villa

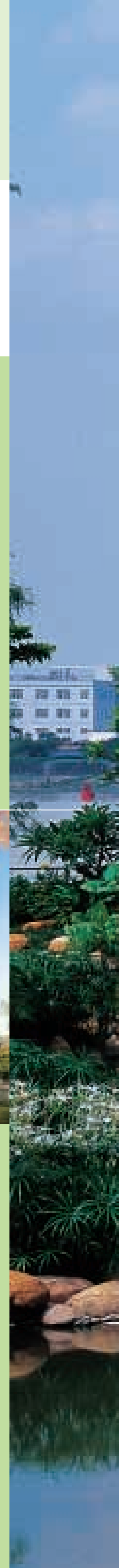
APPRECIATION

On behalf of the Board, I would like to express my gratitude to the management team and our staff for their diligence and contributions to the Group in the past year. I would also like to thank my fellow directors, business partners, customers, suppliers, bankers and shareholders of the Group for their continued support and trust over the years.

Chan Boon Teong
Chairman

Hong Kong
15 July 2008

MANAGEMENT DISCUSSION AND ANALYSIS



Dongguan Riviera Villa

Shanghai Riviera Garden

BUSINESS REVIEW

For the financial year ended 31 March 2008, revenue of the Group rose by about 85% to HK$3,722.2 million. Profit before interest (interests in the amounts of HK$181.7 million and HK$49.2 million were included in cost of sales and finance costs respectively), taxation, depreciation and amortisation was HK$1,109.2 million (2007: HK$458.8 million), which was after the deduction of net non-cash charges of HK$172.7 million (2007: HK$166.5 million) arising from fair value adjustments for derivative component of the convertible bonds and warrants issued by the Company caused by changes in the share price of the Company's shares during the year. Before such charges were deducted, profit before interest, taxation, depreciation and amortisation was HK$1,281.9 million, an increase of 105% as compared to last year's HK$625.3 million on the same basis. Profit attributable to equity holders of the Company increased by about 188% to HK$364.7 million. For the year under review, the Group derived profit mainly from the sale and completion of properties of Phases III and V of Beijing Silo City, Phase I of Shanghai Riviera Garden, Phases I and II of Dongguan Riviera Villa, Phase I of Wuhan Silo City and Phase III of Jiangxi Riviera Garden.

BUSINESS REVIEW *(Continued)*

Revenue

The following table sets out an analysis of the Group's revenue together with the contribution to operating results by activity:

	Year ended 31 March				
	2008		2007		
	Revenue HK$'000	**Contribution to operating results HK$'000**	Revenue HK$'000	Contribution to operating results HK$'000	
Property development	**3,710,681**	**1,035,634**	2,002,712	598,769	
Property investment	**6,823**	**83,961**	6,101	75,280	(Note)
Property management	**4,652**	**555**	3,433	(2,034)	
Total	**3,722,156**	**1,120,150**	2,012,246	672,015	

Note: The amount included a surplus of HK$81.2 million (2007: HK$79.6 million) arising from revaluation of investment properties.

The Group derived revenue for the year mainly from operations in the mainland of the People's Republic of China (the "PRC").

Wuhan Silo City

Beijing Silo City

BUSINESS REVIEW *(Continued)*

Property Development

In the year under review, the PRC property market had performed robustly. The Group's property sale has further hit its record high, registering a sale revenue of HK$3,710.7 million, an 85% increase from last year. The revenue mainly came from sales of Phases III and V of Beijing Silo City, Phase I of Shanghai Riviera Garden, Phases I and II of Dongguan Riviera Villa, Phase I of Wuhan Silo City and Phase III of Jiangxi Riviera Garden, which respectively accounted for about 38.0%, 17.9%, 17.8%, 17.3% and 5.1% of the revenue from property sale. The remaining 3.9% came from sales of remaining inventory units of the Group's other completed development projects and the provision of levelling and clearance services for a parcel of land jointly developed by the Group and the local government in the PRC.

The Group completed development projects of total gross floor area ("GFA") of approximately 795,800 sq.m. (2007: 489,041 sq.m.) during the year ended 31 March 2008, about 63% more than in the previous year. Of the total GFA completed, about 762,675 sq.m. (2007: 436,851 sq.m.) were attributable to the Group.

During the year, the Group completed the disposal of 80% equity interest in Shenyang Hunnan Residential Development Project to a connected party who is the 50% joint venture partner in the Group's Dalian Xinghai Bay Project. The disposal brought a gain of HK$40.8 million. The disposal of 20% equity interest in Shenyang Hunnan Commercial Development Project to the same connected party is expected to be completed in late July 2008 and the related gain will be recorded in the financial year ending 31 March 2009.

Property Investment

As for leasing business, revenue from property rental increased by about 12% to HK$6.8 million from last year's HK$6.1 million. Rental income for the year was mainly derived from the properties held by the Group in Shanghai Golden Bridge Mansion, Shenyang Dongbei Furniture and Ornaments Plaza and retail shops in Phases I and II of Beijing Silo City.

The contribution from property investment segment increased to HK$84.0 million for the year which mainly came from the revaluation surplus of the investment properties of HK$81.2 million (2007: HK$79.6 million) and the rental of retail shops in Phases I and II of Beijing Silo City which were completed towards the end of last year and had started to make rental income contribution in current year.

BUSINESS REVIEW *(Continued)*

Property Management

The Group's property management operations recorded a profit of about HK$0.6 million for the year as compared to last year's loss of about HK$2.0 million. The Group is committed to providing integrated and value-added property management services to foster good relations with tenants and owners and its brand image.

Gross Profit Margin

The overall gross profit margin for the year was about 33% which is higher than last year's about 24%. The improvement was mainly the result of the increase in the selling price of the properties completed during the year.

Gain on Disposal of Property Based Subsidiaries

The gain for the current year arose mainly from the disposal of the 80% property interest in Shenyang Hunnan Residential Development Project. The gain recorded last year came mainly from the disposal of the remaining property interests in Anshan Greenland IT City and Shanghai Riviera Villa. These transactions were made by means of disposal of the equity interests in the relevant project holding companies.

Fair Value Gain on Warrants

During the year, the Company issued 111,622,500 unlisted warrants conferring rights to subscribe for up to 111,622,500 new ordinary shares of HK$0.10 each in the Company at the exercise price of HK$2.46 per share (subject to adjustments) from the issue date to 8 November 2012. The fair value of the warrants is determined, upon issuance, and is carried as a derivative financial liability. The changes in fair value of the warrants are dealt with in the income statement. Since the share price of the Company as at 31 March 2008 was lower than the exercise price of the warrants, a fair value gain of HK$49.8 million arose.

Other Income

Other income for the year mainly represented the net foreign exchange gains of HK$56.5 million on translation of the Company's United States dollar denominated debts into the Group's functional currency Renminbi, which had appreciated against United States dollars during the year.

Marketing, Selling and Administrative Expenses

Marketing and selling costs increased to HK$101.4 million from HK$31.8 million last year as a result of the increase in the Group's property development and selling activities.

Administrative expenses increased to HK$152.3 million from HK$88.4 million last year as a result of the business expansion and share options granted to the directors and employees of the Group. The Group continued to recruit high-calibre professionals to join the management team at its headquarters and for project companies. As an incentive and reward to staff, the Company granted 125,940,000 share options to the directors and employees of the Group during the year and the related share-based payment amounting to HK$23.8 million was included in administrative expenses for the year.

BUSINESS REVIEW *(Continued)*

Fair Value Loss on Derivative Component of Convertible Bonds

Fair value loss on derivative component of convertible bonds increased by about 34% to HK$222.5 million from HK$166.5 million last year as a result of the increase in the share price of the Company at the conversion date of the bonds as compared to that at the beginning of the year. That was a non-operating loss which did not involve any cash outflow. All the convertible bonds had been converted into shares of the Company during the year.

Fair Value Loss on Currency Swap Contract

There was a fair value loss of HK$37.4 million on a currency swap contract which was entered into for hedging the Company's borrowings denominated in United States dollars against Renminbi. The currency swap contract was unwound during the year upon the repayment of US$77.5 million senior notes. The impact of the loss was offset by the exchange gain which was recorded as other income.

Other Expenses

Other expenses for the year mainly represented interest compensating payments of HK$29.8 million for late handover of certain completed properties in Phases I and II of Beijing Silo City to the purchasers.

Finance Costs

During the year, the Group incurred finance costs before capitalisation (mainly interest for bank and other borrowings, including senior notes and convertible bonds) of HK$445.3 million, an increase of about 20% as compared to the HK$371.4 million incurred last year. The increase was mainly due to an overall increase in the level of bank and other borrowings for funding business expansion including development of ongoing projects and acquisition of new development projects.

Acquisition of New Projects

During the year under review, the Group completed the acquisition of equity interest in the following projects:

Projects	Estimated gross floor area	Group's interests	Type of development
Beijing Shengming Kexueyuan Project	39,173 sq.m.	100%	Residential with attached commercial
Suzhou Commercial Project	116,600 sq.m.	100%	Offices/shops/hotel/service apartment

BUSINESS REVIEW *(Continued)*

Corporate Brand

Coastal Greenland, the corporate brand, had been ranked among the top ten most valuable Chinese real estate company brands for the four consecutive years between 2004 and 2007 by an authoritative PRC real estate research team formed by the Development Research Center of the State Council, the Tsinghua University Real Estate Research Center and the China Index Research Team.

REVIEW OF MAJOR PROPERTIES AND DEVELOPMENT PROJECTS

The Group's business strategy is to develop quality residential estates for the PRC middle class domestic market and quality commercial properties for investment. A summary of the status of the Group's major properties and development projects is set out below.

Development projects of the Group

Beijing Silo City

Beijing Silo City is a large-scale, high quality residential and commercial development located in Chaoyang District, close to the central business district of Beijing. The development has a unique modern design and convenient transportation options. The Group owns 100% of Beijing Silo City. The development has a total site area of about 216,025 sq.m. The Group plans to develop it into a residential/commercial/leisure complex with a total GFA of about 860,000 sq.m. The development is being carried out in phases.

The construction of the first two phases with a total GFA of 235,300 sq.m. was completed in March 2007. As of 31 March 2008, the Group held a total GFA of about 36,701 sq.m., comprising a clubhouse with a GFA of 563 sq.m., certain commercial areas with a GFA of 9,809 sq.m. and carpark areas with a GFA of 26,329 sq.m., which are held by the Group as fixed assets, investment properties and for sale respectively.

Phase III has a total GFA of about 79,000 sq.m. and was completed in September 2007. Pre-sale of Phase III commenced in April 2006. As of 31 March 2008, all residential units were sold out. Retail shops with a GFA of 157 sq.m. and carpark areas with a GFA of 7,513 sq.m. were held for sales; a clubhouse with a GFA of 316 sq.m. is held as fixed assets.

The development plan of Phase IV has been revised from commercial property to residential property. Phase IV development has been divided into the East and the West Districts. The total GFA is revised to about 145,200 sq.m. Construction and pre-sale is planned to be commenced in late 2008 and the Group expects the East and the West districts will be completed in July 2009 and January 2010 respectively.

Phase V has a total GFA of about 116,700 sq.m. The construction of this phase commenced in August 2006 and was completed in March 2008. As of 31 March 2008, all residential units were sold out; retail shops with a GFA of 5,856 sq.m. were held for sales.

Phase VI has a total GFA of about 112,400 sq.m., the construction was started at the beginning of 2008 and the completion is expected to be in mid-2009. Pre-sale was commenced in early 2008 and about 23% GFA has been pre-sold as at 31 March 2008.

Phase VII with a total GFA of about 180,100 was started for construction in November 2007 and the Group expects completion of it by early 2009. Pre-sale was commenced in December 2007 and about 43% GFA has been pre-sold as at 31 March 2008.

REVIEW OF MAJOR PROPERTIES AND DEVELOPMENT PROJECTS *(Continued)*

Development projects of the Group *(Continued)*

Beijing Shengming Kexueyuan Project

Beijing Shengming Kexueyuan is a project acquired by the Group during the year with a total site area of about 21,889 sq.m. The Group owns 100% of the project. The site is to be developed into a residential estate with an estimated GFA of 39,173 sq.m. and the construction of it is expected to be started in late 2008 with completion scheduled to be in late 2009.

Beijing Sunvilla Realhouse

Beijing Sunvilla Realhouse is a high quality residential development in Panggezhuang Town, an attractive location in Daxing County, Beijing. The Group owns 100% of Beijing Sunvilla Realhouse. The development comprises a villa estate with a total site area of about 484,421 sq.m. The development is being carried out in three phases.

Phase I has a total GFA of about 62,900 sq.m. The construction of this phase has been completed and all units were sold out. The Group holds a clubhouse with a GFA of about 4,189 sq.m. as fixed assets.

Phase II has a total GFA of about 49,260 sq.m. The construction of section A with a total GFA of about 35,002 sq.m. has been completed and all units were sold out. The construction of the remaining section B is to be completed in late 2008. About 93% of the GFA of section B was pre-sold as of 31 March 2008.

The Group plans to start the construction of Phase III with a total GFA of about 22,300 sq.m. in 2009.

Chengdu Longquanyi Project

The Group plans to develop the site into a low-density residential estate with ancillary facilities and an attached commercial area with a total GFA of about 222,534 sq.m. The Group is holding 79% equity interest of the development.

Dalian Xinghai Bay Project

Dalian Xinghai Bay Project has a total site area of about 34,001 sq.m. and is to be developed into a residential/commercial complex with a total GFA of about 369,800 sq.m. The development is being carried out in two phases with GFA of about 216,500 sq.m. and 153,300 sq.m. for Phase I and Phase II respectively. The Group owns 50% equity interest in the development.

The foundation work of Phase I was started in November 2007. Phase I is expected to be completed in 2010. Pre-sale is scheduled to be started in August 2008.

The construction of Phase II is planned to be commenced in 2009 and is expected to be completed in 2011.

REVIEW OF MAJOR PROPERTIES AND DEVELOPMENT PROJECTS *(Continued)*

Development projects of the Group *(Continued)*

Dongguan Riviera Villa

Dongguan Riviera Villa is an upscale low-density residential estate development with ancillary facilities and an attached commercial area in the Dao Jiao District of Dongguan. The Group owns 100% of Dongguan Riviera Villa. The project has a site area of about 382,649 sq.m. and the development is being carried out in three phases.

Phase I has a total GFA of about 59,000 sq.m. and the total GFA of Phase II is about 66,000 sq.m. The constructions of Phase I and Phase II were completed in July 2007 and March 2008 respectively. As of 31 March 2008, about 90% of the GFA in Phase I and about 43% of the GFA in Phase II were sold. In addition, the Group has entered into an agreement with a sale agent whereby the sale of 149 units, representing about 57% of the GFA in Phase II were underwritten by the sale agent. Revenue is recognised upon sale of these units made by the sale agent to the ultimate customers and upon the expiration of the underwriting period when the sale agent has to purchase all the units remained unsold.

The construction of Phase III with a total GFA of about 192,000 sq.m. is to be started in September 2008. Pre-sale is scheduled to be in March 2009; completion is planned to be carried out by sections between May 2009 and December 2009.

Jiangxi Riviera Garden

Jiangxi Riviera Garden is a low-density residential estate development with ancillary facilities and an attached commercial area located at south of Gaoxin Avenue in Changling Town, Xinjian County, Jiangxi. The Group owns 100% of Jiangxi Riviera Garden. The development has a site area of about 186,394 sq.m. and is being carried out in four phases.

The development of Phases I and II with a total GFA of about 125,300 sq.m. were completed and about 95% of the GFA was sold as at 31 March 2008.

The construction of Phase III with a total GFA of about 76,000 sq.m. was started in March 2007 and was completed in March 2008. As of 31 March 2008, about 81% of the GFA in Phase III was sold.

The construction of Phase IV with a total GFA of about 83,300 sq.m. was started in October 2007. Completion is expected to be in late 2008. Pre-sale is scheduled to be commenced in August 2008.

Shanghai Riviera Garden

Shanghai Riviera Garden is a low-density residential estate development on Mingzhong Road in Songjiang District of Shanghai. The Group owns 100% of Shanghai Riviera Garden. The development has a site area of about 320,118 sq.m. and is being carried out in two phases.

The construction of Phase I with a total GFA of about 135,400 sq.m. was started in May 2005 and was completed in September 2007. As of 31 March 2008, 61% of the GFA in Phase I was sold.

The construction of Phase II with a total GFA of about 157,400 sq.m. is planned to be commenced in August 2008 and completion is expected to be carried out by sections between March 2009 and December 2009. The pre-sale is scheduled to be started in late 2008.

REVIEW OF MAJOR PROPERTIES AND DEVELOPMENT PROJECTS *(Continued)*

Development projects of the Group *(Continued)*

Shenyang Dongbei Furniture and Ornaments Plaza

Shenyang Dongbei Furniture and Ornaments Plaza located at Shenliao Road, Yuhong District, Shenyang, Liaoning Province is a property developed by an independent PRC developer and was acquired by the Group and held as an investment property. The Group owns 100% of Shenyang Dongbei Furniture and Ornaments Plaza. The property comprises two office buildings of 2 and 7 storeys respectively, a 5-storey exhibition center, an 8-storey guest house, a carport, various single-storey warehouses and business shops. The Group held a total GFA of about 80,752 sq.m.

The Group is considering to redevelop the property into a residential composite development in phases.

Shenyang Hunnan Project

Shenyang Hunnan Project is a development located in Hunnan New District, Shenyang, Liaoning Province with a site area of about 89,400 sq.m. and a total GFA of about 533,600 sq.m.; 346,500 sq.m. are planned for residential development and 187,100 sq.m. are for commercial development. During the year, the Group has completed the disposal of 80% equity interest in Shenyang Hunnan Residential Development Project to the 50% joint venture partner in the Group's Dalian Xinghai Bay Project. The disposal of 20% equity interest in Shenyang Hunnan Commercial Development Project is expected to be completed in late July 2008.

The residential project is to be developed in two phases. The construction of Phase I with a GFA of about 111,230 sq.m. was started in September 2007 and is to be completed by the end of 2008. Pre-sale of Phase I was started in March 2008. The development of Phase II with a GFA of about 235,270 sq.m. had commenced in April 2008.

The commercial project comprises office buildings, shops and a hotel with GFA of about 34,000 sq.m. The commercial project is planned to be developed in two phases with the development of Phase I with a GFA of about 131,300 sq.m. to be started in early 2009.

Suzhou Commercial Project

The Group completed the acquisition of a partly-developed commercial project in Suzhou during the year and owns 100% equity interest of it. The development with a total GFA of about 116,600 sq.m. is located at West Ganjiang Road, Jinchang District, Suzhou. The development is to be completed by two phases.

Phase I consists of a 49-storey building for offices and a hotel of GFA of about 30,000 sq.m. and 38,300 sq.m. respectively and a building of service apartment with a total GFA of 14,000 sq.m. The construction is to be completed in late 2008. The hotel will be managed by the Marriott and is scheduled to be launched for business in early 2009. The Group will hold the properties for investment upon completion except for the service apartments which are for sale.

The Group is planning to start the construction of Phase II which consists of service apartment and shops in mid-2009 and completion is expected to be in early 2011.

REVIEW OF MAJOR PROPERTIES AND DEVELOPMENT PROJECTS *(Continued)*

Development projects of the Group *(Continued)*

Wuhan Lakeside Apartment

Wuhan Lakeside Apartment is a low-density large-scale residential estate development with ancillary facilities and an attached commercial area with a total GFA of about 344,000 sq.m. The development was carried out in phases.

The construction of Phases I to IV with a total GFA of about 282,242 sq.m. was completed. Almost all units were sold except a remaining GFA of about 1,972 sq.m. was held for sale as at 31 March 2008. The Group also holds a clubhouse with a GFA of 1,670 sq.m. as fixed assets.

The Group had entered into a joint development agreement with an independent third party developer (the "Third Party Developer") to develop the remaining phase of Wuhan Lakeside Apartment, with a site area of 79,831 sq.m. Under the agreement, the Third Party Developer was wholly responsible for the development of the remaining phase of Wuhan Lakeside Apartment and the Group would receive a guaranteed return from the Third Party Developer. The Group had fulfilled and completed all its obligations under the agreement and the whole amount of the guaranteed return had been paid by the Third Party Developer to the Group, which was deferred to be recognised as income and booked as a deposit received and deferred revenue.

Wuhan Silo City

Wuhan Silo City is an upscale residential and commercial development conveniently located at north of Jinshan Avenue in Dongxihu District of Wuhan. The Group owns 100% of Wuhan Silo City. This large-scale development has a site area of about 874,947 sq.m. and a planned total GFA of about 1,460,000 sq.m., which includes both residential and commercial areas. The development is being carried out in phases.

Phase I has a total GFA of about 221,700 sq.m. The construction was commenced in December 2005 and was completed in March 2008. Pre-sale of Phase I was commenced in April 2007. As of 31 March 2008, about 78% of the total GFA in Phase I was sold.

Phase II with a total GFA of about 217,000 sq.m. was started for construction in April 2008. The construction is expected to be completed in March 2009. The pre-sale was commenced in July 2008.

Phase III has a GFA of about 166,000 sq.m. The construction of Phase III is planned to be commenced in late 2008 with completion expected in late 2009. The development plan for the remaining phases will be fixed later as the development goes forward.

REVIEW OF MAJOR PROPERTIES AND DEVELOPMENT PROJECTS *(Continued)*

Development projects of the Group *(Continued)*

New Projects

The Group has recently entered into agreements to acquire 65% and 90% equity interests in the Beijing Jian Guo Men Wai Project and Wuhan Tushu Dashijie Project respectively. Beijing Jian Guo Men Wai Project is a commercial project located at a prime location in the central business district in Beijing. The development plan for this project is an office building with a total GFA of about 40,000 sq.m. Wuhan Tushu Dashijie Project is another commercial project located at a prime location in the downtown area of Wuhan. The project is a composite development which may comprise service apartments and a hotel and offices with a total GFA of about 133,000 sq.m. Completion of these acquisitions is expected to be taken place between September 2008 and December 2008.

Development projects of an associate

The Group owns about 21.13% equity interests in Shanghai Fenghwa Group Company Limited ("Shanghai Fenghwa") whose shares are listed in the Shanghai Stock Exchange. Set out below is the status of the property projects being developed by Shanghai Fenghwa.

Anshan Greenland IT City

Anshan Greenland IT City is a large-scale development with a total site area of about 268,807 sq.m. located in Qianshan District, Anshan, Liaoning Province. The project is being developed into a low-density residential estate with ancillary facilities and an attached commercial area in six phases. The development of the first five phases has been completed and almost all the units in them were sold out.

The last phase has a total GFA of about 75,300 sq.m. and its development was subdivided into two sections, E and L. The construction of section E with a total GFA of 42,000 sq.m. was completed in December 2007. 49% of the GFA was sold as at 31 March 2008.

The construction of section L with a total GFA of 33,300 sq.m. will be completed in late 2008. Pre-sale is to be launched in late July 2008.

Anshan Qianshan Road Project

The project has a total GFA of about 20,000 sq.m. comprising mainly shopping areas. Shanghai Fenghwa intends to develop the project for sale. The development is planned to be commenced and completed in 2009.

Anshan IT New City

The project is located at North Shengli Road, Lishan District, Anshan, Liaoning Province with a total GFA of about 203,100 sq.m. and is being developed into a residential estate by phases. The construction of Phase I with a total GFA of about 45,000 sq.m. was commenced in April 2008 and is expected to be completed in December 2008. Pre-sale is scheduled to be commenced in August 2008. Phase II has a total GFA of about 84,000 sq.m. The construction of Phase II is scheduled to be commenced in March 2009.

REVIEW OF MAJOR PROPERTIES AND DEVELOPMENT PROJECTS *(Continued)*

Development projects of an associate *(Continued)*

Chengdu Dujiangyan Project

The project has a site area of 48,367 sq.m. and will be developed into a residential estate with a total GFA of about 77,400 sq.m. The land was acquired by the associate through a public auction of the parcel of the land in Chengdu Dujiangyan developed by the Group. The construction of project is scheduled to be commenced in early 2009.

LAND DEVELOPMENT

The Group is persistently seeking for suitable landbank additions with reasonable costs for its future development. A mean to acquire land at a lower cost is by participating in land development in co-operation with relevant government authorities or landowners. Land development involves arrangement for resettlement of existing residents and designing and proposing property development plan for approval by relevant government authorities etc. By participating in land development the Group is entitled to share the profit from the ultimate auction of the land developed and at the same time has the opportunity to participate in the planning of the land use which could enhance the Group's competitive position in the land auction process. During the year, the Group has participated in the land development detailed as follows:

Project	Site area of the development (sq.m.)	Estimated GFA of the development (sq.m.)	Type of development for which the land use is intended to be converted	Interest attributable to the Group
Beijing Shunyi Project	94,483	203,000	Residential with ancillary commercial facilities	70.8%
Chengdu Dujiangyan Project	267,481	427,970	Residential with ancillary commercial facilities	100%
Total	361,964	630,970		

Please refer to the Schedule of Major Properties on pages 131 to 136 of the Annual Report for further information about the properties and development projects of the Group.

FINANCIAL REVIEW

Financial Resources and Liquidity

The Group's principal source of fund is the cashflow generated from property sales and leasings, supplemented by bank and other borrowings.

At 31 March 2008, the net borrowings of the Group, being interest-bearing bank and other borrowings less cash and bank balances and pledged bank deposits, amounted to about HK$3,365 million (2007: HK$2,799 million). Net debt to total equity ratio, which is expressed as a percentage of net borrowings over total equity of the Group, decreased by about 25% to 91% from 116% last year. The improvement in net debt to total equity ratio was mainly due to (i) the conversion of convertible bonds of US$40 million into 443,862,857 ordinary shares of the Company during the year, (ii) significant profits made during the year and (iii) a further issue of 31,200,000 shares pursuant to the exercise of the share options granted under the share option scheme adopted on 20 September 1997.

Profit before interest, taxation, depreciation, amortisation and net non-cash charges arising from fair value adjustments for derivative component of the convertible bonds and warrants issued by the Company was HK$1,281.9 million as compared to last year's HK$625.3 million on the same basis. With the interest costs for the financial year of HK$445.3 million (2007: HK$371.4 million), profit before interest, taxation, depreciation, amortisation and the net non-cash charges in respect of the convertible bonds and warrants had a coverage of 2.88 times over interest costs, an improvement of 71% over 1.68 times last year.

During the year, the Company issued 1,500 units 12% guaranteed senior notes due 2012 of principal amount of US$150 million (equivalent to approximately HK$1,170 million) and 111,622,500 warrants for 111,622,500 ordinary shares of HK$0.10 each in the Company. The net proceeds had been used to redeem the retired senior notes of US$77.5 million (equivalent to approximately HK$604.5 million), to finance acquisition of property development projects and as general working capital of the Group.

FINANCIAL REVIEW *(Continued)*

Borrowings and Charges

At 31 March 2008, the level of bank and other borrowings of the Group and their maturity profile are as follows:

	2008 HK$'000	2007 HK$'000
Bank loans repayable:		
Within one year or on demand	**1,069,742**	559,443
In the second year	**1,346,092**	983,706
In the third to fifth years inclusive	**586,872**	636,630
	3,002,706	2,179,779
Other borrowings (including senior notes and convertible bonds) repayable:		
Within one year or on demand	**490,901**	204,893
In the second year	**180,655**	1,451,003
In the third to fifth years inclusive	**1,035,385**	281,520
Beyond five years	**685**	6,391
	1,707,626	1,943,807
	4,710,332	4,123,586

An analysis by currency denomination of the above borrowings is as follows:

	2008 HK$'000	2007 HK$'000
Renminbi	**3,686,107**	3,271,333
United States dollars	**1,024,225**	852,253
	4,710,332	4,123,586

The bank and other borrowings bear interest rates based on normal commercial terms.

(a) Certain of the Group's bank and other loans as at 31 March 2008 were secured by:

(i) certain property, plant and equipment of the Group with an aggregate carrying value of approximately HK$70 million (2007: HK$34 million);

(ii) certain construction-in-progress of the Group with an aggregate carrying value of approximately HK$694 million (2007: nil);

FINANCIAL REVIEW *(Continued)*

Borrowings and Charges *(Continued)*

(iii) certain investment properties of the Group with an aggregate carrying value of approximately HK$64 million (2007: HK$246 million);

(iv) certain leasehold lands of the Group with an aggregate carrying value of approximately HK$95 million (2007: HK$89 million);

(v) certain properties under development of the Group with an aggregate carrying value of approximately HK$3,897 million (2007: HK$4,284 million);

(vi) certain completed properties for sale of the Group with an aggregate carrying value of approximately HK$864 million (2007: HK$211 million); and

(vii) corporate guarantees from the Company and certain of its subsidiaries.

(b) Certain of the Group's bank and other loans as at 31 March 2007 were secured by certain bank deposits of the Group amounting to approximately HK$295 million, the Group's 85% equity interest in Shanghai Xinhongda Real Estate Ltd., a wholly-owned subsidiary of the Company and the Group's equity interest in a jointly controlled entity, Beijing Gaosheng Real Estate Company Limited.

(c) The senior notes (included in other borrowings) as at 31 March 2008 were secured by certain bank deposits of the Group amounting to approximately HK$70 million and share charges over the entire issued share capital of certain wholly-owned subsidiaries of the Company.

Exposure to Fluctuations in Exchange Rates

The Group's operations are principally in the PRC and accordingly a majority part of its income and expenditure is denominated in Renminbi. The exchange rate of Renminbi against Hong Kong dollars and United States dollars has been on a rising trend over the past period, which is in favour of the Group's operations as all the major assets, mainly property development projects, of the Group are located in the PRC and will generate Renminbi revenue to the Group. Therefore, the directors do not foresee that movement in the exchange rate for Renminbi in the foreseeable future will cause a material adverse impact on the Group's operations.

The Company had entered into a currency swap contract with an independent third party financial institution whereby, on 5 August 2008, the Company will pay Renminbi 461,207,500 notional amount (with fixed interest rate of 6.33% per annum payable semi-annually) and will receive United States dollars 57,500,000 notional amount (with fixed interest rate of 9% per annum receivable semi-annually). The purpose of the currency swap contract is to hedge the Company's borrowings denominated in United States dollars against Renminbi. The currency swap contract was unwound upon the repayment of the retired senior notes during the year.

FINANCIAL REVIEW *(Continued)*

Contingent Liabilities

At 31 March 2008, the Group had given guarantees to the extent of approximately HK$1,514.9 million (2007: HK$890.2 million) to banks in respect of mortgage loan facilities granted by the banks to the buyers of certain properties developed by the Group and a property of which the sales were underwritten by the Group. The Group had also given guarantees amounting to approximately HK$267.7 million (2007: HK$23.5 million) to banks in connection with banking facilities granted to associates.

EMPLOYEES AND REMUNERATION POLICY

The Group employs a total of about 2,034 employees in the mainland China and Hong Kong. Employees are remunerated based on their work performance, skills and experience, and prevailing industry practice. Apart from basic salary and performance related bonus, the Group also provides other benefits to its employees including mandatory provident fund, medical insurance coverage, housing allowances and share options.

DIVIDEND

The Directors do not recommend the payment of dividend for the year ended 31 March 2008 (2007: HK2 cents per share).

EXECUTIVE DIRECTORS

Mr. Chan Boon Teong, aged 66, is the chairman of the Group and one of the founders of the Group. He is responsible for corporate direction and development of the Group's business. He graduated from the Imperial College of the University of London, United Kingdom with a Bachelor's degree in Electrical Engineering and also holds Master's degrees in Electrical Engineering and Operational Research from the Polytechnic University of New York City, United States of America. He has over 37 years' experience in commercial, industrial and real estate business in the Southeast Asia region. He was a director of the Kowloon Stock Exchange. He is also an independent non-executive director of TPV Technology Limited, a listed public company in Hong Kong, and a director of Cathay United Bank, Ltd., a previously listed company in Taiwan. Mr. Chan is a member of the National Chinese People's Political Consultative Conference and is also a member of the Standing Committee of All-China Federation of Returned Overseas Chinese.

Mr. Jiang Ming, aged 50, is the vice chairman of the Group and one of the founders of the Group. He is responsible for strategy planning of the Group. He graduated from the National University of Singapore with a Master's degree in Business Administration. He has over 24 years' experience in investment and corporate management. Prior to the establishment of the Group, he was a general manager of a joint venture enterprise in the PRC for over 7 years. He is a vice-chairman of the Fujian Province Foreign Enterprises Association and an honorary professor at the Wuhan University.

Mr. Tao Lin, aged 50, is the investment director of the Group. He is responsible for investment planning and investment management of the Group. He has over 20 years' experience in investment and management. He graduated from Beijing Communication Engineering College (北京信息工程學院) and also holds Master's degree in Business Administration from the National University of Singapore. Before joining the Group in 1991, he had served as an operations officer in a software development company in the PRC.

Mr. Cheng Wing Bor, aged 48, is the chief financial officer of the Group. He is responsible for the financial management of the Group. He has over 22 years' experience in financial management, accounting and auditing. He holds a professional diploma in accountancy from the Hong Kong Polytechnic and is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants, United Kingdom. Before joining the Group in 1994, he worked in an international accounting firm in Hong Kong for 8 years.

Mr. Lin Chen Hsin, aged 64, is responsible for administration of the Group's Hong Kong office and the public relations of the Group. He has over 20 years' experience in import and export trading and manufacturing. He graduated from the Shanghai Education Institute (上海教育學院). He joined the Group in 1990.

Mr. Wu Xin, aged 41, is the managing director of the Group. Mr. Wu joined the Group in 2006 and is responsible for the execution of business strategy and management of the business of the Group. Before joining the Group, Mr. Wu was a director and general manager of Shanghai Fenghwa Group Company Limited, a company listed on the Shanghai Stock Exchange. He was also a director and general manager of two property developers in Xiamen and had over 14 years' experience in the management of real estate business. He was also a member of the preparation team for setting up a joint-venture bank for Agricultural Bank of China. Mr. Wu graduated from the Tsinghua University in 1988 and the National University of Singapore in 2003 with a Bachelor's degree in Computer Science and a Master's degree in Business Administration respectively.

EXECUTIVE DIRECTORS *(Continued)*

Mr. Cai Shaobin, aged 45, joined the Group in April 2008 and is responsible for the commercial property development and investment of the Group. Before joining the Group, Mr. Cai was the deputy general manager of China Construction Seventh Engineering Bureau and the general manager of China Construction Seventh Engineering Bureau Co., Ltd. He has over 20 years' experience in the property development and construction. Mr. Cai is a professorate senior engineer and state registered architect in the People's Republic of China and was rated a top ten management talent in the Henan Province in 2007.

NON-EXECUTIVE DIRECTORS

Mr. Zheng Hong Qing, aged 60, joined the Group as a non-executive director in 1997. He graduated from the Chinese People's University (中國人民大學) with a Master's degree in Economics. He has held senior positions in various major corporations in the PRC and has extensive business management experience.

Mr. Oliver P.Weisberg, aged 34, joined the Group as a non-executive director in 2006. Mr. Weisberg is currently a managing director and head of China Strategic Business Initiatives – Citadel Investment Group (Hong Kong) Limited based in Hong Kong where he is responsible for China strategic business initiatives and origination. Mr. Weisberg holds a Bachelor's degree from Harvard College. He also spent one year doing advanced Chinese language work at the Stanford Center at Taiwan National University.

Mr. Hu Aimin, aged 58, joined the Group as a non-executive director in 2007. Mr. Hu is also the Chairman of Shum Yip Holdings Company Limited and Shenzhen Investment Limited, the latter of which is a listed public company in Hong Kong. He graduated from the Hunan University of China and obtained a Master's degree in Business Administration. He has over 30 years' experience in administrative management. He is also a non-executive director of Ping An Insurance (Group) Company of China, Ltd., and Road King Infrastructure Limited, both of which are listed public companies in Hong Kong.

Mr. Zhang Yijun, aged 52, joined the Group as a non-executive director in 2007. Mr. Zhang is also the president of Shum Yip Holdings Company Limited and Shenzhen Investment Limited, the latter of which is a listed public company in Hong Kong. He graduated from South China Normal University in China in 1983 with Bachelor of Philosophy. He is now a senior economist. He holds an EMBA from Shanghai Jiao Tong University. Mr. Zhang possesses vast working experience in government and has over 10 years' experience in investment and corporate management. He is also a non-executive director of Road King Infrastructure Limited, a listed pubic company in Hong Kong.

Mr. Zhang Huaqiao, 44, joined the Group as a non-executive director in 2007. Mr. Zhang is also an executive director and chief operating officer of Shenzhen Investment Limited, a listed public company in Hong Kong. He holds a Master of Economics from the Australian National University and a Master of Economics from the Graduate School of the People's Bank of China. He is also a non-executive director of Shenzhen International Holdings Limited, Hong Long Holdings Limited and Tak Sing Alliance Holdings Limited, and an independent non-executive director of Kasen International Holdings Limited, all of which are listed public companies in Hong Kong.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tang Lap Yan, aged 62, is an independent non-executive director of the Company appointed in 1997. Mr. Tang is a fellow of the Chartered Institute of Management Accountants, United Kingdom. He is the former chairman of The Chinese Language Press Institute and The Newspaper Society of Hong Kong.

Mr. Law Kin Ho, aged 40, is an independent non-executive director of the Company appointed in 2002. Mr. Law graduated from Hong Kong Baptist University with a Bachelor's degree majoring in accountancy. He is a fellow of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants, United Kingdom. Mr. Law is currently practising as a certified public accountant in Hong Kong. Mr. Law is also an independent non-executive director of S & D International Development Group Limited, a listed public company in Hong Kong.

Mr. Wong Kai Cheong, aged 46, an independent non-executive director of the Company appointed in 2004. Mr. Wong is an associate member of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England & Wales. Mr. Wong is currently practising as a certified public accountant in Hong Kong. Mr. Wong is also an independent non-executive director of U-RIGHT International Holdings Limited, Continental Holdings Limited and Radford Capital Investment Limited, all of which are listed public companies in Hong Kong.

This corporate governance report (the "CG Report") presents the corporate governance matters during the period covering the financial year ended 31 March 2008 and up to the date of the annual report (the "Annual Report") in which this CG Report is included (the "CG Period") required to be disclosed under the Rules Governing the Listing of the Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Listing Rules during the CG Period.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as its own code of conduct regarding directors' securities transactions. Having made specific enquiry of all directors of the Company, the directors confirmed that they had complied with the requirements as set out in the Model Code throughout the CG Period.

BOARD OF DIRECTORS

The board comprises seven executive directors, five non-executive directors and three independent non-executive directors (the "Board"). The directors of the Company during the CG Period were:

Executive directors

Mr. Chan Boon Teong *(Chairman)*	
Mr. Jiang Ming *(Vice Chairman)*	
Mr. Tao Lin	
Mr. Cheng Wing Bor	
Mr. Lin Chen Hsin	
Mr. Wu Xin *(Managing Director)*	
Mr. Cai Shaobin	(Appointed on 9 May 2008)
Mr. Xin Xiang Dong	(Resigned on 9 May 2008)

Non-executive directors

Mr. Zheng Hong Qing	
Mr. William F. Harley III (alias Mickey Harley)	(Retired on 11 September 2007)
Mr. Oliver P. Weisberg	
Mr. Hu Aimin	
Mr. Zhang Yijun	
Mr. Zhang Huaqiao	

Independent non-executive directors

Mr. Tang Lap Yan
Mr. Law Kin Ho
Mr. Wong Kai Cheong

BOARD OF DIRECTORS *(Continued)*

The biographical details of the directors are set out on pages 30 to 32 of the Annual Report. The Board possesses a balance of skill and experience which are appropriate for the business needs of the Group. The independent non-executive directors of the Company have the appropriate professional qualification and accounting and related financial management expertise as required under the Listing Rules. They provide a strong support towards the effective discharge of the duties and responsibilities of the Board. The Company will review the composition of the Board regularly to ensure that the Board possesses the appropriate and necessary expertise, skills and experience to meet the needs of the Group's business.

The Company has received from each independent non-executive director an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Company still considers the three independent non-executive directors to be independent.

The Board's primary functions are to set corporate policy and overall strategy for the Group's operations and to provide effective oversight of the management of the Group's business and affairs. Apart from its statutory responsibilities, the Board also approves major investments and corporate transactions such as issue of debt securities and shares of the Company etc., reviews the financial performance of the Group and evaluates the performance and compensation of senior management. These functions are either carried out directly by the Board or indirectly through committees established by the Board.

Board meetings are held from time to time as and when necessary to review and approve annual and interim results, to review the quarterly management accounts and to approve major investments and corporate transactions, which may take the form of physical presence of directors in a meeting, or conference by electronic means. The schedule for regular Board meetings which is four times a year at approximately quarterly intervals to review and approve annual and interim results and to review quarterly management accounts is tentatively set in advance annually. For regular Board meetings at least 14 days' notice of each regular meeting is given to all directors and agendas and accompanying board papers are sent not less than 3 days where possible before the date of Board meetings. All the minutes of Board meetings are kept by the company secretary of the Company and are freely accessible to by any director.

BOARD OF DIRECTORS *(Continued)*

The four regular Board meetings were held and the attendance of directors is set out below:

Directors	No. of regular meetings held (note)/ No. of attendance
Mr. Chan Boon Teong *(Chairman of the Board)*	4/4
Mr. Jiang Ming	4/3
Mr. Tao Lin	4/4
Mr. Cheng Wing Bor	4/4
Mr. Lin Chen Hsin	4/4
Mr. Wu Xin	4/2
Mr. Cai Shaobin	2/1
Mr. Xin Xiang Dong	2/1
Mr. Zheng Hong Qing	4/0
Mr. William F. Harley III (alias Mickey Harley)	0/0
Mr. Oliver P. Weisberg	4/0
Mr. Hu Aimin	4/3
Mr. Zhang Yijun	4/4
Mr. Zhang Huaqiao	4/4
Mr. Tang Lap Yan	4/4
Mr. Law Kin Ho	4/4
Mr. Wong Kai Cheong	4/3

Note: Mr. Cai Shaobin was appointed as director on 9 May 2008 and since then 2 regular Board meetings were held up to the CG period end date. Mr. William F. Harley III (alias Mickey Harley) retired as director on 11 September 2007 and no regular Board meetings were held up to the date of his retirement. Mr. Xin Xiang Dong resigned as director on 9 May 2008 and 2 regular Board meetings were held up to the date of his resignation.

CHAIRMAN AND MANAGING DIRECTOR

The chairman is Mr. Chan Boon Teong and the managing director is Mr. Wu Xin who has replaced Mr. Jiang Ming as the managing director on 12 April 2007. There is a clear division of responsibilities between the chairman and the managing director in that the chairman bears primary responsibility for the effective functioning of the Board, which include formulating and monitoring the implementation of business strategies, while the managing director bears executive responsibility for the Group's day-to-day business operations and management.

NOMINATION OF DIRECTORS

The Board has not set up a nomination committee.

The Board is empowered under the Company's bye-laws to appoint any person as a director either to fill a casual vacancy or as an additional member of the Board. The selection criteria are mainly based on the professional qualification and experience of the candidate.

REMUNERATION COMMITTEE

The Remuneration Committee was established with specific written terms of reference.

The Remuneration Committee's principal roles are to make recommendations to the Board on the remuneration policy and structure for directors and senior management and to review and determine the specific remuneration packages of all executive directors and senior management.

The members of the Remuneration Committee and their respective attendance of the Remuneration Committee meetings held during the CG period are as follows:

	No. of meetings held/ No. of attendance
Independent non-executive directors	
Mr. Tang Lap Yan *(Chairman of the Remuneration Committee)*	2/2
Mr. Law Kin Ho	2/2
Mr. Wong Kai Cheong	2/1
Executive directors	
Mr. Chan Boon Teong	2/2
Mr. Cheng Wing Bor	2/2

The meetings of the Remuneration Committee held during the CG Period are mainly to review the remuneration policy and structure for directors and senior management, a proposed increase in the salary of certain executive directors, and a proposed grant of share options to directors and senior management which were then approved by the Board.

The remuneration of directors and senior management will be reviewed and determined with reference to their duties and responsibilities with the Company and the Group, their skills and experience, their work performance, the Group's performance and the prevailing industry practice and market situation.

A remuneration package for executive directors and senior management will normally comprise basic salary and allowances, mandatory provident fund and medical insurance coverage benefits, performance related discretionary bonus and share options.

AUDIT COMMITTEE

The Audit Committee was established with specific written terms of reference which were revised in December 2005 to align with the CG Code requirements.

The Audit Committee's primary roles are to review the Group's financial reporting process, internal control system and corporate governance issues and to make relevant recommendations to the Board.

AUDIT COMMITTEE *(Continued)*

All the Audit Committee members are independent non-executive directors. The Audit Committee meetings held during the CG period and the attendance of the members are as follows:

Independent non-executive directors	No. of meetings held/ No. of attendance
Mr. Tang Lap Yan *(Chairman of the Audit Committee)*	2/2
Mr. Law Kin Ho	2/2
Mr. Wong Kai Cheong	2/1

During the CG period, the Audit Committee has performed the major tasks summarised as below:

(i) reviewed the draft interim and annual consolidated financial statements of the Group for the six months ended 30 September 2007 and for the year ended 31 March 2008 and the related draft results announcements;

(ii) reviewed the application of the new accounting standards promulgated by the Hong Kong Institute of Certified Public Accountants in the Group's consolidated financial statements;

(iii) reviewed the Group's internal control system with management including review of the work done by the Group's internal audit function;

(iv) reviewed the compliance matters with respect to corporate governance issues;

(v) discussed and reviewed with the external auditors the statutory audit plan and matters relating to significant accounting and auditing issues; and

(vi) reviewed and considered the audit fee of external auditors.

STRATEGIC PLANNING COMMITTEE

The Strategic Planning Committee was established with specific written terms of reference on 12 April 2007. The Strategic Planning Committee's principal roles are to review and evaluate the Company's strategy with respect to the operating environment and the Company's financial and other operating resources and make recommendations to the Board when necessary and appropriate.

The members of the Strategic Planning Committee and their respective attendance of the Strategic Planning Committee meeting held during the CG period are as follows:

	No. of meetings held/ No. of attendance
Executive directors	
Mr. Chan Boon Teong *(Chairman of the Strategic Planning Committee)*	1/1
Mr. Jiang Ming	1/1
Mr. Tao Lin	1/1
Mr. Cheng Wing Bor	1/1
Mr. Wu Xin	1/1
Non-executive directors	
Mr. Hu Aimin	1/1
Mr. Zhang Yijun	1/1
Mr. Zhang Huaqiao	1/1

The meeting of the Strategic Planning Committee held during the CG period is mainly to review the business strategy of the Group in the coming three years.

INVESTMENT COMMITTEE

The Investment Committee was established with specific written terms of reference on 12 April 2007. The Investment Committee's principal roles are to review, pursue and evaluate investment opportunities in property development and investment projects and approve and execute such investments within the limit as delegated and authorised by the Board from time to time.

The members of the Investment Committee and their respective attendance of the Investment Committee meeting held during the CG period are as follows:

	No. of meetings held/ No. of attendance
Executive directors	
Mr. Tao Lin *(Chairman of the Investment Committee)*	1/1
Mr. Cheng Wing Bor	1/1
Mr. Wu Xin	1/0
Mr. Xin Xiang Dong	1/0
Non-executive director	
Mr. Zhang Huaqiao	1/1

The meeting of the Investment Committee held during the CG period is mainly to review, evaluate and approve the identified investment opportunities in property development and investment projects.

AUDITORS' REMUNERATION

For the financial year ended 31 March 2008, Deloitte Touche Tohmatsu, the external auditors of the Company, provided the following services to the Group and their respective fees charged are set out below:

Services rendered for the Group	Fee paid/payable HK$'000
Audit services	3,000
Non-audit services (including review of interim results and offering circulars)	4,700
Total	7,700

RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company acknowledge their responsibility for preparing the consolidated financial statements. In preparing the consolidated financial statements for the year ended 31 March 2008, the directors have adopted suitable accounting policies which are pertinent to the Group's operations and relevant to the consolidated financial statements, made judgments and estimates that are prudent and reasonable, and have prepared the consolidated financial statements on a going concern basis. A statement by the Company's external auditors about their reporting responsibilities is set out on pages 47 to 48 of the Annual Report.

INTERNAL CONTROL

The Board recognises the importance of a sound and effective internal control system to the Group's business operations. As a routine procedure and part of the internal control system, during the CG period, the internal audit team of the Group had regularly conducted internal audits on the operating units and functions of the Group on a rotational basis. The internal audit procedures include a review and/or testing on the Group's significant internal control procedures over financial, operation, compliance and risk management functions. Findings and recommendations were reported to the Audit Committee. Improvement and reinforcement to the Group's internal control system were thus made as a continuing process.

SHAREHOLDER AND INVESTOR COMMUNICATION

The Company uses a range of communication tools to ensure its shareholders and investors are kept well informed of key business imperatives. These include annual general meetings, general meetings for specific businesses, annual reports, interim reports, notices, announcements and circulars. Annual reports, interim reports, notices, announcements and circulars are archived in the Company's investor relations website: http://www.irasia.com/listco/hk/coastal that can be freely accessed to. Furthermore, the access to the Company's investor relations website can also be made through the "investor relations" hyperlink in the Company's website: http://www.coastal.com.cn. The Company also actively participated in investment conferences and roadshows organised by investment banks as well as one-on-one meetings and analysts/investors luncheon meetings to meet with investors and securities analysts.

The directors herein present their report and the audited consolidated financial statements of the Group for the year ended 31 March 2008.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the principal subsidiaries comprise property development, property investment and the provision of property management services. There were no changes in the nature of the Group's principal activities during the year.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 March 2008 and the state of affairs of the Group at that date are set out in the consolidated financial statements on pages 49 to 130.

The directors do not recommend the payment of dividend for the year ended 31 March 2008.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements and reclassified and restated as appropriate, is set out on page 4 of the Annual Report. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property, plant and equipment and investment properties of the Group during the year are set out in notes 17 and 18 to the consolidated financial statements respectively.

PROPERTIES UNDER DEVELOPMENT

Details of movements in the properties under development of the Group during the year are set out in note 25 to the consolidated financial statements.

SHARE CAPITAL, SHARE OPTIONS AND CONVERTIBLE BONDS

Details of movements in the Company's share capital, share options and convertible bonds during the year are set out in notes 33, 36 and 31 to the consolidated financial statements respectively.

PRE-EMPTIVE RIGHTS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2008.

RESERVES

Details of movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity.

DISTRIBUTABLE RESERVES

At 31 March 2008, the Company's reserves available for cash distribution and/or distribution in specie, calculated in accordance with the Companies Act 1981 of Bermuda (as amended), amounted to HK$1,396,228,000. In addition, the Company's share premium account, in the amount of HK$1,126,800,000 as at 31 March 2008, may be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for less than 1.2% of the total sales for the year and purchases from the Group's five largest suppliers accounted for less than 20.4% of the total purchases for the year.

DIRECTORS

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

Executive directors:

Mr. Chan Boon Teong *(Chairman)*	
Mr. Jiang Ming *(Vice Chairman)*	
Mr. Tao Lin	
Mr. Cheng Wing Bor	
Mr. Lin Chen Hsin	
Mr. Wu Xin *(Managing Director)*	
Mr. Cai Shaobin	(Appointed on 9 May 2008)
Mr. Xin Xiang Dong	(Resigned on 9 May 2008)

Non-executive directors:

Mr. Zheng Hong Qing	
Mr. William F. Harley III (alias Mickey Harley)	(Retired on 11 September 2007)
Mr. Oliver P. Weisberg	
Mr. Hu Aimin	
Mr. Zhang Yijun	
Mr. Zhang Huaqiao	

Independent non-executive directors:

Mr. Tang Lap Yan
Mr. Law Kin Ho
Mr. Wong Kai Cheong

DIRECTORS *(Continued)*

In accordance with article 87(1) of the Company's bye-laws, Messrs. Tao Lin, Wu Xin, Zheng Hong Qing, Oliver P. Weisberg and Tang Lap Yan will retire by rotation and, being eligible, could offer themselves for re-election at the forthcoming annual general meeting.

In accordance with article 86(2) of the Company's bye-laws, the term of the newly appointed director, Mr. Cai Shaobin, shall terminate at the conclusion of the forthcoming annual general meeting and, being eligible, will offer himself for re-election thereat.

The Company has received annual confirmations of independence from Messrs. Tang Lap Yan, Law Kin Ho and Wong Kai Cheong and as at the date of this report still considers them to be independent.

DIRECTORS' BIOGRAPHIES

Biographical details of the directors of the Company are set out on pages 30 to 32 of the Annual Report.

DIRECTORS' SERVICE CONTRACTS

Mr. Chan Boon Teong, Mr. Jiang Ming, Mr. Tao Lin, Mr. Cheng Wing Bor and Mr. Lin Chen Hsin have entered into service contracts with the Company for a term of three years expiring on 29 September 2009. Mr. Wu Xin has entered into a service contract with the Group for a term of five years expiring on 31 March 2011. Mr. Cai Shaobin has entered into a service contract with the Group for a term of five years expiring on 31 December 2012. All of the non-executive directors have service contracts with the Company for a term of one year which shall be automatically extended for another one year upon expiration of the term of the service contracts unless terminated by either party to the service contracts which requires not less than one month's length of notice and are subject to retirement by rotation and re-election at the annual general meeting, in accordance with the bye-laws of the Company.

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

DIRECTORS' REMUNERATION

The directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Company's board of directors with reference to directors' duties, responsibilities and performance and the results of the Group.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in note 44 to the consolidated financial statements, no director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 31 March 2008, the interests and short positions of the directors in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

(A) Interests and short positions in shares and underlying shares of the Company

(i) Interests and short positions in the ordinary shares of the Company

Name of director	Notes	Number of shares held or short positions, capacity and nature of interest: Directly beneficially owned	Through controlled corporation	Percentage of the Company's issued share capital
Mr. Chan Boon Teong	(a), (c) and (d)	6,000,000(L)	1,034,160,527(L)	37.27
	(b)	–	140,000,000(S)	5.02
Mr. Jiang Ming	(a), (c) and (d)	6,000,000(L)	1,034,160,527(L)	37.27
	(b)	–	140,000,000(S)	5.02
Mr. Tao Lin	(a), (c) and (d)	–	1,034,160,527(L)	37.06
	(b)	–	140,000,000(S)	5.02
Mr. Cheng Wing Bor	(a), (c) and (d)	6,000,000(L)	1,034,160,527(L)	37.27
	(b)	–	140,000,000(S)	5.02
Mr. Lin Chen Hsin	(a), (c) and (d)	2,080,000(L)	1,034,160,527(L)	37.13
	(b)	–	140,000,000(S)	5.02

L: Long position
S: Short position

Notes:

(a) 497,600,000 shares are beneficially owned by CIH, of which the entire issued voting share capital is held as to 20% by Mr. Chan Boon Teong, 35% by Mr. Jiang Ming, 12% by Mr. Tao Lin, 5% by Mr. Cheng Wing Bor, 3% by Mr. Lin Chen Hsin and 25% by Great Scope Investments Limited (the entire issued voting share capital of which is held by Mr. Jiang Ming). These 497,600,000 shares represent an aggregate of 17.83% of the issued share capital of the Company.

(b) CIH has a short position in 140,000,000 shares pursuant to the issue of 140,000,000 warrants to acquire 140,000,000 shares held by CIH in the Company to an independent third party on 14 November 2007.

(c) 52,350,000 shares are beneficially owned by Glory View Investments Limited, of which the entire issued voting share capital is held by CIH. The issued voting share capital of CIH is held in the manner as stated in the foregoing note (a). These 52,350,000 shares represent an aggregate of 1.88% of the issued share capital of the Company.

(d) 484,210,527 shares are beneficially owned by Coastal Enterprise Group Limited, of which the entire issued voting share capital is held by CIH. The issued voting share capital of CIH is held in the manner as stated in the foregoing note (a). These 484,210,527 shares represent an aggregate of 17.35% of the issued share capital of the Company.

(ii) The interests of the directors in the share options of the Company are separately disclosed in note 36 to the consolidated financial statements.

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES *(Continued)*

(B) Interests in shares of the associated corporation of the Company

Long positions in shares of Coastal International Holdings Limited ("CIH") (a substantial shareholder of the Company)

Name of director	Number of shares held	Capacity and nature of interest	Percentage of the associated corporation's issued share capital
Mr. Chan Boon Teong	200	Directly beneficially owned	20%
Mr. Jiang Ming	350	Directly beneficially owned	35%
	250	Through controlled corporation	25%
Mr. Tao Lin	120	Directly beneficially owned	12%
Mr. Cheng Wing Bor	50	Directly beneficially owned	5%
Mr. Lin Chen Hsin	30	Directly beneficially owned	3%

Save as disclosed above, as at 31 March 2008, none of the directors had registered an interest or a short position in the shares, underlying shares or debentures of the Company or any of its associated corporation that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the share option scheme disclosures in note 36 to the consolidated financial statements, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

Apart from the interests of CIH as disclosed under the heading "Directors' interests in shares and underlying shares" above, the register of substantial shareholders maintained under Section 336 of the SFO shows that as at 31 March 2008, the Company had been notified of the following interests of 5% or more in the issued share capital of the Company:

Name	Nature of interest	Number of ordinary shares held or short positions	Number of underlying shares held in respect of share options	Percentage of the Company's issued share capital
Ms. Yang Sun Xin	Family (Note)	1,040,160,527(L)	10,000,000(L)	37.63
		140,000,000(S)	–	5.02
Shenzhen Investment Limited	Corporate	630,742,857(L)	–	22.60

L: Long position
S: Short position

Note: Ms. Yang Sun Xin is the spouse of Mr. Jiang Ming (a director of the Company) and is deemed to be interested in the 1,040,160,527 shares of the Company, which is the aggregate number of shares that Mr. Jiang Ming, CIH and its wholly owned subsidiaries, Glory View Investments Limited and Coastal Enterprise Group Limited, are interested in the issued share capital of the Company and have a short position in 140,000,000 shares of the Company as disclosed under the heading "Directors' interests in shares and underlying shares" above, and in the 10,000,000 outstanding share options held by Mr. Jiang Ming as disclosed in note 36 to the consolidated financial statements.

Save as disclosed above, as at 31 March 2008, no person, other than the directors of the Company, whose interests are set out in the section "Directors' interests in shares and underlying shares" above, had registered an interest or a short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

SUFFICIENCY OF PUBLIC FLOAT

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

CORPORATE GOVERNANCE PRACTICES

Details of the corporate governance practices of the Company are set out in the Corporate Governance Report on pages 33 to 39 of the Annual Report.

AUDITOR

The consolidated financial statements for the year ended 31 March 2008 were audited by Messrs. Deloitte Touche Tohmatsu. A resolution to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Chan Boon Teong
Chairman

Hong Kong, 15 July 2008

Deloitte.
德勤

TO THE SHAREHOLDERS OF COASTAL GREENLAND LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Coastal Greenland Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 49 to 130, which comprise the consolidated balance sheet as at 31 March 2008, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements 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. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 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 as to whether the consolidated financial statements are free from material misstatement.

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 March 2008 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
15 July 2008

Consolidated Income Statement For the year ended 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
Revenue	8	**3,722,156**	2,012,246
Cost of sales		**(2,509,279)**	(1,528,766)
Gross profit		**1,212,877**	483,480
Increase in fair value of investment properties		**57,272**	79,575
Gain on change in value of completed properties for sale upon transfer to investment properties		**23,907**	–
Gain on disposal of property based subsidiaries	39	**40,775**	39,420
Gain on partial disposal of interests in property based subsidiaries		**–**	29,053
Fair value gain on warrants	32(b)	**49,776**	–
Other income	9	**89,857**	51,482
Marketing and selling costs		**(101,382)**	(31,779)
Administrative expenses		**(152,286)**	(88,381)
Fair value loss on derivative component of convertible bonds	31	**(222,503)**	(166,484)
Fair value loss on currency swap contract	32(a)	**(37,405)**	–
Other expenses		**(45,749)**	(6,192)
Finance costs	10	**(49,170)**	(34,778)
Share of profit (loss) of associates		**3,691**	(906)
Profit before taxation		**869,660**	354,490
Taxation	11	**(498,690)**	(228,905)
Profit for the year	12	**370,970**	125,585
Attributable to:			
Equity holders of the Company		**364,694**	126,703
Minority interests		**6,276**	(1,118)
		370,970	125,585
Dividends	15		
Paid		**27,906**	45,284
Proposed final		**–**	27,594
		HK cents	HK cents
Earnings per share	16		
– Basic		**13.81**	5.69
– Diluted		**13.73**	5.62

Consolidated Balance Sheet At 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	17	**854,372**	88,327
Investment properties	18	**616,476**	507,321
Prepaid land lease payments	19	**97,671**	91,520
Goodwill	20	**81,032**	67,643
Interests in associates	22	**189,872**	114,027
Available-for-sale investments	23	**2,960**	3,047
Pledged bank deposits	24	**70,360**	152,166
Total non-current assets		**1,912,743**	1,024,051
CURRENT ASSETS			
Properties under development	25	**5,662,804**	6,726,632
Completed properties for sale	26	**1,338,079**	427,547
Trade receivables	27	**280,378**	148,249
Prepayments, deposits and other receivables	28	**1,330,014**	707,905
Amounts due from jointly controlled entities	44(b)(ii)	**28,098**	10,425
Amounts due from associates	44(b)(ii)	**42,076**	–
Tax recoverable		**66,205**	4,624
Pledged bank deposits	24	**69,197**	219,339
Cash and bank balances	24	**1,205,727**	952,749
Total current assets		**10,022,578**	9,197,470
CURRENT LIABILITIES			
Trade payables	29	**92,699**	74,122
Deposits received and deferred revenue	29	**799,434**	1,085,906
Other payables and accruals		**974,302**	1,211,807
Amount due to a substantial shareholder of the Company	44(b)(i)	**100**	12,070
Amounts due to jointly controlled entities	44(b)(ii)	**6,361**	–
Tax payable		**759,588**	206,878
Interest-bearing bank and other borrowings	30	**1,560,643**	764,336
Derivative component of convertible bonds	31	**–**	154,839
Derivative liability – warrants	32(b)	**54,729**	–
Total current liabilities		**4,247,856**	3,509,958
NET CURRENT ASSETS		**5,774,722**	5,687,512
TOTAL ASSETS LESS CURRENT LIABILITIES		**7,687,465**	6,711,563

	Notes	2008 HK$'000	2007 HK$'000
CAPITAL AND RESERVES			
Share capital	33	**279,058**	231,552
Reserves		**2,981,433**	1,721,941
Proposed final dividend		**–**	27,594
Equity attributable to equity holders of the Company		**3,260,491**	1,981,087
Minority interests		**435,942**	430,929
Total equity		**3,696,433**	2,412,016
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	30	**3,149,689**	3,359,250
Long term payables	34	**154,881**	230,278
Deferred tax liabilities	35	**686,462**	710,019
Total non-current liabilities		**3,991,032**	4,299,547
		7,687,465	6,711,563

The consolidated financial statements on pages 49 to 130 were approved and authorised for issue by the Board of Directors on 15 July 2008 and are signed on its behalf by:

Chan Boon Teong
Director

Jiang Ming
Director

Consolidated Statement of Changes in Equity For the year ended 31 March 2008

		Attributable to equity holders of the Company												
	Notes	Issued share capital HK$'000	Share premium account HK$'000	Contributed surplus HK$'000	Capital reserve HK$'000	Leasehold property revaluation reserve HK$'000	Exchange fluctuation reserve HK$'000	PRC reserve funds HK$'000	Share options reserve HK$'000	Retained profits HK$'000	Proposed final dividend HK$'000	Total HK$'000	Minority interests HK$'000	Total equity HK$'000
At 1 April 2006		210,525	347,771	88,621	929	3,974	55,181	9,697	–	867,271	22,129	1,606,098	40,628	1,646,726
Exchange realignment on translation of foreign operations		–	–	–	–	–	119,546	–	–	–	–	119,546	2,005	121,551
Surplus on revaluation	17	–	–	–	–	6,810	–	–	–	–	–	6,810	–	6,810
Net income recognised directly in equity		–	–	–	–	6,810	119,546	–	–	–	–	126,356	2,005	128,361
Realised on disposal of subsidiaries	39	–	–	–	–	–	(8,484)	–	–	–	–	(8,484)	–	(8,484)
Profit for the year		–	–	–	–	–	–	–	–	126,703	–	126,703	(1,118)	125,585
Total recognised income for the year		–	–	–	–	6,810	111,062	–	–	126,703	–	244,575	887	245,462
Issue of shares upon conversion of convertible bonds	33	17,875	151,519	–	–	–	–	–	–	–	–	169,394	–	169,394
Issue of shares upon exercise of share options	33	3,152	3,152	–	–	–	–	–	–	–	–	6,304	–	6,304
Acquisition of additional interests in subsidiaries		–	–	–	–	–	–	–	–	–	–	–	(10,703)	(10,703)
Partial disposal of equity interests in subsidiaries		–	–	–	–	–	–	–	–	–	–	–	400,117	400,117
Interim 2007 dividend	15	–	–	(23,155)	–	–	–	–	–	–	–	(23,155)	–	(23,155)
Proposed final 2007 dividend	15	–	–	(27,594)	–	–	–	–	–	–	27,594	–	–	–
2006 final dividend paid	15	–	–	–	–	–	–	–	–	–	(22,129)	(22,129)	–	(22,129)
At 31 March 2007		231,552	502,442	37,872	929	10,784	166,243	9,697	–	993,974	27,594	1,981,087	430,929	2,412,016
Exchange realignment on translation of foreign operations		–	–	–	–	–	226,928	–	–	–	–	226,928	28,351	255,279
Share of associates' reserve		–	–	–	–	–	7,599	–	–	–	–	7,599	–	7,599
Surplus on revaluation	17	–	–	–	–	13,040	–	–	–	–	–	13,040	–	13,040
Deferred tax liability arising on revaluation of buildings	35	–	–	–	–	(3,260)	–	–	–	–	–	(3,260)	–	(3,260)
Net income recognised directly in equity		–	–	–	–	9,780	234,527	–	–	–	–	244,307	28,351	272,658
Realised on disposal of subsidiaries	39	–	–	–	–	–	2,694	–	–	–	–	2,694	–	2,694
Profit for the year		–	–	–	–	–	–	–	–	364,694	–	364,694	6,276	370,970
Total recognised income for the year		–	–	–	–	9,780	237,221	–	–	364,694	–	611,695	34,627	646,322
Issue of shares upon conversion of convertible bonds	33	44,386	621,238	–	–	–	–	–	–	–	–	665,624	–	665,624
Issue of shares upon exercise of share options	33	3,120	3,120	–	–	–	–	–	–	–	–	6,240	–	6,240
Recognition of equity-settled share-based payment	36	–	–	–	–	–	–	–	23,751	–	–	23,751	–	23,751
Acquisition of additional interests in subsidiaries		–	–	–	–	–	–	–	–	–	–	–	(34,746)	(34,746)
Capital contribution from minority shareholders		–	–	–	–	–	–	–	–	–	–	–	5,132	5,132
2007 final dividend paid	15	–	–	(312)	–	–	–	–	–	–	(27,594)	(27,906)	–	(27,906)
At 31 March 2008		**279,058**	**1,126,800**	**37,560**	**929**	**20,564**	**403,464**	**9,697**	**23,751**	**1,358,668**	**–**	**3,260,491**	**435,942**	**3,696,433**

The contributed surplus of the Group represents the surpluses arising from the issue of shares by Coastal Realty (BVI) Limited, the intermediate holding company of the Group, (i) in the acquisition of Coastal Realty Development Co. Limited, the former holding company of the Group in 1995; and (ii) at a premium to third parties in 1997.

PRC reserve funds are reserves required by the relevant laws in the PRC applicable to the Company's PRC subsidiaries for staff welfare and expansion of working capital.

	2008 HK$'000	2007 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	**869,660**	354,490
Adjustments for:		
Finance costs	**49,170**	34,778
Share of (profit) loss of associates	**(3,691)**	906
Bank interest income	**(6,728)**	(6,601)
Depreciation	**6,429**	2,875
Amortisation of prepaid land lease payments	**2,195**	1,256
Share-based payment	**23,751**	–
Loss on disposal of property, plant and equipment	**46**	111
Reversal of business tax provision	**–**	(1,051)
Waiver of other payables	**(2,826)**	(3,250)
Gain on disposal of property based subsidiaries	**(40,775)**	(39,420)
Gain on partial disposal of interests in property based subsidiaries	**–**	(29,053)
Increase in fair value of investment properties	**(57,272)**	(79,575)
Gain on change in value of completed properties for sale upon transfer to investment properties	**(23,907)**	–
Fair value loss on derivative component of convertible bonds	**222,503**	166,484
Fair value gain on warrants	**(49,776)**	–
Provision for prepayments and other receivables	**–**	1,477
Operating profit before working capital changes	**988,779**	403,427
Increase in properties under development	**(1,625,463)**	(622,551)
Decrease (increase) in completed properties for sale	**2,625,330**	(124,247)
Increase in trade receivables	**(131,916)**	(86,223)
Increase in prepayments, deposits and other receivables	**(618,603)**	(284,545)
Increase (decrease) in trade payables	**18,593**	(94,450)
(Decrease) increase in other payables and accruals	**(31,612)**	139,503
(Decrease) increase in deposits received and deferred revenue	**(286,472)**	105,259
Cash from (used in) operations	**938,636**	(563,827)
Interest received	**6,728**	6,601
Interest paid	**(285,439)**	(275,856)
PRC taxes paid	**(133,626)**	(89,351)
Net cash from (used in) operating activities	**526,299**	(922,433)

	Notes	2008 HK$'000	2007 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of available-for-sale investment		**–**	(70,036)
Purchases of property, plant and equipment		**(70,060)**	(27,373)
Proceeds from disposal of property, plant and equipment		**105**	–
Proceeds from disposal of investment properties		**53,099**	–
Prepaid land lease payments		**–**	(52,535)
Acquisition of property based subsidiaries	37	**(219,335)**	(653,549)
Acquisition of additional interests in subsidiaries from minority shareholders		**(126,470)**	(10,703)
Acquisition of property based jointly controlled entities	38	**(46,363)**	(313,948)
Payment of outstanding cash consideration for acquisition of subsidiaries in prior years		**(282,263)**	–
Payment of outstanding cash consideration for acquisition of jointly controlled entities in prior years		**(357,953)**	–
Disposal of property based subsidiaries	39	**244,617**	116,373
Net proceeds on partial disposal of subsidiaries		**–**	429,170
Advance to jointly controlled entities		**(17,673)**	(13,251)
Advance to associates		**(42,076)**	–
Decrease (increase) in pledged bank deposits		**231,948**	(272,581)
Net cash used in investing activities		**(632,424)**	(868,433)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		**(27,906)**	(45,284)
New bank and other borrowings		**2,877,246**	3,621,581
Repayment of bank and other borrowings		**(2,535,421)**	(1,124,524)
Issue of shares upon the exercise of share options		**6,240**	6,304
Capital contribution from minority shareholders		**5,132**	–
Decrease in amount due to a substantial shareholder of the Company		**(11,970)**	(32,433)
Advance from (repayment to) jointly controlled entities		**6,361**	(2,496)
Net cash from financing activities		**319,682**	2,423,148
NET INCREASE IN CASH AND CASH EQUIVALENTS		**213,557**	632,282
Cash and cash equivalents at the beginning of year		**952,749**	265,754
Effect of foreign exchange rate changes		**39,421**	54,713
CASH AND CASH EQUIVALENTS AT THE END OF YEAR		**1,205,727**	952,749
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**1,205,727**	952,749

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate information" section of the Annual Report.

The consolidated financial statements are presented in Hong Kong dollars, which is different from the functional currency of the Company, Renminbi ("RMB"). As the Company is a public company incorporated in Hong Kong with the shares listed on the Stock Exchange, and a majority of its investors are based in Hong Kong and therefore, the directors consider that Hong Kong dollar is a preferred currency to be used in presenting the operating results and financial position of the Group. The majority of the Company's subsidiaries are operating in the People's Republic of China (the "PRC") with RMB as their functional currency.

The Group is engaged in the following principal activities:

- property development
- property investment
- provision of property management services

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

In the current year, the Group has applied, for the first time, the following new standard, amendment and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are effective for the Group's financial year beginning on 1 April 2007.

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) – Int 8	Scope of HKFRS 2
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment
HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions

The adoption of the new HKFRSs has had no material effect on how the results and financial position of the Group for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7 retrospectively. Certain information presented in prior year under the requirements of HKAS 32 has been removed and the relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards, amendments and interpretations will have no material impact on the results and financial position of the Group.

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

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKAS 32 and 1 (Amendment)	Puttable Financial Instruments and Obligations Arising on Liquidation[1]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combinations[2]
HKFRS 8	Operating Segments[1]
HK(IFRIC) – Int 12	Service Concession Arrangements[3]
HK(IFRIC) – Int 13	Customer Loyalty Programmes[4]
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[3]

[1] Effective for annual periods beginning on or after 1 January 2009
[2] Effective for annual periods beginning on or after 1 July 2009
[3] Effective for annual periods beginning on or after 1 January 2008
[4] Effective for annual periods beginning on or after 1 July 2008

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

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

Basis of consolidation

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

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 Business Combinations are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the income statement.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Acquisition of additional interests in subsidiaries

On acquisition of an additional interest in a subsidiary, the difference between the consideration paid and the carrying amounts of the underlying assets and liabilities attributable to the additional interest in the subsidiary acquired is recognised as goodwill.

Goodwill

Goodwill arising on an acquisition of a subsidiary or a jointly controlled entity (which is accounted for using proportionate consolidation) for which the agreement date is before 1 January 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the relevant subsidiary and jointly controlled entity at the date of acquisition.

Goodwill arising on an acquisition of a subsidiary or a jointly controlled entity (which is accounted for using proportionate consolidation) for which the agreement date is on or after 1 January 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant subsidiary or jointly controlled entity at the date of acquisition.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Goodwill *(Continued)*

Capitalised goodwill arising on an acquisition of a subsidiary or a jointly controlled entity is presented separately in the consolidated balance sheet and carried at cost less any accumulated impairment losses.

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the consolidated income statement. An impairment loss for goodwill is not reversed in subsequent periods.

On subsequent disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

Investments in associates

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture.

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

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

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments in jointly controlled entities

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

The Group recognises its interests in jointly controlled entities using proportionate consolidation. The Group's share of each of the assets, liabilities, income and expenses of the jointly controlled entities are combined with the Group's similar line items, line by line, in the consolidated financial statements.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the jointly controlled entity recognised at the date of acquisition is recognised as goodwill and is accounted for in accordance with the Group's accounting policy for goodwill arising on the acquisition of a subsidiary (see above).

Revenue recognition

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

Revenue from sale of properties in the ordinary course of business is recognised when all of the following criteria are met:

(a) the significant risks and rewards of ownership of the properties are transferred to buyers;

(b) neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the properties are retained;

(c) the amount of revenue can be measured reliably;

(d) it is probable that the economic benefits associated with the transaction will flow to the Group; and

(e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from the sale of completed properties is recognised when the legally binding unconditional and irrevocable sale contracts are signed and exchanged.

When a development property is sold in advance of completion, profit is recognised upon completion of the development at which the relevant completion certificates are issued by the respective government authorities when equitable interest in the property have already been vested in the buyers. Deposits and instalments received from purchasers prior to this stage are included in current liabilities.

Rental income is recognised in the period in which the properties are let out on the straight-line basis over the lease terms.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

Property management income is recognised when the related management services are provided.

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

Property, plant and equipment

Property, plant and equipment are stated at cost or fair value less subsequent accumulated depreciation and accumulated impairment losses.

Buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated balance sheet at their revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and any subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

Any revaluation increase arising on revaluation of buildings is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense, in which case the increase is credited to the consolidated income statement to the extent of the decrease previously charged. A decrease in net carrying amount arising on revaluation of an asset is dealt with as an expense to the extent that it exceeds the balance, if any, on the revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to retained profits.

Depreciation is provided to write off the cost or fair value of items of property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognised.

Leasehold land and building

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification, unless the lease payments cannot be allocated reliably between the land and building elements, in which case the entire lease is generally treated as a finance lease and accounted for as property, plant and equipment. To the extent the allocation of the lease payments can be made reliably, leasehold interests in land are accounted for as operating leases.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investment properties

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

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

For a transfer from properties under development or completed properties for sales to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the income statement. When the Group completes the construction or development of a self-constructed investment property, any difference between the fair value of the property at the completion date and its previous carrying amount is recognised in the income statement.

For a transfer from investment property to property, plant and equipment, the difference between the carrying amount and its fair value at the date of transfer is recognised in the income statement.

Properties under development

Properties under development are stated at the lower of cost and net realisable value. Cost includes the cost of land, construction cost and other development expenditure, borrowing costs capitalised in accordance with the Group's accounting policy, and other attributable expenses. Net realisable value is determined by management based on prevailing market conditions.

Completed properties for sale

Completed properties for sale are stated at the lower of cost and net realisable value. Cost is determined by an apportionment of the total land and building costs attributable to unsold properties. Net realisable value is estimated by the directors based on the prevailing market prices, on an individual property basis.

Impairment loss on tangible assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under that standard.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment loss on tangible assets *(Continued)*

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that other standard.

Leases

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

The Group as lessor

Rental income from operating leases is recognised in the consolidated income statement on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity ("foreign currencies") are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the exchange fluctuation reserve). Such exchange differences are recognised in the income statement in the period in which the foreign operation is disposed of.

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

Borrowing costs

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

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

Retirement benefit schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged as an expense when employees have rendered service entitling them to the contributions. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's contributions vest fully with the employees when contributed into the MPF Scheme.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are classified into loans and receivables and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted in respect of each category of financial assets are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade and other receivables, amounts due from jointly controlled entities and associates, pledged bank deposits and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition. An impairment loss is recognised in the income statement when there is objective evidence that the asset is impaired. The amount of the impairment loss is measured as the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses will not reverse in subsequent periods.

Effective interest method

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

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For loans and receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets *(Continued)*

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

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

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

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

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

Financial liabilities and equity

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

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. The Group's financial liabilities include convertible bonds and other financial liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity (Continued)

Convertible bonds

Convertible bonds issued by the Group that contain liability, conversion option and issuer redemption option (collectively the "derivative component") are classified separately into respective items on initial recognition. Conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is a conversion option derivative. At the date of issue of the convertible bonds, both the liability and derivative components are recognised at fair value.

In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The conversion option and early redemption derivatives are measured at fair value with changes in fair value recognised in the income statement.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and derivative components in proportion to the allocation of the proceeds. Transaction costs relating to the derivative component is charged to the income statement immediately. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bonds using the effective interest method.

Other financial liabilities

Other financial liabilities including amount due to a substantial shareholder of the Company, amounts due to jointly controlled entities, trade and other payables, interest-bearing bank and other borrowings (other than convertible bonds which are discussed above) are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair values at each balance sheet date. The resulting gain or loss is recognised in the income statement immediately.

Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in income statement.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial guarantee contracts

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

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in the income statement.

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

Share-based payment transactions

The financial impact of share options granted on or before 7 November 2002 is not recorded in the Group's consolidated balance sheet until such time as the options are exercised, and no charge is recognised in the consolidated income statement in respect of the value of options in the year. Upon the exercise of the share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares and the excess of the exercise price per share over the nominal value of the share is recorded by the Company as share premium.

For share options granted after 7 November 2002 and vested on or after 1 January 2005 and all share options granted on or after 1 January 2005, the fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At each balance sheet date, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates, if any, is recognised in profit or loss, with a corresponding adjustment to share options reserve.

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

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgement in applying the entity's accounting policies

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

Land appreciation tax ("LAT")

PRC LAT is levied on the appreciation of land value, being the proceeds from the sales of properties less deductible expenditure including the amortisation of land use rights, borrowing costs and all property development expenditure.

The subsidiaries of the Group engaging in property development business in the PRC are subject to LAT, which have been included in the tax expenses. However, the implementation of these taxes varies amongst various PRC cities and the Group has not finalised its LAT returns with various tax authorities. Accordingly, significant judgement is required in determining the amount of land appreciation and its related taxes. The ultimate tax determination is uncertain during the ordinary course of business. The Group recognises these liabilities based on management's best estimates. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact on the tax expense and provisions for LAT in the period in which such determination is made.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment testing of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount which is determined based on the estimated selling price and development cost of the completed properties for sale and properties under development, which are included in the cash generating units to which the goodwill is allocated to. The carrying amount of goodwill at 31 March 2008 was HK$81,032,000 (2007: HK$67,643,000). Further details are given in note 20.

Estimated write-downs of properties under development and completed properties for sale

The Group writes down properties under development and completed properties for sale to net realisable value based on assessment of the realisability of properties under development and completed properties for sale, taking into account costs to completion based on past experience and net sales value based on past experience and prevailing market conditions. If there is an increase in cost to completion or a decrease in net sales value, the net realisable value will decrease and this might result in write-downs of properties under development and completed properties for sale to net realisable value. Write-downs are recorded where events or changes in circumstances indicate that the balances may not be realised. The identification of write-downs requires the use of judgements and estimates. If the expectation is different, it will impact on the carrying value and write-downs of properties under development and completed properties for sale in the periods in which such estimate is changed. The carrying amounts of properties under development and completed properties for sale at 31 March 2008 were HK$5,662,804,000 (2007: HK$6,726,632,000) and HK$1,338,079,000 (2007: HK$427,547,000) respectively.

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

Key sources of estimation uncertainty *(Continued)*

Measurement of convertible bonds and estimation of fair value of derivative

On issuance of foreign currency denominated convertible bonds, the fair value of the embedded conversion option derivative is determined and the embedded derivative is accounted for as a derivative financial liability. The fair value of the derivative financial liability is reassessed at each balance sheet date with movement to the income statement. In estimating the fair value of the derivative financial liability, the Group uses independent valuation which is based on various assumptions and estimates (see note 31). The carrying value of the embedded conversion option derivative at 31 March 2007 was HK$154,839,000.

Measurement of warrants

On issuance of warrants, the fair value of the warrants is determined and is carried as a derivative financial liability which is measured at fair value with movement dealt with in the income statement. In estimating the fair value of the derivative financial liability, the Group uses independent valuation which is based on various assumptions and estimates (see note 32(b)). The carrying value of the derivative financial liability at 31 March 2008 was HK$54,729,000.

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes the borrowings disclosed in note 30, pledged bank deposits, cash and bank balances and equity attributable to equity holders of the Company, comprising issued share capital, reserves and retained earnings.

The directors of the Company review the capital structure periodically. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the issue of new debt or the redemption of existing debt.

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2008 HK$'000	2007 HK$'000
Financial assets		
Loans and receivables	**1,949,958**	1,815,064
Available-for-sale financial assets	**2,960**	3,047
Financial liabilities		
Amortised cost	**5,464,422**	5,163,029
Derivative financial liabilities	**54,729**	154,839

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, amounts due from jointly controlled entities and associates, pledged bank deposits, bank balances, trade and other payables, amounts due to jointly controlled entities, interest-bearing bank and other borrowings and convertible bonds. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, fair value and cash flow interest rate risk, and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) Market risk

Currency risk

The Group has bank balances and borrowings denominated in Hong Kong dollar and United States dollar, which expose the Group to foreign currency risk.

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

	Assets		Liabilities	
	2008 HK$'000	2007 HK$'000	**2008 HK$'000**	2007 HK$'000
Hong Kong dollar	**25,473**	19,057	**12,121**	8,347
United States dollar	**193,312**	220,749	**1,079,615**	872,858

The Group uses currency swap to hedge its borrowings denominated in United States dollar (see note 32(a)).

6. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

(i) Market risk (Continued)

Currency risk *(Continued)*

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase in RMB against Hong Kong dollar and United States dollar. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rate. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for 5% change in foreign currency rates. A positive (negative) number below indicates an increase (decrease) in profit for the year where RMB strengthens against the relevant foreign currencies. For a 5% weakening of RMB against the relevant currency, there would be an equal but opposite impact on the profit for the year.

	2008 **HK$'000**	2007 HK$'000
Hong Kong dollar		
Decrease in profit for the year	**(629)**	(522)
United States dollar		
Increase in profit for the year	**41,781**	31,773

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

Fair value and cash flow interest rate risk

The Group has significant bank borrowings, convertible bonds and senior notes which bear interest-rate risk. Borrowings issued at variable rates expose the Group to cash flow interest-rate risk. Borrowings issued at fixed rates expose the Group to fair value interest-rate risk. During the year, the Group has not hedged its cash flow and fair value interest rate risk.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the respective balance sheet dates. For variable-rate financial liabilities, the analysis is prepared assuming the amount of liability outstanding at the respective balance sheet dates was outstanding for the whole year. A 100 basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the profit for the year of the Group would be decreased/increased by approximately HK$701,000 and HK$1,561,000 for the years ended 31 March 2008 and 31 March 2007 respectively after capitalisation of certain interest expenses.

6. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

(i) Market risk (Continued)

Other price risks

The Group is exposed to equity price risks arising from convertible bonds and warrants. The fair value of the convertible bonds and warrants was calculated using binomial option pricing model. Details of the convertible bonds and warrants are set out in notes 31 and 32(b) respectively.

Sensitivity analysis

If the share price input to the valuation model had been 5% lower/higher at year end date and all other variables were held constant, the profit for the year of the Group would be increased or decreased, respectively, by the following amounts:

	2008 **HK$'000**	2007 HK$'000
Convertible bonds	**–**	12,514
Warrants	**3,463**	–

(ii) Credit risk

The Group's exposure to credit risk is represented by the carrying amount of each financial asset, including receivables and the guarantees provided for customer for purchase of property prior to the submission of property title to the lender banks, and the guarantee provided for associates. The Group's credit risk is primarily attributable to its trade and other receivables. The amounts presented in the balance sheet are net of allowances for bad and doubtful debts, estimated by the Group's management based on prior experience and their assessment of the current economic environment.

The Group has no significant concentration of credit risk with any single counterparty or group of counterparties having similar characteristics.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-ratings agencies.

(iii) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

6. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

(iii) Liquidity risk (Continued)

Liquidity and interest risk tables

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	Less than 1 month HK$'000	1-3 months HK$'000	3 months to 1 year HK$'000	1-5 years HK$'000	5+ years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.3.2008 HK$'000
As at 31 March 2008							
Trade and other payables	342,271	171,139	83,468	183,208	–	780,086	747,629
Amounts due to jointly controlled entities	6,361	–	–	–	–	6,361	6,361
Amount due to a substantial shareholder of the Company	100	–	–	–	–	100	100
Interest-bearing bank and other borrowings							
– fixed rate	22,175	–	755,145	2,378,073	–	3,155,393	2,284,896
– variable rate	28,726	263,340	278,575	2,117,278	691	2,688,610	2,425,436
	399,633	434,479	1,117,188	4,678,559	691	6,630,550	5,464,422

	Less than 1 month HK$'000	1-3 months HK$'000	3 months to 1 year HK$'000	1-5 years HK$'000	5+ years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.3.2007 HK$'000
As at 31 March 2007							
Trade and other payables	592,547	–	228,265	298,204	–	1,119,016	1,027,373
Amount due to a substantial shareholder of the Company	12,070	–	–	–	–	12,070	12,070
Interest-bearing bank and other borrowings							
– fixed rate	20,203	206,175	227,603	2,611,828	–	3,065,809	2,725,122
– variable rate	1,868	3,716	335,959	1,207,602	4,802	1,553,947	1,398,464
	626,688	209,891	791,827	4,117,634	4,802	5,750,842	5,163,029

6. FINANCIAL INSTRUMENTS *(Continued)*

(c) Fair values

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

- the fair values of financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions; and

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

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

7. SEGMENT INFORMATION

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Summary details of the business segments are as follows:

(a) the property development segment engages in the development of properties in the PRC;

(b) the property investment segment invests in commercial and residential properties located in the PRC for their rental income potential and/or for capital appreciation; and

(c) the property management segment engages in the management of properties in the PRC.

There were no intersegment sales and transfers during the year (2007: nil).

7. SEGMENT INFORMATION *(Continued)*

(a) Business segments

Revenue and results

	Property development		Property investment		Property management		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue:								
Sales to external customers	**3,710,681**	2,002,712	**6,823**	6,101	**4,652**	3,433	**3,722,156**	2,012,246
Segment results	**1,035,634**	598,769	**83,961**	75,280	**555**	(2,034)	**1,120,150**	672,015
Unallocated corporate expenses							**(58,057)**	(121,958)
Net foreign exchange gains							**56,450**	–
Fair value gain on warrants							**49,776**	–
Fair value loss on derivative component of convertible bonds							**(222,503)**	(166,484)
Fair value loss on currency swap contract							**(37,405)**	–
Interest income							**6,728**	6,601
Finance costs							**(49,170)**	(34,778)
Share of profit (loss) of associates							**3,691**	(906)
Profit before taxation							**869,660**	354,490
Taxation							**(498,690)**	(228,905)
Profit for the year							**370,970**	125,585

7. SEGMENT INFORMATION *(Continued)*

(a) Business segments *(Continued)*

Balance sheet

	Property development		Property investment		Property management		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment assets	**8,030,201**	8,158,345	**1,984,532**	518,510	**19,769**	13,112	**10,034,502**	8,689,967
Interests in associates							**231,948**	114,027
Unallocated assets							**1,668,871**	1,417,527
Total assets							**11,935,321**	10,221,521
Segment liabilities	**1,701,635**	2,481,874	**209,853**	26,536	**20,529**	13,033	**1,932,017**	2,521,443
Unallocated liabilities							**6,306,871**	5,288,062
Total liabilities							**8,238,888**	7,809,505

Other segment information

	Property development		Property investment		Property management		Unallocated		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Depreciation	**657**	961	**82**	46	**299**	200	**5,391**	1,668	**6,429**	2,875
Amortisation of prepaid land lease payments	**–**	–	**–**	–	**–**	–	**2,195**	1,256	**2,195**	1,256
Provision for prepayments and other receivables	**–**	1,477	**–**	–	**–**	–	**–**	–	**–**	1,477
Loss on disposal of property, plant and equipment	**22**	–	**–**	–	**6**	–	**18**	111	**46**	111
Increase in fair value of investment properties	**–**	–	**57,272**	79,575	**–**	–	**–**	–	**57,272**	79,575
Capital expenditure	**3,834**	6,768	**49,284**	5	**1,175**	2,415	**15,767**	18,185	**70,060**	27,373
Capital expenditure through acquisition of property based subsidiaries	**–**	47	**617,078**	–	**–**	–	**–**	16,600	**617,078**	16,647
Capital expenditure through acquisition of property based jointly controlled entities	**2,025**	917	**–**	–	**–**	–	**–**	–	**2,025**	917

7. SEGMENT INFORMATION *(Continued)*

(b) Geographical segments

As all the revenue of the Group for the years ended 31 March 2008 and 31 March 2007 is derived in the PRC, an analysis of revenue of the Group by geographical location is not presented.

All significant identifiable assets and liabilities of the Group are located in the PRC. Accordingly, no geographical segmental analysis is presented.

8. REVENUE

Revenue, which is also the Group's turnover, represents gross proceeds, net of discounts and sales related taxes, from the sale of properties, together with rental income and property management income.

Included in the Group's turnover is revenue arising from the following activities:

	2008 **HK$'000**	2007 HK$'000
Sale of properties	**3,710,681**	2,002,712
Rental income	**6,823**	6,101
Property management income	**4,652**	3,433
	3,722,156	2,012,246

9. OTHER INCOME

	2008 **HK$'000**	2007 HK$'000
Interest income from banks	**6,728**	6,601
Project management fee income from an associate	**7,395**	–
Subsidies from the PRC government	**7,419**	–
Compensation income	**–**	32,394
Waiver of other payables	**2,826**	3,250
Net foreign exchange gains	**56,450**	–
Others	**9,039**	9,237
	89,857	51,482

10. FINANCE COSTS

	2008 HK$'000	2007 HK$'000
Interest on bank loans wholly repayable within five years	**173,085**	157,374
Interest on other loans wholly repayable within five years	**79,171**	46,380
Interest on other loans not wholly repayable within five years	**1,186**	620
Interest on senior notes	**117,614**	76,110
Interest on convertible bonds	**19,754**	46,675
Imputed interest expense on long term payables	**54,520**	44,272
	445,330	371,431
Less: Amounts capitalised in properties under development	**(396,160)**	(336,653)
	49,170	34,778

Borrowing costs capitalised during the year arose on the funds borrowed specifically for the purpose of obtaining qualifying assets.

11. TAXATION

	2008 HK$'000	2007 HK$'000
PRC Enterprise Income Tax		
Provision for the year	**289,855**	208,434
Overprovision in prior years	**(13,499)**	–
PRC LAT	**305,146**	46,617
Deferred tax (note 35)		
Current year	**68,257**	(26,146)
Attributable to change in tax rate	**(151,069)**	–
Total tax charge for the year	**498,690**	228,905

No provision for Hong Kong Profits Tax has been made as the Group did not generate any assessable profits sourced in Hong Kong for both years.

The Group's income tax expense represents tax charges on the assessable profits of subsidiaries and jointly controlled entities operating in the PRC calculated at the rates of tax prevailing in the locations in which the Group operates, based on existing legislation, interpretations and practices in respect thereof. In accordance with the relevant tax rules and regulations in the PRC, certain of the Group's subsidiaries enjoy reductions and preferential tax rates.

The provision for LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable deductions.

11. TAXATION *(Continued)*

According to the PRC Enterprise Income Tax law and its detailed implementation rules promulgated on 16 March 2007 and 11 December 2007 respectively, for those subsidiaries without preferential tax rates, the new tax rate applicable is unified at 25% which became effective from 1 January 2008 and for those subsidiaries enjoying a preferential tax rate of 15%, the new tax rate applicable will be increased from 15% over 5 years to 25% pursuant to the grandfathering provisions. Deferred tax is recognised based on the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

A reconciliation of the tax expense applicable to profit before taxation using the statutory rates for the countries in which the Company and its subsidiaries and jointly controlled entities, are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

	2008		2007	
	HK$'000	**%**	HK$'000	%
Profit before taxation	**869,660**		354,490	
Tax at the statutory tax rate	**217,415**	**25.0**	116,982	33.0
Tax effect of income not taxable	**(47,372)**	**(5.4)**	(19,207)	(5.4)
Tax effect of expenses not deductible	**116,260**	**13.4**	127,577	36.0
Tax effect of tax losses not recognised	**30,539**	**3.5**	13,112	3.7
Tax effect of utilisation of tax losses previously not recognised	**(1,603)**	**(0.2)**	(27,931)	(7.9)
Effect of different tax rates in the PRC during the year	**35,794**	**4.1**	–	–
Lower tax rate for specific provinces or local authority	**–**	**–**	(13,159)	(3.7)
Tax effect of share of (profit) loss of associates	**(923)**	**(0.1)**	298	0.1
	350,110	**40.3**	197,672	55.8
PRC LAT	**305,146**	**35.1**	46,617	13.2
Income tax effect of PRC LAT	**(76,287)**	**(8.8)**	(15,384)	(4.4)
Changes in estimate of deferred tax liability which arose on a business combination	**84,289**	**9.7**	–	–
Overprovision in prior years	**(13,499)**	**(1.6)**	–	–
Effect on deferred tax arising from change in tax rate	**(151,069)**	**(17.4)**	–	–
Tax charge at the Group's effective rate	**498,690**	**57.3**	228,905	64.6

12. PROFIT FOR THE YEAR

The Group's profit for the year has been arrived at after charging (crediting):

	2008 HK$'000	2007 HK$'000
Cost of completed properties for sale sold	**2,488,361**	1,422,935
Depreciation of property, plant and equipment (note 17)	**9,280**	5,500
Less: Amounts capitalised in properties under development	**(2,851)**	(2,625)
	6,429	2,875
Minimum lease payments under operating leases for land and buildings	**7,587**	6,075
Less: Amounts capitalised in properties under development	**(2,629)**	(2,933)
	4,958	3,142
Auditor's remuneration	**3,000**	2,400
Staff costs (including directors' remuneration – note 13)	**117,427**	63,986
Pension scheme contributions	**7,449**	6,653
Less: Amounts capitalised in properties under development	**(38,680)**	(31,214)
	86,196	39,425
Share of tax of jointly controlled entities (note a)	**91,205**	137,372
Share of tax of associates (note d)	**916**	–
(Written back) provision for long service payments	**(179)**	271
Provision for prepayments and other receivables (note b)	**–**	1,477
Loss on disposal of property, plant and equipment	**46**	111
Amortisation of prepaid land lease payments (note c) (note 19)	**2,195**	1,256
Gross rental income	**(6,823)**	(6,101)
Less: Outgoings	**2,308**	1,268
Net rental income	**(4,515)**	(4,833)

Notes:

(a) Included in "Taxation" in the consolidated income statement.

(b) Included in "Other expenses" in the consolidated income statement.

(c) Included in "Administrative expenses" in the consolidated income statement.

(d) Included in "Share of profit (loss) of associates" in the consolidated income statement.

13. DIRECTORS' REMUNERATION

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

	2008 HK$'000	2007 HK$'000
Fees:		
Executive directors	–	–
Non-executive directors	50	10
Independent non-executive directors	260	260
	310	270
Other emoluments:		
Salaries, allowances and benefits in kind	14,037	6,005
Share-based payment	17,329	–
Pension scheme contributions	129	67
	31,495	6,072
	31,805	6,342

13. DIRECTORS' REMUNERATION *(Continued)*

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Share-based payment HK$'000	Pension scheme contributions HK$'000	Total HK$'000
Year ended 31 March 2008					
Executive directors:					
Mr. Chan Boon Teong	–	2,683	2,368	12	5,063
Mr. Jiang Ming	–	2,917	2,368	12	5,297
Mr. Tao Lin	–	2,567	2,368	12	4,947
Mr. Cheng Wing Bor	–	2,333	2,368	12	4,713
Mr. Lin Chen Hsin	–	490	592	12	1,094
Mr. Wu Xin	–	2,268	1,421	26	3,715
Mr. Xin Xiang Dong	–	779	837	43	1,659
	–	14,037	12,322	129	26,488
Non-executive directors:					
Mr. Zheng Hong Qing	10	–	–	–	10
Mr. William F. Harley III (alias Mickey Harley)	–	–	–	–	–
Mr. Oliver P. Weisberg	10	–	–	–	10
Mr. Hu Aimin	10	–	1,226	–	1,236
Mr. Zhang Yijun	10	–	1,226	–	1,236
Mr. Zhang Huaqiao	10	–	1,226	–	1,236
	50	–	3,678	–	3,728
Independent non-executive directors:					
Mr. Tang Lap Yan	100	–	511	–	611
Mr. Law Kin Ho	80	–	409	–	489
Mr. Wong Kai Cheong	80	–	409	–	489
	260	–	1,329	–	1,589
	310	14,037	17,329	129	31,805

13. DIRECTORS' REMUNERATION *(Continued)*

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Pension scheme contributions HK$'000	Total HK$'000
Year ended 31 March 2007				
Executive directors:				
Mr. Chan Boon Teong	–	1,403	12	1,415
Mr. Jiang Ming	–	1,794	12	1,806
Mr. Tao Lin	–	780	12	792
Mr. Cheng Wing Bor	–	1,300	12	1,312
Mr. Lin Chen Hsin	–	299	12	311
Mr. Wu Xin	–	317	1	318
Mr. Xin Xiang Dong	–	112	6	118
	–	6,005	67	6,072
Non-executive directors:				
Mr. Zheng Hong Qing	10	–	–	10
Mr. William F. Harley III (alias Mickey Harley)	–	–	–	–
Mr. Oliver P. Weisberg	–	–	–	–
Mr. Hu Aimin	–	–	–	–
Mr. Zhang Yijun	–	–	–	–
Mr. Zhang Huaqiao	–	–	–	–
	10	–	–	10
Independent non-executive directors:				
Mr. Tang Lap Yan	100	–	–	100
Mr. Law Kin Ho	80	–	–	80
Mr. Wong Kai Cheong	80	–	–	80
	260	–	–	260
	270	6,005	67	6,342

All of the executive directors agreed to waive their entitlements to directors' fees totalling HK$70,000 (2007: HK$70,000) for the year. Other than this, there was no arrangement under which a director waived or agreed to waive any remuneration during the year.

14. FIVE HIGHEST PAID INDIVIDUALS

The five highest paid individuals during the year included five (2007: four) directors, details of whose remuneration are set out in note 13 above. The remuneration of the remaining one non-director highest paid individual for the year ended 31 March 2007 fell within the band of HK$1,000,001- HK$1,500,000, details of which are as follows:

	2008 **HK$'000**	2007 HK$'000
Basic salaries	–	1,341
Pension scheme contributions	–	12
	–	1,353

During both years, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group.

15. DIVIDENDS

	2008 **HK$'000**	2007 HK$'000
Dividend recognised as distribution:		
Interim dividend – Nil (2007: HK1 cent) per ordinary share	–	23,155
Final dividend – HK1 cent (2007: HK1 cent) per ordinary share	**27,906**	22,129
	27,906	45,284
Dividend proposed:		
Final dividend – Nil (2007: HK1 cent) per ordinary share	–	27,594

The amount of the proposed final dividend for the year ended 31 March 2007 was calculated based on 2,759,382,857 shares.

16. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	2008 HK$'000	2007 HK$'000
Earnings		
Profit for the year attributable to equity holders of the Company and earnings for the purposes of basic and diluted earnings per share	**364,694**	126,703

	2008	2007
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**2,641,182,576**	2,224,893,397
Effect of dilutive potential ordinary shares – share options	**15,270,801**	28,322,978
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**2,656,453,377**	2,253,216,375

The calculation of diluted earnings per share for the year ended 31 March 2008 did not assume the exercise of the Company's warrants as the exercise price of the warrants was higher than the average market price for shares.

The calculation of diluted earnings per share for the years ended 31 March 2008 and 31 March 2007 has not taken into account the conversion of the Company's convertible bonds as it would result in an increase in the earnings per share.

17. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Construction-in-progress HK$'000	Total HK$'000
COST OR VALUATION						
At 1 April 2006	7,070	1,581	14,870	10,573	–	34,094
Exchange realignment	717	–	510	435	–	1,662
Additions	13,132	219	12,143	1,879	–	27,373
Transfer from investment properties (note 18)	23,545	–	–	–	–	23,545
Acquired on acquisition of property based subsidiaries (note 37)	16,550	–	97	–	–	16,647
Acquired on acquisition of property based jointly-controlled entities (note 38)	–	–	517	400	–	917
Disposals	–	(595)	(2,168)	(1,256)	–	(4,019)
Disposal of property based subsidiaries (note 39)	–	–	(1,267)	(2,255)	–	(3,522)
Adjustment on valuation	5,765	–	–	–	–	5,765
At 31 March 2007	66,779	1,205	24,702	9,776	–	102,462
Exchange realignment	9,461	–	2,310	1,051	41,387	54,209
Additions	–	13,262	5,703	2,052	49,043	70,060
Transfer from properties under development (note 25)	8,374	–	–	–	–	8,374
Transfer from completed properties for sale	12,979	–	–	–	–	12,979
Acquired on acquisition of property based subsidiaries (note 37)	12,311	–	446	808	603,513	617,078
Acquired on acquisition of property based jointly controlled entities (note 38)	–	–	44	1,981	–	2,025
Disposals	–	–	(463)	(889)	–	(1,352)
Disposal of property based subsidiaries (note 39)	–	–	(285)	(311)	–	(596)
Adjustment on revaluation	11,650	–	–	–	–	11,650
At 31 March 2008	**121,554**	**14,467**	**32,457**	**14,468**	**693,943**	**876,889**
Comprising						
At cost	–	14,467	32,457	14,468	693,943	755,335
At valuation 2008	121,554	–	–	–	–	121,554
	121,554	14,467	32,457	14,468	693,943	876,889

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

	Land and buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Construction-in-progress HK$'000	Total HK$'000
DEPRECIATION						
At 1 April 2006	–	930	8,933	5,728	–	15,591
Exchange realignment	–	–	274	56	–	330
Provided for the year	1,045	205	2,585	1,665	–	5,500
Eliminated on disposals	–	(595)	(2,057)	(1,256)	–	(3,908)
Eliminated on disposal of property based subsidiaries (note 39)	–	–	(847)	(1,486)	–	(2,333)
Adjustment on revaluation	(1,045)	–	–	–	–	(1,045)
At 31 March 2007	–	540	8,888	4,707	–	14,135
Exchange realignment	57	94	1,036	527	–	1,714
Provided for the year	1,333	1,781	4,481	1,685	–	9,280
Eliminated on disposals	–	–	(356)	(845)	–	(1,201)
Eliminated on disposal of property based subsidiaries (note 39)	–	–	(21)	–	–	(21)
Adjustment on revaluation	(1,390)	–	–	–	–	(1,390)
At 31 March 2008	**–**	**2,415**	**14,028**	**6,074**	**–**	**22,517**
CARRYING VALUES						
At 31 March 2008	**121,554**	**12,052**	**18,429**	**8,394**	**693,943**	**854,372**
At 31 March 2007	66,779	665	15,814	5,069	–	88,327

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

The above items of property, plant and equipment are depreciated using the straight-line after taking into account of their estimated residual values at the following rates per annum:

Land and buildings	shorter of land lease or 2% to 5%
Leasehold improvements	20%
Furniture, fixtures and office equipment	20%
Motor vehicles	20%

	2008 **HK$'000**	2007 HK$'000
Land and buildings in Hong Kong		
Long leases	**200**	230
Medium-term leases	**200**	180
	400	410
Land and buildings in the PRC		
Long leases	**34,485**	349
Medium-term leases	**86,669**	66,020
	121,154	66,369
	121,554	66,779

The Group's land and buildings were revalued individually at 31 March 2008 by DTZ Debenham Tie Leung Limited, independent professionally qualified valuers not connected with the Group, by reference to market evidence of recent transaction prices for similar properties.

Had the Group's land and buildings been carried at historical cost less accumulated depreciation, their carrying amounts at 31 March 2008 would have been approximately HK$96,749,000 (2007: HK$61,565,000).

At 31 March 2008, certain land and buildings with an aggregate carrying value of approximately HK$48 million (2007: HK$34 million) and HK$22 million (2007: nil) respectively have been pledged to banks to secure banking facilities and other loans granted to the Group (note 30(a)(i) and 30(b)(i)).

At 31 March 2008, construction-in-progress with carrying value of approximately HK$694 million (2007: nil) have been pledged to banks to secure banking facilities granted to the Group (note 30(a)(ii)).

18. INVESTMENT PROPERTIES

	2008 HK$'000	2007 HK$'000
FAIR VALUE		
At beginning of year	**507,321**	302,765
Exchange realignment	**54,500**	5,717
Increase in fair value recognised in the income statement	**57,272**	79,575
Transfer from properties under development (note 25)	**–**	172,549
Transfer from completed properties for sale	**50,482**	–
Transfer to property, plant and equipment (note 17)	**–**	(23,545)
Disposals	**(53,099)**	–
Disposal of property based subsidiaries (note 39)	**–**	(29,740)
At end of year	**616,476**	507,321

The Group's investment properties are situated in the PRC and are held under the following lease terms:

	2008 HK$'000	2007 HK$'000
Long leases	**67,635**	1,321
Medium-term leases	**548,841**	506,000
	616,476	507,321

The Group's investment properties were revalued at 31 March 2008 by DTZ Debenham Tie Leung Limited, independent professionally qualified valuers not connected with the Group, who has appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. The valuation report on these properties was signed by a director of DTZ Debenham Tie Leung Limited who is a member of The Hong Kong Institute of Surveyors ("HKIS"). The valuation was arrived at by considering the capitalised net rental income or where appropriate, by reference to market evidence of recent transaction prices for similar properties in similar location and condition. In arriving at the capitalised net rental income, the market rentals of all lettable units of the property are assessed and capitalised at market yield expected by investors for this type of property. The market rentals are also assessed by reference to the rentals achieved in other similar properties in the neighbourhood. The capitalisation rate adopted is made by reference to the yields achieved in analysed market sales transactions and the valuer's knowledge of the market expectation from property investors.

At 31 March 2008, certain investment properties with an aggregate carrying value of approximately HK$64 million (2007: HK$246 million) have been pledged to secure banking facilities and other loans granted to the Group (note 30(a) and 30(b)(ii)).

18. INVESTMENT PROPERTIES *(Continued)*

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The investment properties are leased to third parties under operating leases, further summary details of which are included in note 42(a) to the financial statements.

19. PREPAID LAND LEASE PAYMENTS

	2008 HK$'000	2007 HK$'000
At beginning of year	**93,500**	4,819
Exchange realignment	**8,597**	1,604
Additions	**–**	52,535
Acquisition of property based subsidiaries (note 37)	**–**	35,798
Amortisation during the year (note 12)	**(2,195)**	(1,256)
At end of year	**99,902**	93,500
Analysed for reporting purposes as:		
Non-current asset	**97,671**	91,520
Current asset (included in prepayments, deposits and other receivables)	**2,231**	1,980
	99,902	93,500

The Group's leasehold lands were held under the following lease terms:

	2008 HK$'000	2007 HK$'000
Leasehold lands in Hong Kong		
Long leases	**3,223**	3,294
Medium-term leases	**795**	826
	4,018	4,120
Leasehold lands in the PRC		
Medium-term leases	**95,884**	89,380
	99,902	93,500

At 31 March 2008, certain leasehold lands with an aggregate carrying value of approximately HK$95 million (2007: HK$89 million) have been pledged to banks to secure banking facilities granted to the Group (note 30(a)(iii)).

20. GOODWILL

	HK$'000
COST	
At 1 April 2006	66,247
Arising from acquisition of additional interests in subsidiaries	1,396
At 31 March 2007	67,643
Exchange realignment	13,013
Arising from acquisition of additional interests in subsidiaries	513
Disposal of a property based subsidiary (note 39)	(137)
At 31 March 2008	**81,032**

Impairment testing of goodwill

Goodwill acquired through business combinations or acquisition of additional interests in subsidiaries has been allocated to cash-generating unit ("CGU") that are expected to benefit from that business combination. These subsidiaries are principally engaged in property development. Goodwill has been allocated to CGU in property development segment.

The recoverable amount of the CGU is determined based on estimated fair value less costs to sell. The fair value of properties under development less costs to sell is estimated based on the estimated net realisable value with reference to the valuation of the fair values of the underlying assets of the CGU performed by independent professionally qualified valuers with reference to the comparable transactions in similar locations and conditions.

During the year ended 31 March 2008, management of the Group determines that there are no impairments of its CGU containing goodwill.

21. INTERESTS IN JOINTLY CONTROLLED ENTITIES

The summarised financial information in respect of the Group's interests in jointly controlled entities which are accounted for using proportionate consolidation with the line-by-line reporting format is as follows:

	2008 HK$'000	2007 HK$'000
Non-current assets	**59**	778,451
Current assets	**137,815**	2,633,832
Current liabilities	**(37,912)**	(1,285,923)
Non-current liabilities	**–**	(1,224,758)
Net assets	**99,962**	901,602
Income	**609,445**	1,253,652
Expenses	**(468,043)**	(1,033,278)
Profit for the year	**141,402**	220,374

During the year ended 31 March 2008, the jointly controlled entities, Beijing Gaosheng Real Estate Company Limited ("Gaosheng") and Beijing Coastal Greenland Shiji Real Estate Development Co., Ltd. ("Beijing Shiji") became the subsidiaries of the Group as the Group is able to appoint all the directors in the board of directors of the above jointly controlled entities, accordingly these jointly controlled entities are classified as subsidiaries of the Company.

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

As at 31 March 2008, the Group had interests in the following jointly controlled entities:

Name of jointly controlled entity	Nominal value of registered capital	Place of registration and operations	Proportion of the nominal value of registered capital (Note (b))	Group's percentage of Voting power	Group's percentage of Profit sharing (Note (b))	Principal activities
Beijing Wendela Real Estate Development Co., Ltd. ("Wendela") (Note (a))	RMB100,000,000	PRC	70.8	60	70.8	Land development
New Shanghai Property International Management Co., Ltd.	US$1,000,000	PRC	30	43	30	Inactive
Tianjin Coastal Greenland Real Estate Co., Ltd. ("Tianjin Real Estate") (Note (a))	RMB30,000,000	PRC	70	60	70	Inactive

Note (a): The Group holds more than one half of the share capital of Wendela and Tianjin Real Estate and controls more than one half of the voting power in general meeting. However, under the respective shareholder's agreement, Wendela and Tianjin Real Estate are jointly controlled by the Group and the other significant shareholder. Therefore, Wendela and Tianjin Real Estate are classified as jointly controlled entities of the Group.

Note (b): The Group is entitled to share the operating results of these jointly controlled entities based on the Group's ownership interest/profit sharing ratio.

22. INTERESTS IN ASSOCIATES

	2008 HK$'000	2007 HK$'000
Cost of investment		
Listed in the PRC	**123,404**	123,404
Unlisted	**64,555**	–
Share of post-acquisition profits (losses) and reserves	**10,384**	(906)
Unrealised profit on disposal of a subsidiary to the associate	**(8,471)**	(8,471)
	189,872	114,027
Fair value of listed investment	**620,384**	311,912

22. INTERESTS IN ASSOCIATES *(Continued)*

The fair value of the above listed investment at 31 March 2008 and 31 March 2007 was calculated using Black-Scholes Option Pricing model and is determined based on the quoted market bid price available on the relevant exchange after adjusting the marketability discount for lock up period. The inputs into the model were as follows:

	31.3.2008	31.3.2007
Share price	**RMB17.37**	RMB9.87
Volatility	**55.67% to 64.96%**	41.58% to 45.52%
Risk free rate	**3.46% to 3.59%**	2.09% to 2.64%
Expected annual dividend yield	**–**	–
Estimated marketability discount	**22.52% to 25.80%**	16.09% to 23.17%

As at 31 March 2008, the Group had interests in the following associates:

Name of associate	Place of registration and operations	Proportion of nominal value of registered capital held by the Group %	Principal activities
Shanghai Fenghwa Group Company Limited ("Shanghai Fenghwa")	PRC	21.13	Property development and investment
Shenyang Rongtian Real Estate Development Co., Ltd.	PRC	20	Property development

The listed investment of 39,719,503 shares of Shanghai Fenghwa held by the Group have lock up periods which restricted the Group to sell in the market ranging from 12 months to 36 months from 1 March 2007.

During the year ended 31 March 2007, the Group acquired 21.13% equity interest or 31.8 million shares in Shanghai Fenghwa, a company listed on the Shanghai Stock Exchange, the PRC for an aggregate consideration of HK$68 million in April 2006. The Group initially accounted for Shanghai Fenghwa as available-for-sale investment before the Group has any representative in the board of directors in Shanghai Fenghwa. Subsequent to the Group's acquisition of the 21.13% equity interest, Shanghai Fenghwa carried out a restructuring scheme, which principally involved the debt restructuring, capitalisation of certain reserve by issue of bonus shares and transfer of bonus shares by the shareholders of non-circulating shares of Shanghai Fenghwa to shareholders of circulating shares of Shanghai Fenghwa, restructuring the operations and business of Shanghai Fenghwa, etc.

22. INTERESTS IN ASSOCIATES *(Continued)*

Pursuant to the restructuring scheme of Shanghai Fenghwa, the Group, as a substantial shareholder of Shanghai Fenghwa, agreed to dispose of Coastal Greenland Development (Anshan) Ltd ("Anshan Project"), a wholly-owned subsidiary of the Company, with its then net asset carrying value of RMB74 million (equivalent to approximately HK$75 million), to Shanghai Fenghwa for a consideration of RMB111 million (equivalent to approximately HK$112 million). The consideration is settled by Shanghai Fenghwa by the issue of approximately 7.9 million bonus shares of Shanghai Fenghwa to the Group for an equivalent amount of RMB55 million (equivalent to approximately HK$56 million) and cash of RMB56 million (equivalent to approximately HK$56 million). Accordingly, the disposal of Anshan Project in a gain of RMB29 million (equivalent to approximate HK$29 million) which is included in the "gain on disposal of property based subsidiaries" in the consolidated income statement (see also note 39). As a result of disposal of Anshan Project to Shanghai Fenghwa, the Group was also not required to transfer the bonus shares to the shareholder of circulating shares of Shanghai Fenghwa and therefore, the Group maintains its equity shareholding in Shanghai Fenghwa after the restructuring.

At 31 March 2008, the Group has 21.13% equity interest or 39.7 million shares in Shanghai Fenghwa. Upon the completion of restructuring of Shanghai Fenghwa in January 2007, the Group has appointed four directors to the board of Shanghai Fenghwa and is able to exercise significant influence over the operating and financial policies of Shanghai Fenghwa and accordingly Shanghai Fenghwa is accounted for by the Group as an associate since then.

The financial year end of the associates is 31 December of each year. The summarised financial information in respect of the Group's listed and unlisted associates as at 31 March 2008 and 31 March 2007 based on the financial statements prepared using Accounting Standards for Business Enterprises of the PRC and HKFRS respectively is set out below:

	2008 **HK$'000**	2007 HK$'000
Total assets	**1,123,775**	460,952
Total liabilities	**(586,857)**	(299,159)
Net assets	**536,918**	161,793
Revenue	**100,064**	93,494
Profit for the year	**17,455**	66,345

23. AVAILABLE-FOR-SALE INVESTMENTS

	2008 HK$'000	2007 HK$'000
Club membership debentures	**2,960**	3,047

The above unlisted investments represent investments in unlisted club membership debentures in Hong Kong. They are measured at cost less impairment at each balance sheet date because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

24. PLEDGED BANK DEPOSITS/CASH AND BANK BALANCES

Pledged bank deposits represents (i) deposits pledged to banks for banking facilities granted to the Group (note 30(a)); (ii) deposits pledged to banks in respect of mortgage loan facilities granted by the banks to the buyers of certain properties developed by the Group; and (iii) deposits for the senior notes of the Group (note 30(d)).

Bank balances carry interest at market rates which approximates at 0.72%. The pledged deposits carry fixed interest rates which range from 0.18% to 2.5%.

The pledged bank deposits will be released upon the issuance of title deeds to the buyers of properties for bank deposits pledged under the condition as stated in (ii) above or the settlement of relevant bank borrowings and senior notes for bank deposits pledged under the conditions as stated in (i) and (iii) above.

25. PROPERTIES UNDER DEVELOPMENT

	2008 HK$'000	2007 HK$'000
COST		
At beginning of year	**6,726,632**	3,785,205
Exchange realignment	**588,588**	208,693
Additions	**2,115,684**	2,502,168
Acquisition of property based subsidiaries (note 37)	**–**	1,172,716
Acquisition of property based jointly controlled entities (note 38)	**146,649**	949,856
Transfer to completed properties for sale	**(3,575,416)**	(1,584,509)
Transfer to property, plant and equipment (note 17)	**(8,374)**	–
Transfer to investment properties (note 18)	**–**	(172,549)
Disposal of property based subsidiaries (note 39)	**(330,959)**	(134,948)
At end of year	**5,662,804**	6,726,632

25. PROPERTIES UNDER DEVELOPMENT *(Continued)*

The properties under development of the Group are situated in the PRC and are held under the following lease terms:

	2008	2007
	HK$'000	HK$'000
Long leases	**5,450,901**	6,236,813
Medium-term leases	**211,903**	489,819
	5,662,804	6,726,632

Included in the properties under development as at 31 March 2008 is carrying value of HK$4,551,264,000 (2007: HK$4,020,608,000) which represents the carrying value of the properties expected to be completed and available for sale after more than twelve months from the balance sheet date.

At 31 March 2008, certain properties under development with an aggregate carrying value of approximately HK$3,897 million (2007: HK$4,284 million) have been pledged to banks and other parties to secure banking facilities and other loans granted to the Group (note 30(a)(iv) and 30(b)(iii)).

26. COMPLETED PROPERTIES FOR SALE

The Group's completed properties for sale are situated in the PRC.

At 31 March 2008, certain completed properties for sale with an aggregate carrying value of HK$864 million (2007: HK$211 million) have been pledged to banks and other parties to secure bank and other loans granted to the Group (note 30(a)(v) and 30(b)).

27. TRADE RECEIVABLES

Except for the proceeds from sales of properties and rental income from lease of properties which are payable in accordance with the terms of the relevant agreements, the Group generally allows a credit period of not exceeding 60 days to its customers.

An aged analysis of the trade receivables as at the balance sheet date based on contract date, net of allowance for bad and doubtful debts, is as follows:

	2008		2007	
	Balance	**Percentage**	Balance	Percentage
	HK$'000		HK$'000	
0 – 30 days	**138,259**	**49**	75,688	51
31 – 60 days	**4,126**	**2**	52,268	35
61 – 90 days	**16,977**	**6**	10,241	7
Over 90 days	**121,016**	**43**	10,052	7
	280,378	**100**	148,249	100

Before granting the credit term to a customer, the Group uses an internal credit assessment system to assess the potential customer's credit quality and defines credit limits by customer.

The Group has minimal trade receivable balances which are past due at the reporting date. The trade receivable balance with age over 90 days of approximately HK$121,016,000 at 31 March 2008 represents the receivable from sales of properties which is not impaired at the balance sheet date as the Group holds the collateral over the balances.

In determining the recoverability of trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the balance sheet date. The concentration of credit risk is limited as the customer base is large and unrelated. Accordingly, the directors believe that there is no credit provision required as at balance sheet date.

28. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2008	2007
	HK$'000	HK$'000
Loan receivable (note)	**73,809**	–
Other receivables	**180,313**	332,136
Deposits for acquisition of new projects	**869,922**	173,543
Deposit for acquisition of additional interest in a subsidiary	**–**	60,610
Prepayments and other deposits	**205,970**	141,616
	1,330,014	707,905

Note: At 31 March 2008, loan receivable of HK$73,809,000 (2007: nil) bears interests at 15% per annum, is unsecured and has no fixed repayment terms.

29. TRADE PAYABLES/DEPOSITS RECEIVED AND DEFERRED REVENUE

Trade payables

An aged analysis of the trade payables as at the balance sheet date based on invoice date is as follows:

	2008		2007	
	Balance HK$'000	**Percentage**	Balance HK$'000	Percentage
0 – 30 days	**20,643**	**22**	18,394	24
31 – 60 days	**12,749**	**14**	445	1
61 – 90 days	**3,624**	**4**	416	1
Over 90 days	**55,683**	**60**	54,867	74
	92,699	**100**	74,122	100

Deposits received and deferred revenue

Included in the deposits received and deferred revenue in the Group's consolidated balance sheet as at 31 March 2008 was an amount of approximately HK$111 million (2007: HK$101 million) received pursuant to a joint development agreement entered into between the Group and a third party developer in respect of the joint development of a property project in Wuhan, the PRC.

Under the joint development agreement, the Group should satisfy the conditions stipulated in the agreement including the provision of a parcel of land of 79,831 square metres as at 31 March 2008 with carrying amount of RMB38 million (equivalent to approximately HK$42 million) on which the third party developer is wholly responsible for the development of the property project, in return for a cash payment of RMB100 million (equivalent to approximately HK$111 million) to the Group from the third party developer.

As at the balance sheet dates, the RMB100 million was received by the Group with certain conditions have not been fulfilled and therefore it was recorded as deferred revenue in the Group's consolidated balance sheet.

30. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2008 HK$'000	2007 HK$'000
CURRENT		
Bank loans – secured	**1,020,956**	539,240
Bank loans – unsecured	**48,786**	20,203
Other loans – secured	**224,796**	204,893
Other loans – unsecured	**266,105**	–
	1,560,643	764,336
NON-CURRENT		
Bank loans – secured	**1,813,217**	1,256,674
Bank loans – unsecured	**119,747**	363,662
Other loans – secured	**15,097**	725,034
Other loans – unsecured	**177,403**	161,627
Senior notes – secured	**1,024,225**	579,148
Liability component of convertible bonds (note 31)	**–**	273,105
	3,149,689	3,359,250
	4,710,332	4,123,586
Analysed into:		
Bank loans repayable:		
Within one year or on demand	**1,069,742**	559,443
In the second year	**1,346,092**	983,706
In the third to fifth years, inclusive	**586,872**	636,630
	3,002,706	2,179,779
Other borrowings repayable:		
Within one year or on demand	**490,901**	204,893
In the second year	**180,655**	1,451,003
In the third to fifth years, inclusive	**1,035,385**	281,520
Beyond five years	**685**	6,391
	1,707,626	1,943,807
	4,710,332	4,123,586

30. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

Notes:

(a) Certain of the Group's bank loans as at 31 March 2008 are secured by:

(i) certain land and buildings of the Group with an aggregate carrying value of approximately HK$48 million (2007: HK$34 million) (note 17);

(ii) certain construction-in-progress of the Group with an aggregate carrying value of approximately HK$694 million (2007: nil) (note 17);

(iii) certain leasehold lands of the Group with an aggregate carrying value of approximately HK$95 million (2007: HK$89 million) (note 19);

(iv) certain properties under development of the Group with an aggregate carrying value of approximately HK$3,726 million (2007: HK$4,161 million) (note 25);

(v) certain completed properties for sale of the Group with an aggregate carrying value of approximately HK$864 million (2007: HK$171 million) (note 26); and

(vi) corporate guarantees from the Company and certain of its subsidiaries.

Certain of the Group's bank loans as at 31 March 2007 were secured by bank deposits of the Group amounting to approximately HK$295 million (note 24) and certain investment properties of the Group with an aggregate carrying value of approximately HK$246 million (note 18).

(b) Certain of the Group's other loans as at 31 March 2008 are secured by:

(i) certain property, plant and equipment of the Group with an aggregate carrying value of approximately HK$22 million (2007: nil) (note 17);

(ii) certain investment properties of the Group with an aggregate carrying value of approximately HK$64 million (2007: nil) (note 18); and

(iii) certain properties under development of the Group with an aggregate carrying value of approximately HK$171 million (2007: 123 million) (note 25).

Certain of the Group's other loans as at 31 March 2007 were secured by the Group's equity interest in a jointly controlled entity, Gaosheng, and the Group's certain completed properties for sale with an aggregate carrying value of approximately HK$40 million (note 26).

The Group entered into certain financing arrangements with independent third parties for its development project held by a subsidiary, Shanghai Xinghongda Real Estate Ltd. ("XHD") in March 2006. Under the financing arrangements, the Group borrowed RMB200 million (equivalent to approximately HK$222 million). The loan was secured by the Group's 85% equity interest in XHD, and bore fixed interest at 8.6% per annum and was fully repaid during the year ended 31 March 2008.

30. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

Notes: *(Continued)*

(c) The ranges of effective interest rates (which are also approximate to contracted interest rates) on the Group's interest-bearing bank and other borrowings, other than the senior notes and liability component of convertible bonds which have an effective interest rate of 16.64% and 21.68% per annum respectively, are as follows:

	2008		2007	
	Borrowings HK$'000	**Interest rate**	Borrowings HK$'000	Interest rate
Effective interest rate:				
Fixed-rate borrowings	**2,284,896**	**6.05% to 10.00%**	2,725,122	4.86% to 11.00%
Variable-rate borrowings	**2,425,436**	**6.57% to 8.32%**	1,398,464	5.76% to 6.93%

The fixed-rate borrowings, other than convertible bonds and senior notes, will be repriced every year.

The Group's borrowings that are denominated in currencies other than RMB, the functional currency of group entities, are set out below:

	2008 HK$'000	2007 HK$'000
United States dollars	**1,024,225**	852,253

The other loans bear interest at fixed rates ranging from 6.44% per annum to 10% per annum (2007: from 5% per annum to 11% per annum). Other borrowings repayable beyond five years are other secured loans which bear interest at variable market rates from 6.16% per annum to 6.66% per annum (2007: from 5.51% per annum to 6.16% per annum) and will be repayable by monthly instalments until 2013.

(d) Senior notes

Pursuant to a subscription agreement dated 7 July 2005, the Company issued senior notes for an aggregate amount of US$17.5 million (equivalent to approximately HK$136.2 million) on 5 August 2005 (the "August 2005 Senior Notes") to an independent third party. The August 2005 Senior Notes bear fixed interest at 9% per annum and are wholly repayable on 5 August 2008. The August 2005 Senior Notes are secured by a share charge over the entire issued share capital of Coastal Realty Development Co. Limited ("CRD"), a wholly-owned subsidiary of the Company. During the year ended 31 March 2008, the August 2005 Senior Notes were wholly repaid.

Pursuant to a subscription agreement dated 30 March 2006, the Company issued senior notes for a total amount of US$40 million (equivalent to approximately HK$311.2 million) on 4 April 2006 (the "April 2006 Senior Notes") to certain independent third parties. The April 2006 Senior Notes bear fixed interest at 9% per annum and are wholly repayable on 4 August 2008. The April 2006 Senior Notes are also secured by a share charge over the entire issued share capital of CRD. During the year ended 31 March 2008, the April 2006 Senior Notes were wholly repaid.

30. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

Notes: *(Continued)*

(d) Senior notes *(Continued)*

Pursuant to a subscription agreement dated 30 June 2006, the Company issued senior notes for an amount of US$20 million (equivalent to approximately HK$155.6 million) on 6 July 2006 (the "July 2006 Senior Notes") to an independent third party. The July 2006 Senior Notes bear fixed interest at 9% per annum and are wholly repayable on 4 August 2008. The July 2006 Senior Notes are also secured by a share charge over the entire issued share capital of CRD. During the year ended 31 March 2008, the July 2006 Senior Notes were wholly repaid.

Pursuant to a purchase agreement dated 30 November 2007, the Company issued 1,500 units consisting of US$150 million (equivalent to approximately HK$1,170 million) principal amount of 12% guaranteed senior notes (the "November 2007 Senior Notes") and 111,622,500 warrants for 111,622,500 ordinary shares of HK$0.10 each in the Company to a subscriber at the exercise price of HK$2.46 per share (subject to adjustments) from the issue date to 8 November 2012 (see note 32(b)). The net proceeds were used to redeem the August 2005 Senior Notes, the April 2006 Senior Notes and the July 2006 Senior Notes with total amount of US$77.5 million (equivalent to approximately HK$604.5 million). The November 2007 Senior Notes bear fixed interest at 12% per annum and are wholly repayable on 8 November 2012. The November 2007 Senior Notes are secured by bank deposits of the Group amounting to approximately HK$70 million and share charges over the entire issued share capital of certain wholly-owned subsidiaries of the Company. The fair value of warrants is determined, upon issuance, and is carried as a derivative financial liability which is measured at fair value with movement dealt with in the income statement. The fair value of warrants at the dates of issue is deducted from the proceeds from the issue of the units to arrive at the initial carrying amount of the senior notes and hence have been allocated to the senior notes on initial recognition.

31. CONVERTIBLE BONDS

Pursuant to a subscription agreement dated 7 July 2005, the Company issued convertible bonds for an aggregate amount of US$12.5 million (equivalent to approximately HK$97.3 million) on 5 August 2005 (the "2005 CB") to an independent third party, in four tranches, as subsequently amended on 10 November 2005, each in the amount of US$3,125,000 (equivalent to approximately HK$24.3 million). The conversion price for tranches 1 and 2 was HK$0.3 per share and that for tranches 3 and 4 was HK$0.5 per share. The conversion period of tranches 1, 2, 3 and 4 expire up to and including the 11th business day prior to 31 December 2005, 30 June 2006, 31 December 2006 and 30 June 2007, respectively. The 2005 CB bore interest at London Inter Bank Offer Rate (LIBOR) plus 1.5% per annum. If the closing price of the Company's ordinary shares exceeds the conversion price on 10 consecutive trading days at any time during the period prior to the maturity date, the Company may, at its option, demand for an early redemption of the convertible bonds at 100% of the face value. The directors consider that the fair value of this early redemption option by the Company is insignificant. The 2005 CB was secured by a share charge over the entire issued share capital of CRD. If the 2005 CB is not converted into ordinary shares of the Company, they will be redeemed at par of the issued value of US$12.5 million (equivalent to approximately HK$97.3 million) on maturity. The tranche 1 of the 2005 CB was converted into the Company's shares in prior year. The tranches 2, 3 and 4 of the 2005 CB were converted into the Company's shares during the year ended 31 March 2007 (note 33). The effective interest rate of the liability component is 5.74% per annum.

31. CONVERTIBLE BONDS *(Continued)*

Pursuant to a subscription agreement dated 30 June 2006 and the approval of the shareholders of the Company at a special general meeting held on 21 July 2006, the Company issued US$40 million (equivalent to approximately HK$312 million) convertible bonds (the "2006 CB") to an independent third party. The convertible bonds bear coupon interest rate at 4.75% per annum, are secured by a second priority charge over the entire issued share capital of CRD, and will mature on 30 December 2009 with a put option for the subscriber who has the right to demand for an early redemption of the 2006 CB during the period from 30 June 2009 to the maturity date at 100% of the face value, plus a pro-rata portion of the 45% redemption premium upon maturity. The directors consider that the fair value of this 2006 CB holder's early redemption option is insignificant. If the 2006 CB are not converted into ordinary shares of the Company, they will be redeemed at 145% of the issued value of US$40 million (equivalent to approximately of HK$312 million) on maturity. The 2006 CB are convertible at HK$0.7 per ordinary share into the share capital of the Company at any time during the tenure of the convertible bonds. During the year ended 31 March 2008, all the 2006 CB were converted into ordinary shares of the Company (note 33).

In addition to the early redemption option component, the convertible bonds contain two components, liability component and conversion option derivative. The fair value of the conversion option derivatives of the convertible bonds denominated in foreign currency was determined, upon issuance, and is carried as a financial liability which is measured at fair value with movement dealt with in the income statement. The effective interest rate of the liability component is 21.68% per annum.

The movements of the liability component and conversion option derivative of the convertible bonds for the year are set out as below:

	Liability component (note 30)		**Derivatives component**	
		Shown as		**Shown as**
	US$'000	HK$'000	US$'000	HK$'000
At 1 April 2006	9,261	72,232	3,557	27,745
Issue of convertible bonds	30,987	241,703	7,188	56,065
Interest expense	5,984	46,675	–	–
Interest paid	(1,739)	(13,566)	–	–
Loss arising on changes of fair value	–	–	21,344	166,484
Conversion	(9,479)	(73,939)	(12,238)	(95,455)
At 31 March 2007	35,014	273,105	19,851	154,839
Interest expense	2,533	19,754	–	–
Interest paid	(588)	(4,577)	–	–
Loss arising on changes of fair value	–	–	28,526	222,503
Conversion	(36,959)	(288,282)	(48,377)	(377,342)
At 31 March 2008	**–**	**–**	**–**	**–**

31. CONVERTIBLE BONDS *(Continued)*

The fair values of conversion option derivative of 2005 CB at the conversion dates were calculated using Black-Scholes Option Pricing model. The inputs into the model were as follows:

	2005 CB	
	16.6.2006	31.12.2006
	Tranche 2	Tranches 3 and 4
Exercise price	HK$0.30	HK$0.50
Share price	HK$0.54	HK$0.50
Intrinsic value	HK$0.24	HK$0.82
Dilution discount	3.67%	4.21%

The fair values of conversion option derivative of 2006 CB at 5 July 2006 (the date of grant) and at year end date were calculated using Monte Carlo simulation model. The inputs into the model were as follows:

	2006 CB	
	5.7.2006	31.3.2007
Exercise price	HK$0.70	HK$0.70
Share price	HK$0.58	HK$1.10
Volatility	64.87%	58.84%
Risk free rate	4.65%	3.88%
Dilution discount	19.16%	19.16%

The fair value of conversion option derivative of 2006 CB at 23 July 2007 (the conversion date) was calculated using the binomial option pricing model developed by Cox, Ross, and Rubinstein in 1979. The inputs into the model were as follows:

Exercise price	HK$0.70
Share price	HK$1.66
Volatility	54.70%
Risk free rate	4.28%
Expected annual dividend yield	1.50%

Since the Monte Carlo simulation model, Black-Scholes Option Pricing model and binomial option pricing model require the input of highly subjective assumptions, including the volatility of share price, changes in subjective input assumptions can materially affect the fair value estimate.

In the opinion of directors, both Black-Scholes Option pricing model and binomial option pricing model are appropriate in the valuation of conversion option derivative upon conversion whereas the Monte Carlo simulation model is appropriate in the valuation of conversion option derivative at the date of grant and at year end date.

32. DERIVATIVE FINANCIAL LIABILITIES

(a) Foreign currency swap contract

The Company uses the currency swap contract to hedge its borrowings denominated in United States dollars. The Company entered into the currency swap contract with an independent financial institution whereby, on 5 August 2008, the Company will pay RMB461,207,500 notional amount (with a fixed interest rate of 6.33% per annum payable semi-annually) and will receive United States dollars 57,500,000 notional amount (with a fixed interest rate of 9% per annum receivable semi-annually). The currency swap contract was terminated during the year ended 31 March 2008 upon the repayment of such borrowings, resulting in fair value loss of HK$37,405,000.

(b) Warrants

On 8 November 2007 and 18 December 2007, the Company issued 74,415,000 and 37,207,500 unlisted warrants conferring rights to subscribe for up to 74,415,000 and 37,207,500 new ordinary shares of HK$0.10 each in the Company respectively at the exercise price of HK$2.46 per share (subject to adjustments) from the issue date to 8 November 2012.

The fair value of warrants is determined, upon issuance, and is carried as a derivative financial liability which is measured at fair value with movement dealt with in the income statement.

The fair values of warrants at 8 November 2007 and 18 December 2007 (the dates of issue) and at year end date were calculated using binominal option pricing model developed by Cox, Ross, and Rubinstein in 1979. The inputs into the model were as follows:

	8.11.2007	18.12.2007	**31.3.2008**
Exercise price	HK$2.46	HK$2.46	**HK$2.46**
Share price	HK$2.22	HK$1.46	**HK$1.16**
Volatility	59.25%	59.56%	**67.71%**
Risk free rate	3.009%	2.987%	**1.977%**
Dividend yield	1.5%	1.5%	**1.5%**

The fair values of warrants at the dates of issue and at year end date were HK$104,505,000 and HK$54,729,000 respectively. The fair values of warrants at the dates of issue represented the transaction costs that relate to the issue of the senior notes (see note 30(d)) and are allocated to the senior notes on initial recognition.

Since the model requires the input of highly subjective assumptions, including the volatility of share price, changes in subjective input assumptions can materially affect the fair value estimate.

33. SHARE CAPITAL

Shares

	Number of ordinary shares	Nominal value HK$'000
Authorised:		
Ordinary shares of HK$0.10 each at 1 April 2006 and 31 March 2007	3,000,000,000	300,000
Increase on 12 November 2007	4,000,000,000	400,000
At 31 March 2008	7,000,000,000	700,000
Issued and fully paid:		
Ordinary shares of HK$0.10 each at 1 April 2006	2,105,250,000	210,525
Issue of shares upon conversion of convertible bonds	178,750,000	17,875
Issue of shares upon exercise of share options	31,520,000	3,152
At 31 March 2007 and 1 April 2007	2,315,520,000	231,552
Issue of shares upon conversion of convertible bonds	443,862,857	44,386
Issue of shares upon exercise of share options	31,200,000	3,120
At 31 March 2008	**2,790,582,857**	**279,058**

During the year ended 31 March 2008, convertible bonds with an aggregate nominal amount of approximately HK$310,704,000 (2007: HK$73,125,000) were converted into 443,862,857 (2007: 178,750,000) shares in the Company of HK$0.10 each (2007: HK$0.10).

Share options

Details of the Company's share option schemes and the share options issued under the schemes are included in note 36.

34. LONG TERM PAYABLES

At 31 March 2008, the long term payables include deferred consideration for acquisition of jointly controlled entities of HK$12,179,000 (2007: HK$229,064,000 (note 38(d)) which are discounted at the prevailing market interest rate on the date of acquisition. During the year, the Group has early repaid the substantial amount of the deferred consideration. The amount at 31 March 2008 includes a payable to the local PRC government of HK$141,661,000 (2007: nil) in connection with a property development project acquired during the year, which is interest-free and wholly repayable in March 2010 and discounted at the prevailing market interest rate of 9%.

34. LONG TERM PAYABLES *(Continued)*

The repayment term of the long term payables was analysed into:

	2008 HK$'000	2007 HK$'000
In the second year	**13,220**	129,696
In the third to fifth years, inclusive	**141,661**	100,582
	154,881	230,278

The amount of deferred consideration repayable within one year was included in other payables and accruals.

35. DEFERRED TAX LIABILITIES

The movements in deferred tax liabilities (assets) during the year are as follows:

	Business combination (Note (a)) HK$'000	**Fair value adjustments of investment properties** HK$'000	**Tax losses** HK$'000	**Others** HK$'000	**Total** HK$'000
At 1 April 2006	676,079	530	–	53,575	730,184
Exchange realignment	32,477	25	–	2,574	35,076
Charged (credited) to the income statement during the year (note 11)	–	26,260	(20,000)	(32,406)	(26,146)
Disposal of property based subsidiaries (note 39)	(29,095)	–	–	–	(29,095)
At 31 March 2007	679,461	26,815	(20,000)	23,743	710,019
Exchange realignment	49,998	2,604	(1,562)	4,955	55,995
Charged to the income statement during the year (note 11)	21,893	10,230	13,458	22,676	68,257
Change in tax rate (note 11)	(144,568)	(6,501)	–	–	(151,069)
Charged to equity during the year	–	–	–	3,260	3,260
At 31 March 2008	**606,784**	**33,148**	**(8,104)**	**54,634**	**686,462**

Notes:

(a) This represents the tax effect of temporary differences arising from the fair value adjustments to properties under development upon acquisition of property holding subsidiaries.

(b) At the balance sheet date, the Group has unused tax losses of HK$406,669,000 (2007: HK$335,029,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK$32,416,000 (2007: HK$60,606,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK$374,253,000 (2007: HK$274,423,000) due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of HK$281,188,000 (2007: HK$189,319,000) that will gradually expire until 2013. Other losses may be carried forward indefinitely.

36. SHARE OPTION SCHEMES

On 20 September 1997, the Company adopted a share option scheme (the "Scheme 1997") for the eligible participants, including the directors of the Company (other than non-executive directors) or any of its subsidiaries and other employees of the Group, pursuant to which options to subscribe for an aggregate of up to 10% of the issued share capital of the Company from time to time were able to be granted. Under the Scheme 1997, the directors were allowed to terminate the Scheme 1997 at any time and in accordance therewith, the directors terminated the Scheme 1997 on 30 August 2002. However, all the options granted under the Scheme 1997 which remained outstanding on the date of termination of the Scheme 1997 continue to be valid and exercisable in accordance with the provisions of the Scheme 1997.

A new option scheme (the "Scheme 2002") was adopted by the shareholders of the Company at the annual general meeting held on 24 September 2002. Under the Scheme 2002, the directors of the Company may, subject to and in accordance with the provisions of the Scheme 2002 and the Listing Rules, grant share options to any eligible participant to subscribe for shares in the capital of the Company. A summary of the principal terms of the Scheme 2002 is as follows:

(a) Purposes of the Scheme 2002

The purposes of the Scheme 2002 are to provide incentives or rewards to eligible participants thereunder for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any entity in which the Group holds any equity interest ("Invested Entity").

(b) Eligible participants ("Participants")

The directors may, at their absolute discretion, invite any person belonging to any of the following classes of the Participants, to take up options to subscribe for shares in the capital of the Company:

(i) any eligible employee of the Company or its subsidiaries;

(ii) any non-executive director (including any independent non-executive director) of the Company, any of its subsidiaries or any Invested Entity;

(iii) any supplier of goods or services to any member of the Group or any Invested Entity;

(iv) any customer of the Group or any Invested Entity;

(v) any legal or financial adviser of the Group or any Invested Entity or any technical consultant that provides research, development or other technological support to the Group or any Invested Entity; and

(vi) 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 who has made or may make a contribution to the development and growth of the Group or any Invested Entity;

36. SHARE OPTION SCHEMES *(Continued)*

(b) Eligible participants ("Participants") *(Continued)*

and, for the purposes of the Scheme 2002, options may be granted to any company wholly owned by one or more persons belonging to any of the above classes of Participants or any discretionary object of a Participant which is a discretionary trust.

The basis of eligibility of any of the above classes of Participants to the grant of any option shall be determined by the directors from time to time with regard to their contribution to the development and growth of the Group and any Invested Entity.

(c) Maximum number of shares

(i) The maximum number of shares to be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme 2002 and any other share option schemes of the Company must not in aggregate exceed 30% of the issued share capital of the Company from time to time.

(ii) The total number of shares which may be issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Scheme 2002 and any other share option schemes of the Company) to be granted under the Scheme 2002 and any other share option schemes of the Company must not in aggregate exceed 10% of the issued share capital of the Company as at the date of adoption of Scheme 2002 (the "General Scheme Limit") or if such 10% limit is refreshed, at the date of shareholders' approval of the renewal of the General Scheme Limit.

(d) Maximum entitlement of each Participant

The total number of shares issued and which may fall to be issued upon exercise of the options granted under the Scheme 2002 and any other share option schemes of the Company (including both exercised and outstanding options) to each Participant in any 12-month period must not exceed 1% of the issued share capital of the Company for the time being (the "Individual Limit"). Any further grant of options to a Participant in excess of the Individual Limit in any 12-month period up to and including the date of such further grant is subject to the issue of a circular to the shareholders and the shareholders' approval in a general meeting of the Company with such Participant and his associates abstaining from voting.

(e) Grant of options to connected persons

(i) Any grant of options under the Scheme 2002 to a director, chief executive or substantial shareholder of the Company or any of their respective associates must be approved by the independent non-executive directors (excluding any independent non-executive director who is the grantee of the options).

36. SHARE OPTION SCHEMES *(Continued)*

(e) Grant of options to connected persons *(Continued)*

(ii) Where any grant of options to a substantial shareholder or an independent non-executive director, or any of their respective associates, would result in the Company's shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

(aa) representing in aggregate over 0.1% of the Company's shares in issue; and

(bb) having an aggregate value, based on the closing price of the Company's shares at the date of each grant, in excess of HK$5,000,000,

such further grant of options must be approved by the shareholders in a general meeting.

Any change in the terms of the options granted to a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates must be approved by the shareholders in a general meeting.

(f) Time of acceptance and exercise of an option

An offer of a grant of an option may be accepted by a Participant within 28 days from the date of the offer of the grant of the option. A consideration of HK$1 in total is payable on acceptance of the offer of grant of an option.

An option may be exercised in accordance with the terms of the Scheme 2002 at any time during a period to be determined and notified by the directors to each grantee, which period may commence on the day on which the offer of the grant of the option is made but shall end in any event not later than ten years from the date of the grant of the option subject to the provisions for early termination thereof. The directors may at their discretion determine the minimum period for which an option granted under the Scheme 2002 must be held before it can be exercised, although there is no specific requirement of such a minimum period under the Scheme 2002.

(g) Basis of determining the option exercise price

The subscription price for the shares under the Scheme 2002 shall be a price determined 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 sheet on the date of the offer of the grant, which must be a trading day; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheet for the five trading days immediately preceding the date of the offer of the grant; and (iii) the nominal value of the Company's shares. Without prejudice to the generality of the foregoing, the directors may grant options in respect of which the subscription price is fixed at different prices for different periods during the option period provided that the subscription price for the Company's shares for each of the different periods shall not be less than the subscription price determined in the manner set out herein.

36. SHARE OPTION SCHEMES *(Continued)*

(h) Period of the Scheme 2002

The Scheme 2002 will remain in force for a period of ten years commencing on 24 September 2002.

The following table discloses movements of the Company's share options granted under the Scheme 1997 during the year:

Name or category of Participant	Number of share options: At 1 April 2006	Exercised during the year	At 31 March 2007	Exercised during the year	At 31 March 2008	Date of grant of share options (1)	Exercise period of share options (3)	Exercise price of share options (2) HK$
Directors								
Chan Boon Teong	6,400,000	–	6,400,000	(6,400,000)	–	20 May 2000	1 October 2000 to 19 September 2007	0.20
Jiang Ming	6,400,000	–	6,400,000	(6,400,000)	–	20 May 2000	1 October 2000 to 19 September 2007	0.20
Tao Lin	6,400,000	–	6,400,000	(6,400,000)	–	20 May 2000	1 October 2000 to 19 September 2007	0.20
Cheng Wing Bor	6,400,000	–	6,400,000	(6,400,000)	–	20 May 2000	1 October 2000 to 19 September 2007	0.20
Lin Chen Hsin	1,600,000	–	1,600,000	(1,600,000)	–	20 May 2000	1 October 2000 to 19 September 2007	0.20
Other employees								
In aggregate	35,520,000	(31,520,000)	4,000,000	(4,000,000)	–	20 May 2000	1 October 2000 to 19 September 2007	0.20
	62,720,000	(31,520,000)	31,200,000	(31,200,000)	–			

Notes:

(1) The vesting period of the share options is from the date of grant until the commencement of the exercise period.

(2) The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

(3) The share options are exercisable in tranches during the period from 1 October 2000 to 19 September 2007, as specified in the share option certificates.

In respect of the share options exercised for the years ended 31 March 2007 and 31 March 2008, the weighted average share price at the date of exercise is HK$0.87 and HK$1.36 respectively.

36. SHARE OPTION SCHEMES *(Continued)*

The following table discloses movements of the Company's share options by the vesting period granted under the Scheme 2002 during the year.

Option type	At 1 April 2007	Granted during the year	Exercised during the year	Lapsed during the year	At 31 March 2008
Granted on 14 May 2007					
– with vesting period from 14 May 2007 to 14 May 2008	–	15,400,000	–	–	15,400,000
– with vesting period from 14 May 2007 to 14 May 2009	–	30,082,000	–	–	30,082,000
– with vesting period from 14 May 2007 to 14 May 2010	–	15,400,000	–	–	15,400,000
– with vesting period from 14 May 2007 to 14 May 2011	–	15,400,000	–	–	15,400,000
– with vesting period from 14 May 2007 to 14 May 2012	–	49,658,000	–	–	49,658,000
	–	125,940,000	–	–	125,940,000

36. SHARE OPTION SCHEMES *(Continued)*

The following table discloses movements of the Company's share options granted under the Scheme 2002 during the year:

Name or category of Participant	Number of share options: At 1 April 2007	Granted during the year	Exercised during the year	Lapsed during the year	At 31 March 2008	Date of grant of share options (1)	Exercise period of share options (3)	Exercise price of share options (2) HK$
Directors								
Chan Boon Teong	–	10,000,000	–	–	10,000,000	14 May 2007	15 May 2008 to 23 September 2012	1.20
Jiang Ming	–	10,000,000	–	–	10,000,000	14 May 2007	15 May 2008 to 23 September 2012	1.20
Tao Lin	–	10,000,000	–	–	10,000,000	14 May 2007	15 May 2008 to 23 September 2012	1.20
Cheng Wing Bor	–	10,000,000	–	–	10,000,000	14 May 2007	15 May 2008 to 23 September 2012	1.20
Lin Chen Hsin	–	2,500,000	–	–	2,500,000	14 May 2007	15 May 2008 to 23 September 2012	1.20
Wu Xin	–	6,000,000	–	–	6,000,000	14 May 2007	15 May 2008 to 23 September 2012	1.20
Xin Xiang Dong	–	4,000,000	–	–	4,000,000	14 May 2007	15 May 2008 to 23 September 2012	1.20
Hu Aimin	–	6,000,000	–	–	6,000,000	14 May 2007	15 May 2008 to 23 September 2012	1.20
Zhang Yijun	–	6,000,000	–	–	6,000,000	14 May 2007	15 May 2008 to 23 September 2012	1.20
Zhang Huaqiao	–	6,000,000	–	–	6,000,000	14 May 2007	15 May 2008 to 23 September 2012	1.20
Tang Lap Yan	–	2,500,000	–	–	2,500,000	14 May 2007	15 May 2008 to 23 September 2012	1.20
Law Kin Ho	–	2,000,000	–	–	2,000,000	14 May 2007	15 May 2008 to 23 September 2012	1.20
Wong Kai Cheong	–	2,000,000	–	–	2,000,000	14 May 2007	15 May 2008 to 23 September 2012	1.20
Other employees								
In aggregate	–	48,940,000	–	–	48,940,000	14 May 2007	15 May 2008 to 23 September 2012	1.20
	–	125,940,000	–	–	125,940,000			

36. SHARE OPTION SCHEMES *(Continued)*

Notes:

(1) The vesting period of the share options is from the date of grant until the commencement of the exercise period.

(2) The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

(3) The share options are exercisable in tranches during the period from 15 May 2008 to 23 September 2012, as specified in the share option certificates.

At 31 March 2008, the Company had 125,940,000 (2007: 31,200,000) share options outstanding under the Scheme 2002 (2007: Scheme 1997), which represented approximately 4.5% (2007: 1.3%) of the Company's shares in issue at that date. The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of 125,940,000 (2007: 31,200,000) additional ordinary shares of the Company and additional share capital of HK$12,594,000 (2007: HK$3,120,000) and share premium of HK$138,534,000 (2007: HK$3,120,000) (before issue expenses).

During the year ended 31 March 2008, 125,940,000 share options were granted under the Scheme 2002 on 14 May 2007 to the eligible directors and employees of the Group. The fair value of the options determined at the date of grant using the Black-Scholes-Merton option pricing model ranged from HK$0.42 to HK$0.67. The total fair value of the grant was HK$76,077,000 of which a share option expense of HK$23,751,000 was recognised for the year ended 31 March 2008.

The following assumptions were used to calculate the fair values of share options:

Closing share price at the date of grant	HK$1.31
Exercise price	HK$1.20
Vesting period:	
Tranche 1	from 14 May 2007 to 14 May 2008
Tranche 2	from 14 May 2007 to 14 May 2009
Tranche 3	from 14 May 2007 to 14 May 2010
Tranche 4	from 14 May 2007 to 14 May 2011
Tranche 5	from 14 May 2007 to 14 May 2012
Expected life	from 1.51 years to 5.19 years
Expected volatility	59%
Dividend yield	1.5%
Risk-free interest rate	from 3.886% to 4.028%

The Black-Scholes-Merton option pricing model has been used to estimate the fair values of the options. The variables and assumptions used in computing the fair values of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

37. ACQUISITION OF PROPERTY BASED SUBSIDIARIES

(a) During the year ended 31 March 2008, the Group acquired certain properties under development in the PRC and their related assets and liabilities at the consideration of HK$259,222,000 from certain third parties. The acquisition was made by way of acquiring a company named Suzhou New Development Investment Co., Ltd. The transaction was accounted for as purchase of assets and liabilities rather than as business combination as the subsidiary acquired is a property holding company with no business concern.

(b) During the year ended 31 March 2007, the Group acquired certain prepaid land lease payments and properties under development in the PRC and their related assets and liabilities at considerations of HK$954,138,000 from certain third parties. The acquisitions were made by way of acquiring the entire equity interest in Shenzhen Tongzhe Culture Limited, Liaoning Baocheng Real Estate Development Co., Ltd. and Shenyang Rongtian Real Estate Development Co., Ltd. on 31 May 2006, 31 July 2006 and 31 March 2007 respectively. These transactions were accounted for as purchases of assets and liabilities rather than as business combinations as the subsidiaries acquired are property holding companies with no business concerns.

(c) The net assets acquired in these transactions are as follows:

	2008 **HK$'000**	2007 HK$'000
Net assets acquired:		
Property, plant and equipment (note 17)	**617,078**	16,647
Prepaid land lease payments (note 19)	**–**	35,798
Properties under development (note 25)	**–**	1,172,716
Trade receivables	**213**	–
Prepayments, deposits and other receivables	**10,722**	285
Cash and bank balances	**39,887**	1,577
Trade payables	**(7)**	(1,780)
Other payables and accruals	**(31,439)**	(243,048)
Interest-bearing bank and other borrowings	**(249,338)**	(28,057)
Long term payables	**(127,894)**	–
	259,222	954,138
Satisfied by:		
Cash	**259,222**	655,126
Other payables	**–**	299,012
	259,222	954,138

37. ACQUISITION OF PROPERTY BASED SUBSIDIARIES *(Continued)*

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of property based subsidiaries is as follows:

	2008 HK$'000	2007 HK$'000
Cash consideration	**(259,222)**	(655,126)
Cash and bank balances acquired	**39,887**	1,577
Net outflow of cash and cash equivalents in respect of the acquisition of property based subsidiaries	**(219,335)**	(653,549)

The results of subsidiaries acquired during the years ended 31 March 2008 and 31 March 2007 had no significant impact on the Group's consolidated revenue or profit after taxation for those years.

38. ACQUISITION OF PROPERTY BASED JOINTLY CONTROLLED ENTITIES

(a) During the year ended 31 March 2008, the Group acquired certain properties under development in the PRC through the acquisition of 100% equity interest in Beijing Coastal Greenland Shiji Real Estate Development Co., Ltd ("Beijing Shiji") by a jointly controlled entity, Beijing Gaosheng Real Estate Company Limited ("Gaosheng"), of the Group, at a consideration of HK$52,627,000. The transaction was accounted for as purchase of assets and liabilities rather than business combination as the only activity of Beijing Shiji is the holding of the properties under development. Since December 2007, Gaosheng became the subsidiary of the Group (see note 21) and hence Beijing Shiji became a subsidiary of the Group as well.

(b) During the year ended 31 March 2007, the Group has entered into agreements to acquire additional interest in a property development project in the PRC through the acquisition of all the equity interest held by the other joint venture parties in the project company, Gaosheng, at a total consideration of RMB776,520,000 (equivalent to approximately HK$784,419,000), of which RMB292,726,000 (equivalent to approximately HK$295,704,000) was paid by the Group during the year ended 31 March 2007. The remaining amounts of the consideration shall be payable by three instalments in the amounts of RMB189,794,000, RMB158,500,000 and RMB135,500,000 (equivalent to approximately HK$191,725,000, HK$160,112,000 and HK$136,878,000) during each of the year ending 31 March 2008, 2009 and 2010 respectively. As at 31 March 2007, the present values which were arrived at by using the prevailing market interest rate as at the date of acquisition as the discounting rate, of the outstanding instalments payable have been included in other payables of HK$191,725,000 for the first instalment and long term payables with principal amount of HK$296,990,000 for the second and third instalments. The transaction was accounted for as purchase of assets and liabilities rather than business combination as the project company acquired is a property holding company and not a business concern.

38. ACQUISITION OF PROPERTY BASED JOINTLY CONTROLLED ENTITIES *(Continued)*

(b) *(Continued)*

The directors are of the opinion that Gaosheng remains a jointly controlled entity of the Group as at 31 March 2007 although the Group has 100% equity interest in it as the Group and the former equity holder of Gaosheng who had disposed of 50% equity interest in Gaosheng to the Group (the "JCE Partner") both have joint control over the financial and operating policies of Gaosheng since prior to the full settlement of all the outstanding considerations the JCE Partner retains 43% voting power in the board of directors of Gaosheng, and at least two-thirds of the total votes is needed in order to pass any board resolution concerning certain significant major financial and operating policies of Gaosheng as stipulated in the articles of association of Gaosheng. The Group has accounted for 100% equity interest in Gaosheng since 1 April 2006.

During the year ended 31 March 2008, Gaosheng became a subsidiary of the Group since the Group has 100% voting power in the board of directors of Gaosheng.

(c) During the year ended 31 March 2007, the Group acquired certain properties held for sale in the PRC through acquisition of 70.8% equity interest in a project company, Beijing Wendela Real Estate Development Co., Ltd. ("Wendela"), at a consideration of HK$129,569,000 and the Group obtained joint control over significant financial and operating policies of Wendela pursuant to the acquisition. The transaction was completed on 30 June 2006 and was accounted for as purchase of assets and liabilities rather than business combination as the jointly controlled entity acquired is a property holding company and not a business concern.

38. ACQUISITION OF PROPERTY BASED JOINTLY CONTROLLED ENTITIES *(Continued)*

(d) The net assets acquired in the above-mentioned transactions are as follows:

	2008 HK$'000	2007 HK$'000
Net assets acquired:		
Property, plant and equipment (note 17)	**2,025**	917
Properties under development (note 25)	**146,649**	949,856
Completed properties for sale	**–**	137,949
Prepayments, deposits and other receivables	**–**	326,041
Amounts due from jointly controlled entities	**–**	73,589
Tax recoverable	**–**	12,168
Cash and bank balances	**6,264**	54,526
Trade payables	**–**	(36,116)
Deposits received and deferred revenue	**–**	(407,109)
Other payables and accruals	**(102,311)**	(187,636)
Interest-bearing bank and other borrowings	**–**	(105,579)
	52,627	818,606
Satisfied by:		
Cash	**52,627**	368,474
Other payables	**–**	221,068
Long term payables (note 34)	**–**	229,064
	52,627	818,606

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of property based jointly controlled entities is as follows:

	2008 HK$'000	2007 HK$'000
Cash consideration	**(52,627)**	(368,474)
Cash and bank balances acquired	**6,264**	54,526
Net outflow of cash and cash equivalents in respect of the acquisition of property based jointly controlled entities	**(46,363)**	(313,948)

39. DISPOSAL OF PROPERTY BASED SUBSIDIARIES

During the years ended 31 March 2008 and 31 March 2007, the Group disposed of certain subsidiaries which were engaged in property development and property investment in the PRC.

	2008 HK$'000	2007 HK$'000
Net assets disposed of:		
Property, plant and equipment (note 17)	**575**	1,189
Investment properties (note 18)	**–**	29,740
Properties under development (note 25)	**330,959**	134,948
Completed properties for sale	**–**	34,812
Trade receivables	**–**	4,001
Prepayments, deposits and other receivables	**7,467**	163,175
Cash and bank balances	**54,517**	23,051
Trade payables	**–**	(40,601)
Deposits received and deferred revenue	**–**	(2,940)
Other payables and accruals	**(74,108)**	(25,601)
Interest-bearing bank and other borrowings	**–**	(130,912)
Deferred tax liabilities (note 35)	**–**	(29,095)
Long term payables	**–**	(5,895)
	319,410	155,872
Less: Amount classified as interests in associates after disposal	**(63,882)**	–
	255,528	155,872
Attributable goodwill (note 20)	**137**	–
Exchange fluctuation reserve released	**2,694**	(8,484)
Gain on disposal of property based subsidiaries	**40,775**	39,420
	299,134	186,808
Satisfied by:		
Cash	**299,134**	139,424
Interest in an associate	**–**	47,384
	299,134	186,808

39. DISPOSAL OF PROPERTY BASED SUBSIDIARIES *(Continued)*

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of property based subsidiaries is as follows:

	2008 HK$'000	2007 HK$'000
Cash consideration	**299,134**	139,424
Cash and bank balances disposed of	**(54,517)**	(23,051)
Net inflow of cash and cash equivalents in respect of the disposal of property based subsidiaries	**244,617**	116,373

The results of the subsidiaries disposed of during the years ended 31 March 2008 and 31 March 2007 had no significant impact on the Group's consolidated revenue or profit after taxation for those years.

40. MAJOR NON-CASH TRANSACTIONS

During the year, convertible bonds with an aggregate nominal amount of approximately HK$310,704,000 (2007: HK$73,125,000) were converted into 443,862,857 (2007: 178,750,000) shares in the Company of HK$0.10 each with share premium of HK$621,238,000 (2007: HK$151,519,000) recorded.

Certain considerations for the acquisition of property based subsidiaries and jointly controlled entities and disposal of property based subsidiaries that occurred during the year comprised shares, deferred considerations and cash payments. Further details are set out in notes 37, 38 and 39.

41. CONTINGENT LIABILITIES

(a) At balance sheet date, the Group had given guarantees as follows:

	2008 HK$'000	2007 HK$'000
Guarantees given to banks in connection with		
– mortgage loans granted to property purchasers	**1,514,878**	890,233
– banking facilities granted to associates	**267,657**	23,483
	1,782,535	913,716

The directors considered that the fair values of these financial guarantee contracts at their initial recognition are insignificant on the basis of short maturity periods and low applicable default rates.

41. CONTINGENT LIABILITIES *(Continued)*

(b) In the year ended 31 March 2007, the PRC government has re-emphasised the enforcement of the regulations on idle land confiscation which was issued by the Ministry of Land Resources of the PRC on 26 April 1999. As at 31 March 2008, the Group has a property for development with carrying value of HK$138,215,000 of which its development is still pending on the finalisation of the overall town planning zoning of the local government. The Group believes that under such circumstances, it is unlikely that the project will fall into the category of idle land. The Group is negotiating with the local authorities to approve the project development plan in line with the overall town planning zoning. With reference to the current situation and based on a legal advice seeked by the Group, the Directors have assessed the issue and consider no provision is required for impairment in value of the land.

42. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties (note 18) under operating lease arrangements, with leases negotiated for terms ranging from 1 month to over 5 years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

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

	2008	2007
	HK$'000	HK$'000
Within one year	**8,445**	2,464
In the second to fifth years, inclusive	**10,148**	4,685
	18,593	7,149

(b) As lessee

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from 1 to over 5 years.

At the balance sheet date, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2008	2007
	HK$'000	HK$'000
Within one year	**7,525**	243
In the second to fifth years, inclusive	**6,569**	–
	14,094	243

43. CAPITAL COMMITMENTS

At 31 March 2008, the Group had the following capital commitments:

	2008 HK$'000	2007 HK$'000
Contracted but not provided for:		
Acquisition of property based subsidiaries	**910,633**	–
Acquisition of an additional interest in a subsidiary	**–**	57,580
Acquisition of an additional interest in a jointly controlled entity	**32,376**	29,497
	943,009	87,077

44. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances disclosed elsewhere in the notes to the consolidated financial statements, the Group had the following significant transactions with related parties:

(i) Prior to 2005, the Group obtained the refinancing of a loan in respect of certain completed properties for sale situated in the PRC (the "Properties") through the arrangement of individual mortgage loans in aggregate amounting to HK$35.9 million (the "Loans") taken out by certain senior management personnel of the Company's subsidiaries (the "Senior Management Personnel"). Under the refinancing arrangement, the Group disposed of the Properties to the Senior Management Personnel for their arrangement of the individual mortgage loans with a bank, the proceeds of which were used to settle the consideration payable to the Group. The Group is responsible for the interest and principal payments of the Loans and the Group retains the beneficial ownership of the Properties and the associated benefits through certain trust deeds and other arrangements. In the opinion of the directors, the Group retains the significant risks and rewards associated with the Properties and the Loans. As such, the Group continued to recognise the Properties and recorded the proceeds received from the Senior Management Personnel as an other loan in the consolidated financial statements to reflect the commercial substance of the aforesaid refinancing arrangement. As at 31 March 2008, the aggregate carrying value of the Properties and the balance of the Loans carried in the consolidated balance sheet amounted to approximately HK$85.8 million (2007: HK$39.9 million) and HK$18.1 million (2007: HK$20.8 million) respectively.

(ii) During the year, the Group received project management fee income of HK$7,395,000 (2007: nil) from an associate.

44. RELATED PARTY TRANSACTIONS *(Continued)*

(b) Outstanding balances with related parties

(i) The amount due to a substantial shareholder of the Company represent amount due to Coastal International Holdings Limited ("CIH"). The amount is unsecured, interest-free and repayable on demand. Certain directors of the Company have significant influence over CIH in making financial and operating decisions.

(ii) The Group's balances with its jointly controlled entities and associates are unsecured, interest-free and repayable on demand.

(c) Compensation of key management personnel of the Group

	2008 **HK$'000**	2007 HK$'000
Short term benefits	**16,953**	12,939
Share-based payments	**17,497**	–
Post-employment benefits	**193**	214
Total compensation paid to key management personnel	**34,643**	13,153

Further details of directors' emoluments are included in note 13.

45. BALANCE SHEET INFORMATION OF THE COMPANY

Balance sheet information of the Company at the balance sheet date includes:

	Note	2008 HK$'000	2007 HK$'000
NON-CURRENT ASSETS			
Interests in subsidiaries		**2,487,843**	1,945,368
Available-for-sale investments		**2,400**	2,400
Pledged bank deposits		**70,360**	30,066
Total non-current assets		**2,560,603**	1,977,834
CURRENT ASSETS			
Prepayments and other receivables		**2,000**	7,778
Amount due from a substantial shareholder of the Company		**1,314**	1,314
Cash and bank balances		**73,573**	9,258
Total current assets		**76,887**	18,350
CURRENT LIABILITIES			
Other payables and accruals		**62,232**	23,639
Amount due to a subsidiary		**10,614**	–
Derivative component of convertible bonds		**–**	154,839
Derivative liability – warrants		**54,729**	–
Total current liabilities		**127,575**	178,478
NET CURRENT LIABILITIES		**(50,688)**	(160,128)
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,509,915**	1,817,706
CAPITAL AND RESERVES			
Share capital		**279,058**	231,552
Reserves	a	**1,206,632**	706,307
Proposed final dividend		**–**	27,594
Total equity		**1,485,690**	965,453
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**1,024,225**	852,253
		2,509,915	1,817,706

45. BALANCE SHEET INFORMATION OF THE COMPANY *(Continued)*

Note:

(a) Reserves of the Company

	Share premium account HK$'000	Contributed surplus HK$'000	Exchange fluctuation reserve HK$'000	Share options reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2006	347,771	2,366,301	–	–	(1,816,005)	898,067
Issue of shares upon conversion of convertible bonds	151,519	–	–	–	–	151,519
Issue of shares upon exercise of share options	3,152	–	–	–	–	3,152
Loss for the year	–	–	–	–	(295,682)	(295,682)
Interim 2007 dividend	–	(23,155)	–	–	–	(23,155)
Proposed final 2007 dividend	–	(27,594)	–	–	–	(27,594)
At 31 March 2007 and 1 April 2007	502,442	2,315,552	–	–	(2,111,687)	706,307
Issue of shares upon conversion of convertible bonds	621,238	–	–	–	–	621,238
Issue of shares upon exercise of share options	3,120	–	–	–	–	3,120
Exchange realignment on translation of foreign operations	–	–	(62,872)	–	–	(62,872)
Recognition of equity-settled share-based payment	–	–	–	23,751	–	23,751
Loss for the year	–	–	–	–	(84,600)	(84,600)
2007 final dividend paid	–	(312)	–	–	–	(312)
At 31 March 2008	1,126,800	2,315,240	(62,872)	23,751	(2,196,287)	1,206,632

46. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries at the balance sheet date are as follows:

Name of subsidiary	Place of incorporation/ registration and operations	Nominal value of issued share capital/ registered capital (Note (i))	Percentage of equity attributable to the Company	Principal activities
Directly held subsidiaries:				
Coastal Realty (BVI) Limited	British Virgin Islands/ Hong Kong	US$200 Ordinary	100	Investment holding
Coastal Realty Investment (China) Limited#	PRC	US$100,000,000	100	Investment holding

46. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation/ registration and operations	Nominal value of issued share capital/ registered capital (Note (i))	Percentage of equity attributable to the Company	Principal activities
Indirectly held subsidiaries:				
Beijing Coastal Greenland Shiji Real Estate Development Co., Ltd.#	PRC	RMB50,000,000	100	Property development
Beijing Goasheng Real Estate Company Limited#	PRC	RMB466,800,000	100	Property development
Beijing Xing Gang Real Estate Co., Ltd.#	PRC	US$13,500,000	100	Property development
Chengdu Dingyuan Real Estate Ltd.	PRC	RMB10,000,000	79	Property development
Coastal Greenland Development Jiangxi Limited#	PRC	US$12,000,000	100	Property development
Coastal Greenland Development (Shenyang) Ltd.#	PRC	US$20,000,000	100	Investment holding
Coastal Greenland Development (Shenzhen) Ltd.#	PRC	US$12,000,000	100	Property development
Coastal Greenland Development (Wuhan) Ltd.#	PRC	RMB50,000,000	100	Property development
Coastal Greenland Development (Xiamen) Ltd.#	PRC	RMB100,000,000	100	Property development
Coastal Greenland Investment (Sichuan) Ltd.#	PRC	RMB50,000,000	100	Land development
Coastal Realty Development Co. Limited	Hong Kong	HK$10 Ordinary HK$20,000,000 Non-voting deferred shares (Note ii)	100	Investment holding
Coastal Realty Development (Shanghai) Co., Ltd.#	PRC	US$12,000,000	100	Property investment
Coastal Realty Management Company Limited	Hong Kong	HK$500,000 Ordinary	100	Investment holding

46. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation/ registration and operations	Nominal value of issued share capital/ registered capital (Note (i))	Percentage of equity attributable to the Company	Principal activities
Indirectly held subsidiaries: *(Continued)*				
Coastal Riviera (Anshan) Development Co., Ltd.#	PRC	RMB42,000,000	100	Property development
Direct Pole Limited	Hong Kong	HK$10,000 Ordinary	100	Property investment
Dongguan Riviera Garden Development Co., Ltd.#	PRC	RMB10,000,000	100	Property development
Dragon Gain Investment Limited	Hong Kong	HK$1,000 Ordinary	100	Investment holding
Fenhall Development Limited	Hong Kong	HK$10,000 Ordinary	100	Property investment
Fenson Development Limited	Hong Kong	HK$10,000 Ordinary	100	Property investment
Frenwick Development Limited	Hong Kong	HK$10,000 Ordinary	100	Property investment
Greaton Development Limited	Hong Kong	HK$2 Ordinary	100	Property investment
Innovative Marketing and Strategy (Shenzhen) Ltd.#	PRC	RMB1,000,000	100	Management services
Jingdian Construction Co., Ltd.#	PRC	RMB50,000,000	100	Construction
Joinwell Investment Limited	Hong Kong	HK$2 Ordinary	100	Investment holding
Kings Crown Holdings Ltd.	British Virgin Islands/ Hong Kong	US$50,000 Ordinary	100	Investment holding
Liaoning Baocheng Real Estate Development Co., Ltd.# (Note (iii))	PRC	US$50,000,000	50	Property development
My Home Services (Shenzhen) Ltd.#	PRC	US$1,400,000	100	Property management
Pearl Square Enterprises Limited	Hong Kong	HK$2 Ordinary	100	Investment holding
Shanghai Coastal Greenland Real Estate Ltd. ^	PRC	RMB110,000,000	100	Investment holding
Shanghai Ling Zhi Properties Co., Ltd.#	PRC	US$25,000,000	100	Property investment

46. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation/ registration and operations	Nominal value of issued share capital/ registered capital (Note (i))	Percentage of equity attributable to the Company	Principal activities
Indirectly held subsidiaries: *(Continued)*				
Shanghai Xinhongda Real Estate Ltd.#	PRC	RMB248,292,951	100	Property development
Shenyang Coastal Rongtian Real Estate Co., Ltd.#	PRC	US$10,000,000	100	Property development
Shenyang Market Real Estate Development Co., Ltd.	PRC	RMB12,000,000	100	Property investment
Shenzhen Coastal Property Investment Limited#	PRC	US$11,000,000	100	Property development
Shenzhen Tongzhe Culture Limited#	PRC	RMB1,000,000	100	Management service
Suzhou New Development Investment Co., Ltd.#	PRC	RMB350,000,000	100	Property investment
Tacklemate Investment Limited	Hong Kong	HK$2 Ordinary	100	Property investment
Xiamen Linzi Construction Development Co., Ltd.#	PRC	US$5,000,000	100	Property investment

Notes:

(i) For those companies incorporated in Hong Kong and the British Virgin Islands, the amounts stated represent the nominal value of the issued share capital. For those companies registered in the PRC, the amounts stated represent the registered capital.

(ii) Non-voting deferred shares do not entitle the holders to receive any profit, or to receive notice of or to attend or vote at any general meeting of the company. On a return of assets on a winding-up or otherwise, the assets of the company available for distribution among the members shall be distributed as regards the first HK$100,000,000,000,000 thereof among the holders of ordinary shares in proportion to the amounts paid up on the ordinary shares held by them, respectively, and the balance (if any) of such assets shall belong to and be distributed among the holders of the non-voting deferred shares and the holders of the ordinary shares pari passu among themselves in each case in proportion to the amounts paid up on the shares held by them, respectively.

(iii) The Group has control over the operation of this entity.

\# wholly foreign owned enterprise
^ contractual joint venture

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.

PROPERTIES HELD FOR SALE AND INVESTMENT

Property description	Address	Type of development	GFA of the development (sq.m.)	GFA held by the Group at 31 March 2008 (sq.m.)	Interest in the development attributable to the Group	Completion date
The PRC						
Anshan Greenland IT City (excluding section B in Phase VI)	North of Wangyu Road and east of Shenying Road District A of Anshan Development Zone of Industries of High New Technologies	Residential with attached commercial area	381,758	20,571	21.13%	June 2000, December 2000, April 2002, May 2003, June 2005, September 2006 and December 2007
Beijing Silo City Phases I, II, III and V	5 Baizi Bay Chaoyang District Beijing	Residential/ commercial	431,000	50,543	100%	March 2007, September 2007 and March 2008
Beijing Sunvilla Realhouse Phase I and section A in Phase II	Panggezhuang Town Daxing County Beijing	Residential	97,902	4,189	100%	December 2004 and March 2007
Dongguan Riviera Villa Phases I and II	Cai Bai Cun Dao Jiao District Dong Guan	Residential with attached commercial area	125,000	43,516	100%	July 2007 and March 2008
Fuzhou Mansion	156-158 Hualin Road and 1 Hebian Road Gulou District Fuzhou	Residential	40,443	713	100%	June 2003
Jiangxi Riviera Garden Phases I, II and III	South of Gaoxin Avenue Changling Town Xinjian County Jiangxi	Residential with attached commercial area	201,300	21,183	100%	September 2006, December 2006 and March 2008
Shanghai Golden Bridge Garden	103 Dong Zhu An Bin Road Changning District Shanghai	Residential with attached commercial area	65,908	5,037	100%	November 1997

PROPERTIES HELD FOR SALE AND INVESTMENT *(Continued)*

Property description	Address	Type of development	GFA of the development (sq.m.)	GFA held by the Group at 31 March 2008 (sq.m.)	Interest in the development attributable to the Group	Completion date
Shanghai Riviera Garden Phase I	Lot 1 Xinqiao Mingzhong Road Songjiang District Shanghai	Residential	135,400	50,739	100%	September 2007
Shenyang Dongbei Furniture and Ornaments Plaza	319 Shenliao Road Yuhong District Shenyang	Commercial	149,752	80,752	100%	2000 (Note 1)
Shenzhen Dragon Court Phases I and II	Junction of Dongmen Central Road and Wenjin Central Road Luohu District Shenzhen	Residential/ commercial	45,582	3,558	100%	March 2000 and April 2003
Shenzhen Noble Center	26/F, 37/F and 38/F Noble Center No.1006, 3 Fuzhong Road Futian District Shenzhen	Office	N/A	4,819	100%	2006 (Notes 1 and 2)
Wuhan Lakeside Apartment Phases I, II, III and IV	West Airport Road and North of Jinyin Lake Dongxihu District Wuhan	Residential with attached commercial area	282,242	3,642	100%	August 2003, August 2004, August 2005 and March 2006
Wuhan Silo City Phase I	West of Zhangbo Freeway and North of Jinshan Avenue Dongxihu District Wuhan	Residential/ commercial	221,700	46,003	100%	March 2008
Xiamen Lu Jiang New City Phases I, II, III and IV	Luling Road Lianhua Road Lianhua District Xiamen	Residential with attached commercial area	143,411	1,098	100%	June 1998, August 2002, March 2003 and December 2003

PROPERTIES HELD FOR SALE AND INVESTMENT *(Continued)*

Property description	Address	Type of development	GFA of the development (sq.m.)	GFA held by the Group at 31 March 2008 (sq.m.)	Interest in the development attributable to the Group	Completion date
Xiamen Xiang Jiang Garden	Junction of Lianhua South Road and Jiahe Road Lianhua District Xiamen	Residential/ commercial	99,355	14	100%	December 1993
				336,377		

Note 1: Developed by other PRC independent developers.

Note 2: The properties are used by the Group as its offices.

Property description	Address	Type of development	GFA of the development (sq.m.)	GFA held by the Group at 31 March 2008 (sq.m.)	Interest in the development attributable to the Group	Completion date
HONG KONG						
City One Shatin	Flat C, 4th Floor, Block 8 5 Tak Kei Street Shatin Hong Kong	Residential	N/A	30	100%	1981 (Notes 1, 2 and 3)
Vienna Mansion	Flat B, 10th Floor 55 Paterson Street Causeway Bay Hong Kong	Residential	N/A	113	100%	1958 (Notes 1, 2 and 3)
				143		

Note 1: The area held by the Group represents saleable area.

Note 2: These residential properties are occupied by the Group as staff quarters.

Note 3: The Group's properties in Hong Kong were developed by other independent developers.

PROPERTIES MARKETED AND THE SALE OF WHICH ARE UNDERWRITTEN BY THE GROUP

Property description	Address	Type of development	GFA of the development (sq.m.)	GFA held by the Group at 31 March 2008 (sq.m.)	Interest in the development attributable to the Group	Completion date
Shanghai Golden Bridge Mansion	2077 Yanan West Road Changning District Shanghai	Residential/ commercial	35,768	6,834	100%	August 1993

PROPERTIES UNDER DEVELOPMENT

Property description	Address	Type of development	Estimated GFA of the development (sq.m.)	Interest in the development attributable to the Group	Estimated completion year
Anshan Greenland IT City section B in Phase VI	North of Wangyu Road and east of Shenying Road District A of Anshan Development Zone of Industries of High and New Technologies	Residential with attached commercial area	33,300	21.13%	2008
Anshan Qianshan Road Project	North of Wangyu Road and east of Shenying Road District A of Anshan Development Zone of Industries of High and New Technologies	Shopping area	20,000	21.13%	2009
Anshan IT New City	East of North Shengli Road South of Hunan Road Lishan District Anshan	Residential	203,100	21.13%	2008
Beijing Shengming Kexueyuan Project	Lot No. 18, Qingnian Apartment Zhongguanchun Live and Science Park Huilongguan Town Changping District Beijing	Residential with attached commercial area	39,173	100%	2009
Beijing Silo City (excluding Phases I, II, III and V)	5 Baizi Bay Chaoyang District Beijing	Residential/commercial	437,700	100%	2009

PROPERTIES UNDER DEVELOPMENT *(Continued)*

Property description	Address	Type of development	Estimated GFA of the development (sq.m.)	Interest in the development attributable to the Group	Estimated completion year
Beijing Sunvilla Realhouse section B in Phase II and Phase III	Panggezhuang Town Daxing County Beijing	Residential	36,558	100%	2008
Chengdu Dujiangyan Project	Zone 4, 5, 6 East of Zouma River Xingfu County Dujiangyan City Chengdu	Residential	77,400	21.13%	2010
Chengdu Longquanyi Project	Baigongyan Scenic Zone Longquanyi District Chengdu	Residential with ancillary facilities	222,534	79%	2010
Dalian Xinghai Bay Project	Zone A, Shahekou District Dalian Liaoning	Residential/commercial	369,800	50%	2010
Dongguan Riviera Villa Phase III	Cai Bai Cun Dao Jiao District Dong Guan	Residential with attached commercial area	192,000	100%	2009
Jiangxi Riviera Garden Phase IV	South of Gaoxin Avenue Changling Town Xinjian County Jiangxi	Residential with attached commercial area	83,300	100%	2008
Shanghai Riviera Garden Phase II	Lot 1 Xinqiao Mingzhong Road Songjiang District Shanghai	Residential	157,400	100%	2009
Shenyang Hunnan Residential Project	No. 8 Tiantan South Hunnan Shenyan Liaoning	Residential	346,500	20%	2008
Shenyang Hunnan Commercial Project	No. 8 Tiantan South Hunnan Shenyan Liaoning	Commercial	187,100	100%	2010

PROPERTIES UNDER DEVELOPMENT *(Continued)*

Property description	Address	Type of development	Estimated GFA of the development (sq.m.)	Interest in the development attributable to the Group	Estimated completion year
Suzhou Commercial Project	No. 1296, West Ganjiang Road Jinchang District Suzhou	Offices/shops/hotel/ service apartment	116,600	100%	2008
Wuhan Silo City (excluding Phase I)	West of Zhangbo Freeway and North of Jinshan Avenue Dongxihu District Wuhan	Residential/commercial	1,238,300	100%	2009
			3,760,765		

Note 1: For projects to be completed in phases, the year given refers to the estimated year of completion of the first mentioned phase. The estimated year of completion is the estimation of the Directors based on existing market conditions and assuming no unforeseen circumstances.

LAND DEVELOPMENT

Property description	Location	Site area of the development	Estimated GFA of the development (sq.m.)	Type of development for which the land use is intended to be converted	Interest attributable to the Group
Beijing Shunyi Project	Zhanqian West Street Shunyi District Beijing	94,483	203,000	Residential with ancillary commercial facilities	70.80% (Note)
Chengdu Dujiangyan Project	Zone 4, 5, 6, East of Zouma River Xingfu County Dujiangyan City Chengdu	267,481	427,970	Residential with ancillary commercial facilities	100% (Note)
			630,970		

Note: Land development involves arrangement for resettlement of existing residents and designing and proposing property development plan for approval by relevant government authorities etc., and the Group has interests in the land development. The further acquisitions of the land use rights of these projects for property development will be subject to public tender or auction process.

(See further discussion on land development in the "Review of Major Properties and Development Projects" section on pages 19 to 25 of the Annual Report).