Chinney Investments, Limited

Stock Code : 216

2007/08 Annual Report

CONTENTS

CORPORATE INFORMATION

DIRECTORS

James Sai-Wing Wong *(Chairman)*
Madeline May-Lung Wong
William Chung-Yue Fan
Herman Man-Hei Fung *(Managing Director)*
Clement Kwok-Hung Young*
Peter Man-Kong Wong*
James C. Chen*

* *Independent non-executive directors*

AUDIT COMMITTEE

James C. Chen
William Chung-Yue Fan
Clement Kwok-Hung Young
Peter Man-Kong Wong

REMUNERATION COMMITTEE

Herman Man-Hei Fung
Clement Kwok-Hung Young
James C. Chen

SECRETARY

Wendy Yuk-Ying Chan

PRINCIPAL BANKERS

Bank of Communications Co., Ltd.
The Bank of East Asia, Limited
CITIC Ka Wah Bank Limited
DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
Shanghai Commercial Bank Limited
Standard Chartered Bank (Hong Kong) Limited

AUDITORS

Ernst & Young

REGISTRARS

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

REGISTERED OFFICE

23rd Floor
Wing On Centre
111 Connaught Road Central
Hong Kong

Tel : (852) 2877 3307
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STOCK CODE

SEHK 216

WEBSITE

http://www.chinney.com.hk

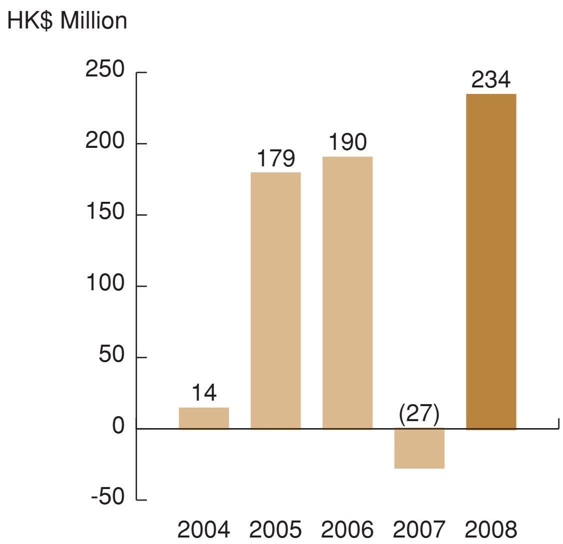
FINANCIAL HIGHLIGHTS AND SHAREHOLDERS' CALENDAR

FINANCIAL HIGHLIGHTS

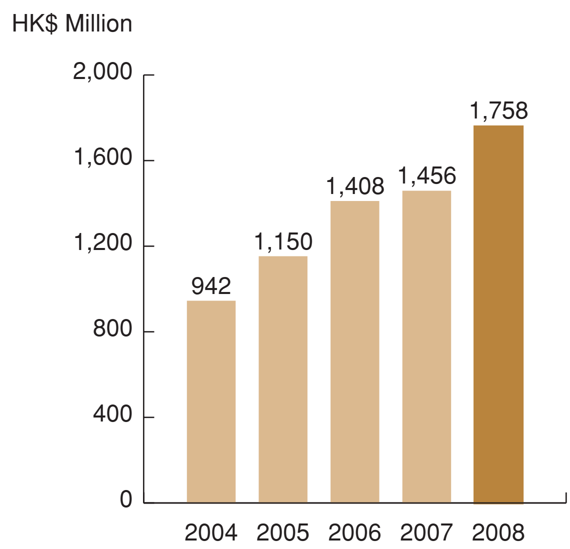
	2008	2007	*Increase/Decrease*	
	HK$ Million	*HK$ Million*	*HK$ Million*	*+/-*
Results for the year ended 31 March				
Turnover *(mainly from property sales)*	**1,591**	921	*670*	*73%*
Profit/(Loss) after tax attributable to shareholders	**234**	(27)	*261*	*N/A*
Basic earnings/(loss) per share *(in HK$)*	**0.43**	(0.05)	*0.48*	*N/A*
Financial position as at 31 March				
Net assets	**3,365**	2,814	*551*	*20%*
Bank borrowings	**1,631**	2,183	*-552*	*-25%*
Shareholders' funds	**1,758**	1,456	*302*	*21%*
Gearing ratio*	**40%**	67%		*-27%*
Net assets per share attributable to shareholders *(in HK$)*	**3.19**	2.64	*0.55*	*21%*

* *Representing ratio of "bank borrowings + convertible bonds – bank balances" to "shareholders' funds + minority interests".*

Profit/(Loss) after Tax attributable to Shareholders



Shareholders' Funds

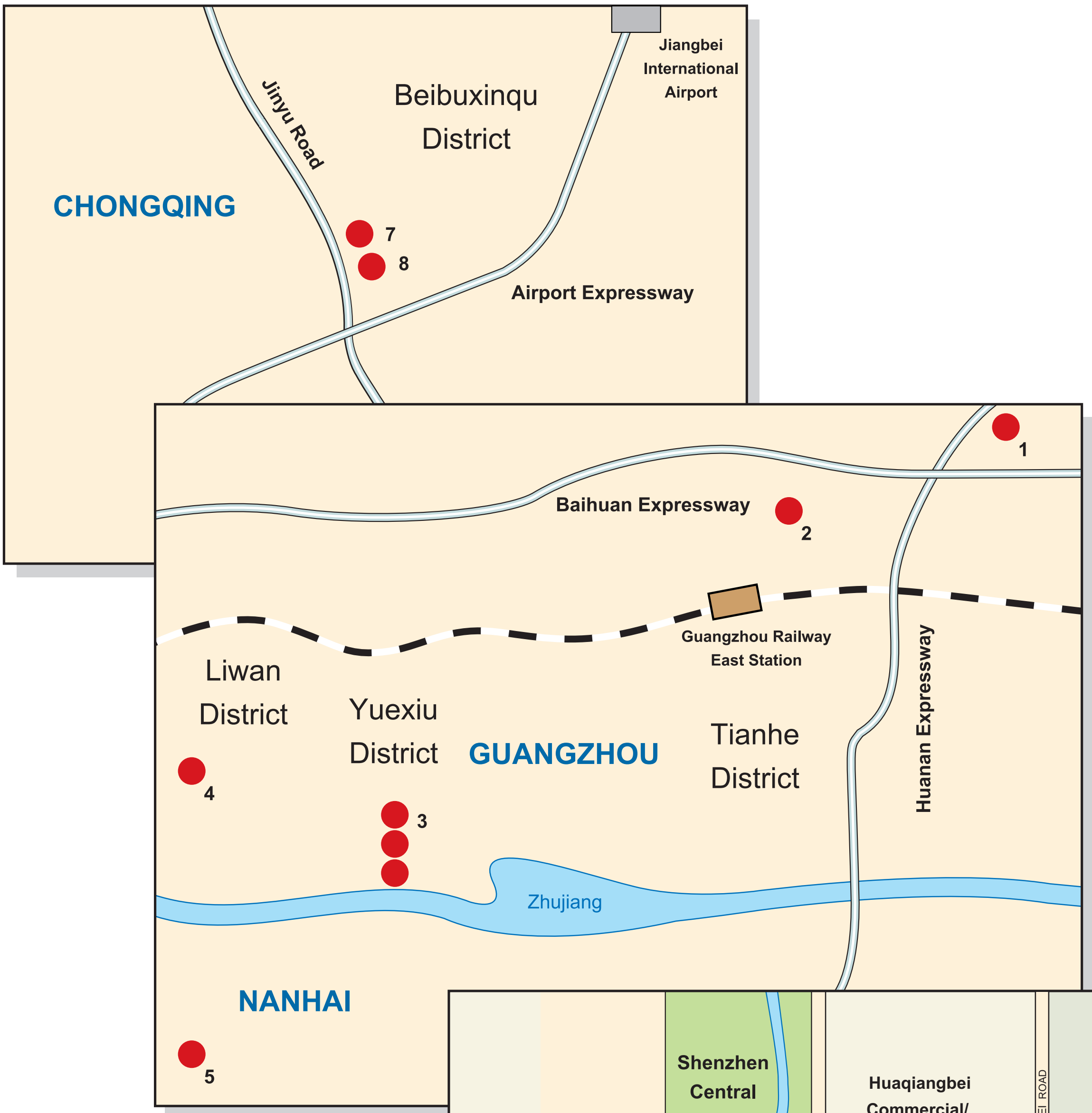


FINANCIAL HIGHLIGHTS AND SHAREHOLDERS' CALENDAR *(Continued)*

SHAREHOLDERS' CALENDAR

Interim results announcement	14 December 2007 (Friday)
Annual results announcement	17 July 2008 (Thursday)
Proposed final dividend	HK$0.04 per share
Despatch of annual report to shareholders	30 July 2008 (Wednesday)
Closure of register of members for final dividend entitlement purpose	8 September 2008 (Monday) to 11 September 2008 (Thursday) (both days inclusive)
Latest share transfer for final dividend entitlement	not later than 4:30 p.m. on 5 September 2008 (Friday)
Annual General Meeting	11 September 2008 (Thursday)
Payment of final dividend	9 October 2008 (Thursday)

LOCATION OF DEVELOPMENT PROJECTS IN MAINLAND CHINA



Projects under Development

1. Botanica (寶翠園), Long Dong Cun
2. Dong Guan Zhuan (東莞莊), Tianhe District
3. No. 5 Residence (北京路5號公館) and 2 adjacent sites, Yuexiu District
4. Longjinzhong Road (龍津中路), Liwan District
5. Yayao Oasis (雅瑤綠洲), Dali District
6. Hon Kwok City Commercial Centre (漢國城市商業中心), Futian District
7. Cha's Centre (查氏中心), Beibuxinqu District
8. Adjacent site to Cha's Centre

Completed Projects

9. Millennium Oasis (城市綠洲花園) Phase I [2001], Phases II & III [2002]
10. City Square (城市天地廣場) [2005]

CHAIRMAN'S STATEMENT

FINANCIAL RESULTS

For the year ended 31 March 2008, the Group's consolidated turnover and net profit attributable to shareholders reached HK$1,591 million (2007: HK$921 million, adjusted to exclude construction business disposed of in October 2007) and HK$234 million (2007: loss of HK$27 million) respectively. Basic earnings per share were HK$0.43 (2007: loss per share HK$0.05). The shareholders' equity amounted to HK$1,758 million (2007: HK$1,456 million). Net assets per share attributable to shareholders were HK$3.19 (2007: HK$2.64).

The increase in turnover and net profit is mainly contributed from Hon Kwok Land Investment Company, Limited ("Hon Kwok"), a 52.94% owned subsidiary of the Company as at 31 March 2008 with property business activities in Mainland China, Hong Kong and Canada. In November 2007, Hon Kwok recognised its profit on the sale of the condominium units in Phase I of the Toronto project known as **One City Hall** in which Hon Kwok has a 75% interest. The Group's construction business, which incurred HK$78 million loss in the previous year, had been disposed of in October 2007. Details of the disposal are contained in our circular to shareholders dated 25 September 2007.

DIVIDEND

The Directors recommend the payment of a final dividend of 4 Hong Kong cents per ordinary share for the year ended 31 March 2008 (2007: 4 Hong Kong cents) to shareholders whose names appear on the Company's register of members on 11 September 2008. Subject to the approval by the shareholders at the forthcoming annual general meeting, the dividend cheques are expected to be despatched to shareholders on or before 9 October 2008.

BUSINESS REVIEW

1. Property Development and Investment

Hon Kwok reported turnover of HK$1,251 million (2007: HK$392 million) and a net profit of HK$400 million (2007: HK$101 million).

(a) Disposal of Investment Property

Hon Kwok acquired **Yien Yieh Commercial Building** (鹽業商業大廈) in Central District in December 2002 at a price of HK$68 million for rental income. The original intention was to demolish the building for redevelopment into a modern office/retail property in maximising its plot ratio and rental yield. However, in March 2008, an independent party offered to purchase the property on a vacant site basis for a cash consideration of HK$335 million. Hon Kwok accepted the offer as the

CHAIRMAN'S STATEMENT *(Continued)*

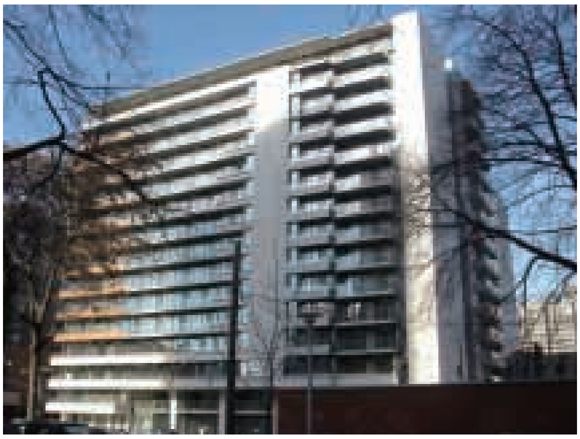
BUSINESS REVIEW *(Continued)*

disposal would generate a very favourable investment return and provide further opportunity for them to look for other investment properties at some appropriate time. Demolition works up to ground floor level have been completed on 11 July 2008 and the disposal of the property is contracted for completion on 31 July 2008. For details of the transaction, please refer to our "Major Transaction" circular to our shareholders on 28 April 2008.

(b) Sales of Development and Other Properties

Canada

Phase I of Hon Kwok's Toronto project known as **One City Hall**, a 16-storey building with 526 residential units, was completed and delivered to purchasers in November 2007. Almost all the units were sold with sales proceeds of CAD 123 million (approximately HK$930 million). Hon Kwok owns a 75% interest in this development project.



One City Hall, Toronto, Canada

Hong Kong

During the financial year under review, Hon Kwok sold 61 second hand residential flats, mainly at Sky Tower in To Kwa Wan and Laguna City in Kwun Tong. Together with the sales of 187 carparking spaces at Provident Centre in North Point and a number of remaining unsold units from various development projects, Hon Kwok has realised a total cash consideration of HK$333 million with a decent profit margin. After the financial year end date, all the nine unsold shops with gross floor area of 6,649 sq.ft. at **Kensington Plaza** (金威廣場), Jordan District, were disposed of at a cash consideration of HK$71.5 million. The transaction was completed on 9 July 2008.

CHAIRMAN'S STATEMENT *(Continued)*

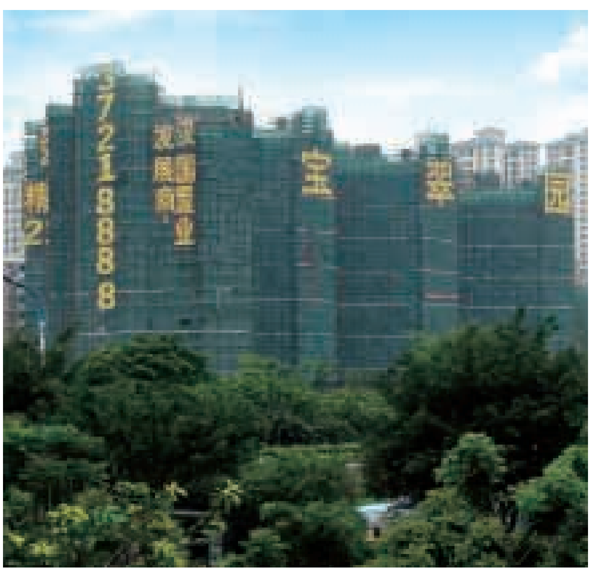
BUSINESS REVIEW *(Continued)*

(c) Property Development

Shenzhen, PRC

Being one of the five prestige and prime sites along the key traffic line on Shennan Road, an 80-storey super high rise grade A retail, commercial, office and apartment building, known as **Hon Kwok City Commercial Centre (漢國城市商業中心)** will be built at the junction of Shennanzhong Road and Fuming Road, Futian District of Shenzhen. In May 2008, the building plan has been approved by the Mayor of Shenzhen. With a total gross floor area of 128,000 sq.m., the building will comprise top eight floors of super luxury duplex serviced apartments, 54 upper floors of first class serviced or commercial apartments and 12 lower floors of grade A offices atop of a 6-level commercial/retail podium and underground carparks. Detailed design and construction plan are in progress. To be one of the new landmarks in Shenzhen, construction works are scheduled to commence in the first quarter of 2009.

Hon Kwok City Commercial Centre, Shenzhen, PRC – Architect Perspective



Phase 1 of Botanica, Guangzhou, PRC

Guangzhou, PRC

In Guangzhou, superstructure has been completed for Phase I of **Botanica (寶翠園)** in Long Dong Cun, Tianhe District, and a residential building known as **No. 5 Residence (北京路5號公館)** at 17-43 Beijing Nan Road in Yuexiu District. Subject to market conditions, both projects are planned for pre-sale by first quarter of 2009. Other three sites at **459-471 Longjinzhong Road** in Liwan District, **45-65** and **67-107 Beijing Nan Road** in Yuexiu District and **Dong Guan Zhuan (東莞莊)** in Tianhe District, are in progress.

CHAIRMAN'S STATEMENT *(Continued)*

BUSINESS REVIEW *(Continued)*

No. 5 Residence, 17-43 Beijing Nan Road, Guangzhou, PRC

Nanhai, PRC

Master plan for Phase I of **Yayao Oasis (雅瑤綠洲)** in Dali District of Nanhai has been finalised. Out of the total gross floor area of 272,800 sq.m., Phase I is planned to cover 134,500 sq.m. of low rise apartments and town houses. Projected construction works are expected to commence in early 2009 and completion in 2011.

Yayao Oasis, Nanhai, PRC – Architect Perspective

Chongqing, PRC

In July 2007, Hon Kwok acquired at a total consideration of HK$102 million a project under development and a 50% interest in another project adjacent to the first project, both situate in a new business district "Beibuxinqu 北部新區" in the northern part of Chongqing. The first property with a gross floor area of approximately 108,000 sq.m., which is wholly-owned by Hon Kwok, is known as **Cha's Centre** (查氏中心). External curtain wall of this twin-tower commercial/residential complex is under installation and renovation works will be completed by mid 2009. Leasing and pre-sale programs are

CHAIRMAN'S STATEMENT *(Continued)*

BUSINESS REVIEW *(Continued)*

being planned. The adjacent project with a total gross floor area of about 134,000 sq.m. is at planning stage. Details of the acquisitions are shown on the Company's circular to its shareholders dated 11 June 2007.

Cha's Centre, Chongqing, PRC

Canada

For Phase II of the Toronto project with a current gross floor area of 24,400 sq.m., in which Hon Kwok holds a 50% interest, application to increase the buildable area with local town planning authority is in progress.

Development Land Bank

Including jointly-controlled entities, Hon Kwok has eight projects under development in the Mainland China and one project in Canada. Total gross floor area from these projects of approximately 1,257,000 sq.m. will be adequate for Hon Kwok's property development operations in the coming three years or so. Hon Kwok is also actively looking for further investment opportunities, mainly in PRC cities.

(d) Property Investment, Serviced Apartments and Hotel Operations

Based on the experience and success in running serviced apartments at **The Bauhinia** (寶軒) in Central and **City Suites** (寶軒公寓) at City Square (城市天地廣場) in Luohu District, Shenzhen, the Board of Hon Kwok sees the increasing market demand from corporate clients and expatriates for both short term and medium term accommodations. Building plan for **The Bauhinia/Honwell Commercial Centre** (寶軒及漢貿商業中心) in Central for a 249-room hotel has been approved by the Buildings Department.

Conversion of top nine office floors to 44-room hotel at **Hon Kwok TST Centre** (漢國尖沙咀中心) in Tsim Sha Tsui has recently been approved by the Buildings Department. Hon Kwok is considering various design and leasehold improvement plans to renovate the top nine floors into a boutique hotel for guests who look for up-market and stylish accommodation while entertaining and shopping around the Knutsford Terrace and Tsim Sha Tsui area. Upon completion of the renovation works in early 2009, Hon Kwok expects a substantial improvement in the rental yield as well as the capital value of the property.

CHAIRMAN'S STATEMENT *(Continued)*

BUSINESS REVIEW *(Continued)*

2. Construction

Up to the date of disposal of the Construction Group in October 2007, it reported turnover of HK$350 million (2007: HK$843 million) and a net loss of HK$7.2 million (2007: loss of HK$78 million).

On 26 October 2007, the Group discontinued its construction business under Victory Leap Limited ("Victory Leap", together with its subsidiaries, the "Victory Leap Group"), in which the Group has an 86.05% interest. The Victory Leap Group, which engaged in the superstructure and substructure foundation piling work, had faced difficult operating environment in the construction industry in Hong Kong and suffered persistent losses in prior years. On 4 September 2007, Chinney Contractors Company Limited, in which the Group has 86.05% interest, entered into agreement to dispose the entire share capital of Victory Leap to Chinney Alliance Group Limited ("Chinney Alliance"), a 29.1% associate of the Group, for a consideration of approximately HK$93 million, which would be settled by cash and a HK$40 million 5% 3-year promissory note guaranteed by Chinney Alliance upon completion. For details of the transaction, please refer to our "Major and Connected Transaction" circular to shareholders dated 25 September 2007.

The disposal was in line with the Group's strategy to streamline its operations and dispose of those investments with no favorable prospects. The directors also believed that the disposal would enable the Group to consolidate all its construction business under its associate, Chinney Alliance for more efficient management. Upon completion of the disposal in October 2007, full consideration in cash together with the promissory note had been received. The Group recorded a profit of HK$13 million and generated a cash inflow of HK$38 million.

According to the sale and purchase agreement, certain construction contracts which were at the stage of finalisation, with an aggregate carrying value of HK$14 million, would be retained in the account of the Group. Up to the date of this report, the carrying value of such contracts has also been fully received from the contract customers.

CHAIRMAN'S STATEMENT *(Continued)*

BUSINESS REVIEW *(Continued)*

3. Garment

After disposal of the Gateway Group in October 2006, the remaining J.L. Group in our Garment Division reported a turnover of HK$340 million (2007: HK$372 million) and a profit before tax of HK$36 million (2007: HK$35 million) in the year under review. Despite the drop in turnover, J.L. Group managed to improve the gross profit margin by tightening cost control and providing value-added services to customers. J.L. Group produces high quality fashion mainly for European markets including Germany, Italy and Netherlands.

In the year ahead, J.L. Group is expected to face keen competition arising from the decrease in demand by the US customers, rising production cost in Mainland China with continued appreciation of Renminbi. To combat the worsening market condition, J.L. Group intends to maintain its existing European market share and further enhance the sales margin through the offer of innovative designs and new fabrics together with increased production efficiency.

4. Trading

Chinney Alliance, a 29.1% owned associate of the Group, remained profitable for the year ended 31 December 2007. Turnover and net profit for the year amount to HK$1,547 million (2006: HK$1,469 million) and HK$67 million (2006: HK$17 million), respectively. The profit for the year included the recognition of HK$40 million of the excess over the cost of business combinations on acquisition of the Victory Leap Group in October 2007. Excluding this one-off gain, the net profit for Chinney Alliance would be about HK$27 million. The increase in operating profit was mainly due to consolidating the turnover and profit for the Victory Leap Group from the date of acquisition in October 2007 to December 2007.

The trading of plastics and chemicals remained profitable but recorded a slight drop in turnover and sales margin. The decrease was mainly due to the drop in profit margin due to raising oil prices. With a large and reliable customer base, it is hoped that profitability will be maintained through development of new products and efficient cost control in the coming year.

OUTLOOK

The US economic environment is expected to remain sluggish, being affected by the credit market crisis and soaring fuel prices. On the other hand, despite tightened monetary measures by the Central Government, the growing economy in Mainland China remains a booster to Hong Kong investors. Business opportunities for certain niche markets remain opened for the manufacturing and trading sectors. The Group's Garment division with factories operated in Dongguan, PRC have strong customer base in Germany, Italy and other European countries and will continue to benefit from the strong Euro dollars.

Apart from the cash of HK$50 million from the disposal of the construction group to our associate, Chinney Alliance, Hon Kwok has also captured the upward trend in the local property market by realising the sales of various carparking spaces, commercial and residential properties. Coupled with the repatriation of return on investment from the Toronto project, total cash proceeds available to Hon Kwok will amount to approximately HK$881 million. These available funds will enable the Group to acquire new opportunities that may arise under weakening property and investment markets. Your directors are therefore optimistic about the Group's satisfactory performance in the coming year.

On behalf of the Board, I would like to thank all our staff for their hard work and contributions in the past year and look forward to their continued support in the future.

James Sai-Wing Wong
Chairman

Hong Kong, 17 July 2008

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

James Sai-Wing Wong

Aged 70, was appointed as a director and the Chairman of the Company in 1987. He is a director of Chinney Holdings Limited ("Chinney Holdings") and Lucky Year Finance Limited ("Lucky Year"), both being substantial shareholders of the Company. He is also the chairman of Hon Kwok and Chinney Alliance. Except Chinney Holdings and Lucky Year, all the other companies are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). He was appointed a Justice of the Peace for Hong Kong in 1987.

Madeline May-Lung Wong

Aged 68, was appointed as a director of the Company in 1987. She is a director of Chinney Holdings and Lucky Year, both being substantial shareholders of the Company. She is also a director of Hon Kwok and HKR International Limited, which are both listed on the Stock Exchange.

William Chung-Yue Fan

Aged 67, was appointed as a director of the Company in 1987. He is a solicitor in Hong Kong and a consultant to Fan & Fan, Solicitors. He is also a non-executive director of Alltronics Holdings Limited and an independent non-executive director of Artini China Co. Ltd., which are both listed on the Stock Exchange.

Herman Man-Hei Fung

Aged 70, was appointed as a director of the Company in 1987 and became the Managing Director of the Company in 1995. He is also a director of Chinney Holdings and Lucky Year, both being substantial shareholders of the Company. He is also the vice-chairman of Hon Kwok and a non-executive director of Chinney Alliance, which are both listed on the Stock Exchange.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT *(Continued)*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Clement Kwok-Hung Young

Aged 74, was appointed as an independent non-executive director of the Company in 1999. He obtained his Ph.D. Degree from The University of Texas, USA and served as university professor and administrator before his retirement from the Hong Kong Baptist University. He was the supervisor of Pui Ching Middle and Primary Schools and a court member of the Hong Kong Baptist University. He is the supervisor of Pui Ching Education Centre.

Peter Man-Kong Wong

Aged 59, was appointed as an independent non-executive director of the Company in 2004. He is the chairman of M.K. Corporation Limited and North West Development Limited, as well as a director of China Travel International Investment Hong Kong Limited, Far East Consortium International Limited, Glorious Sun Enterprises Limited, Hong Kong Ferry (Holdings) Company Limited, New Times Group Holdings Limited, Sino Hotels (Holdings) Limited and Sun Hung Kai & Co. Limited. Except M.K. Corporation Limited and North West Development Limited, all the other companies are listed on the Stock Exchange. Mr. Wong graduated from the University of California at Berkeley in the USA with a Bachelor of Science Degree in Mechanical Engineering (Naval Architecture). Mr. Wong serves as a deputy of the Eleventh National People's Congress of the People's Republic of China (the "PRC").

James C. Chen

Aged 58, was appointed as an independent non-executive director of the Company in 2007. He has over 20 years of experience in accounting, financial management and multinational business. He held various senior executive positions in several multinational companies in Hong Kong and is responsible for the overall management and strategic planning. Mr. Chen holds a Bachelor of Arts Degree, Cum Laude (majors in Accounting, Business Administration and International Business) from Carthage College, Wisconsin, USA. He is also a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of The American Institute of Certified Public Accountants.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT *(Continued)*

SENIOR MANAGEMENT

Zuric Yuen-Keung Chan

Aged 53, is an executive director of Hon Kwok and Chinney Alliance, which are both listed on the Stock Exchange. He joined the Group in 1989 and has 34 years of experience in the construction industry. He is a member of the Chartered Institute of Building and the Hong Kong Institute of Construction Managers.

Stephen Sek-Kee Yu

Aged 56, is a director of the Corporate Finance and Business Development Department of the Company. He is also a director of Chinney Alliance which is listed on the Stock Exchange. He joined the Group in 2001 and had worked with three North American banks for over 17 years during which he held various posts including the chief executive of a Canadian bank in Hong Kong. Mr. Yu holds a Bachelor's Degree in Computer Science from the University of Western Ontario, Canada and a Master's degree in Finance from the University of British Columbia, Canada.

Vincent Kwok-Kuen Wong

Aged 49, is the Managing Director of J.L. Group Company Limited, a major garment business acquired by the Company in 1993 with its markets in Europe and North America. Mr. Wong joined the Group in 1993 and has 30 years of experience in the garment industry of sourcing and manufacturing. He is responsible for the overall management of J.L. Group Company Limited.

Louis Woon-Chang Pang

Aged 50, is the Director – Finance of the Company. He joined the Company in May 2008. He has over 22 years of experience in finance and business management. He had served as senior executive in several listed companies in Hong Kong. Mr. Pang holds a Master's Degree in Business Administration from Warwick University, UK. He is also a fellow of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.

Louisa Kai-Nor Siu

Aged 42, joined the Company in 2005 and is the Financial Controller of the Company. She has 19 years of experience in the accounting field. She holds a Bachelor's Degree in Accountancy from the City University of Hong Kong and is a fellow of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.

CORPORATE GOVERNANCE REPORT

The board of directors of the Company (the "Board") is committed to maintain and ensure high standards of corporate governance and is continuously reviewing and improving the corporate governance practices and standards of the Group to ensure that business activities and decision making processes are regulated in a proper manner.

In the opinion of the Board, the Company has complied with the applicable code provisions of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") for the year under review, except for the deviations as disclosed in this report.

DIRECTORS' SECURITIES TRANSACTIONS

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

BOARD OF DIRECTORS

The directors of the Company during the year ended 31 March 2008 were:

Executive Directors

James Sai-Wing Wong *(Chairman)*
Herman Man-Hei Fung *(Managing Director)*

Non-Executive Directors

Madeline May-Lung Wong
William Chung-Yue Fan

Independent Non-Executive Directors

Clement Kwok-Hung Young	
Peter Man-Kong Wong	
James C. Chen	(appointed on 15 November 2007)
Johnny Chung-Ah Wong	(resigned on 15 November 2007)

CORPORATE GOVERNANCE REPORT *(Continued)*

Details of background and qualifications of each director are set out in the section headed "Biographical Details of Directors and Senior Management" on pages 14 to 16 of this annual report.

The Board is responsible for the overall strategic development of the Group. It also monitors the financial performance and the internal controls of the Group's business operations. Executive directors are responsible for running the Group and executing the strategies adopted by the Board. The day-to-day running of the Company is delegated to the management with department heads responsible for different aspects of the business and functions.

Non-executive directors (including the independent non-executive directors) serve the relevant function of bringing independent judgement on the development, performance and risk management of the Group through their contributions in board meetings.

The Board considers that each independent non-executive director of the Company is independent in character and judgement. The Company has received from each independent non-executive director a written confirmation of his independence pursuant to Rule 3.13 of the Listing Rules.

The Board meets at least twice each year at approximately half a year interval to discuss the Group's business development, operation and financial performance. Notice of at least 14 days is given to all directors for all regular board meetings to give all directors an opportunity to attend. All regular board meetings adhere to a formal agenda in which a schedule of matters is addressed to the Board. All directors have access to board papers and related materials, and are provided with adequate information which enable the Board to make an informed decision on the matters to be discussed and considered at the board meetings. Minutes of board meetings are kept by the Company Secretary and are open for inspection at any reasonable time on reasonable notice by any director.

To the best knowledge of the directors, there is no financial, business and family relationship among the members of the Board except that James Sai-Wing Wong and Madeline May-Lung Wong are partners in several investments (including their interests in the Company).

During the year under review, three full board meetings were held. As business operations were under the management and supervision of the executive directors of the Company, who had from time to time held meetings to resolve all material business or management issues, thus only three full board meetings were held for the year ended 31 March 2008.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The position of the Chairman and the Managing Director are held by two different individuals. James Sai-Wing Wong is the Chairman whereas Herman Man-Hei Fung is the Managing Director of the Company. There is a clear division of responsibilities between the Chairman and the Managing Director, in that the Chairman bears primary responsibility for the functioning of the Board, by ensuring its effective operation, while the Managing Director bears executive responsibility for the business and the management of the day-to-day operations of the Company.

NON-EXECUTIVE DIRECTORS

The non-executive directors of the Company are not appointed for a specific term as stipulated in CG Code provision A.4.1, but are subject to retirement by rotation and re-election at the annual general meeting in accordance with the articles of association of the Company (the "Articles of Association"). The Articles of Association do not require the directors to retire by rotation at least once every three years. However, in accordance with article 104 of the Articles of Association, at each annual general meeting of the Company, one-third of the directors for the time being (or, if their number is not three or a multiple of three, then the number nearest one-third), other than the one who holds the office as executive chairman or managing director, shall retire from office by rotation. The Board will ensure the retirement of each director, other than the one who holds the office as executive chairman or managing director, by rotation at least once every three years in order to comply with the CG Code provisions.

The Chairman and the Managing Director will not be subject to retirement by rotation as stipulated in CG Code provision A.4.2 as the Board considered that the continuity of office of the Chairman and the Managing Director provide the Group with a strong and consistent leadership and is of great importance to the smooth operations of the Group.

All directors appointed to fill a casual vacancy is subject to re-election by shareholders at the next following annual general meeting of the Company instead of at the first general meeting after their appointment as stipulated in CG Code provision A.4.2.

At the forthcoming annual general meeting, in accordance with article 95 of the Articles of Association, James C. Chen, being a director appointed by the Board after the Company's last annual general meeting held on 14 September 2007 shall retire and, being eligible, offer himself for re-election and in accordance with article 104 of the Articles of Association, William Chung-Yue Fan and Clement Kwok-Hung Young shall retire by rotation and, being eligible, offer themselves for re-election.

CORPORATE GOVERNANCE REPORT *(Continued)*

REMUNERATION OF DIRECTORS

The Remuneration Committee was established in December 2005. On 15 November 2007, Johnny Chung-Ah Wong ceased as a member of the Remuneration Committee and James C. Chen was appointed as a member of the Remuneration Committee. The Remuneration Committee currently comprises three members, namely Herman Man-Hei Fung, Clement Kwok-Hung Young and James C. Chen.

The Remuneration Committee's function is to review and recommend to the Board on the remuneration packages of the executive directors. CG Code provision B.1.3 stipulates that the terms of reference of the Remuneration Committee should include, as a minimum, those specific duties as set out in the CG Code provisions. The Company adopted the terms of reference of the Remuneration Committee in December 2005 but deviated from the CG Code as the duties of the committee are to review (as opposed to determine) and to make recommendation to the Board on the remuneration of the directors (as opposed to the remuneration of directors and senior management).

During the year under review, the Remuneration Committee held one meeting, during which the existing remuneration of all directors have been reviewed individually.

AUDIT COMMITTEE

The Audit Committee was established in 2001. On 15 November 2007, Johnny Chung-Ah Wong ceased as a member and the chairman of the Audit Committee and James C. Chen was appointed as a member and the chairman of the Audit Committee. The Audit Committee currently comprises four members, namely James C. Chen, William Chung-Yue Fan, Clement Kwok-Hung Young and Peter Man-Kong Wong. Three of them are independent non-executive directors and one of them is non-executive director of the Company. The Board considers that each Audit Committee member has broad commercial experience and there is a suitable mix of expertise in business, accounting and financial management in the Audit Committee.

The Audit Committee's functions include:

- to review and monitor financial reporting and the reporting judgement contained in them; and
- to review financial and internal controls, accounting policies and practices with management and external auditors.

The Audit Committee held two meetings during the year under review, which were attended by the external auditors, Ernst & Young.

CORPORATE GOVERNANCE REPORT *(Continued)*

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed with management and the external auditors the financial reporting matters, both for the annual results for the year ended 31 March 2007 and the interim results for the six months ended 30 September 2007.

ATTENDANCE AT MEETINGS OF THE BOARD, REMUNERATION AND AUDIT COMMITTEES

	Number of meetings attended For the year ended 31 March 2008		
	Board meetings	**Remuneration Committee meeting**	**Audit Committee meetings**
Number of meetings held for the year ended 31 March 2008	3	1	2
James Sai-Wing Wong	3	N/A	N/A
Madeline May-Lung Wong	0	N/A	N/A
William Chung-Yue Fan	2	N/A	2
Herman Man-Hei Fung	3	1	2
Clement Kwok-Hung Young	2	1	2
Peter Man-Kong Wong	2	N/A	1
James C. Chen *(appointed as director on 15 November 2007)*	1	N/A	1
Johnny Chung-Ah Wong *(resigned as director on 15 November 2007)*	2	1	2

NOMINATION OF DIRECTORS

The Board is responsible for considering the suitability of a candidate to act as a director, and approving and terminating the appointment of a director. During the year under review, the Company has not established a nomination committee. The Chairman is mainly responsible for identifying suitable candidates for members of the Board when there is a vacancy or an additional director is considered necessary. The Chairman will propose the appointment of such candidates to the Board for consideration and the Board will review the qualifications of the relevant candidates for determining the suitability to the Group on the basis of his qualifications, experience and background.

CORPORATE GOVERNANCE REPORT *(Continued)*

AUDITORS' REMUNERATION

During the year under review, the Group had engaged the Group's external auditors, Ernst & Young, to provide the following services and their respective fees charged are set out as below:

	Fees paid/payable *HK$'000*
Types of services	
Audit services	3,457
Non-audit services (tax compliance services and other services)	1,057
	4,514

DIRECTORS' AND AUDITORS' RESPONSIBILITIES FOR ACCOUNTS

The directors' responsibilities for the accounts and the responsibilities of the external auditors to the shareholders are set out in the Independent Auditors' Report on pages 36 and 37 of this annual report.

INTERNAL CONTROLS

During the year under review, the directors have conducted a review of the effectiveness of the system of internal control of the Company, covering all material controls. No material control failure or significant areas of concern which might affect shareholders' interests were identified during the review.

INVESTOR RELATIONS

The Company has disclosed all necessary information to the shareholders in compliance with the Listing Rules. The Board hosts the annual general meeting each year to meet the shareholders and answer their enquiries.

As a channel to further promote effective communication, a corporate website is established where up-to-date information of the Company is available for public access. However, the terms of reference of the Remuneration Committee and Audit Committee are only available from the Company Secretary on request and not yet ready on the Company's website as stipulated in the CG Code provisions B.1.4 and C.3.4.

REPORT OF THE DIRECTORS

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

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Details of the principal activities of the principal subsidiaries are set out in note 21 to the financial statements. During the year, the Board announced its decision to sell the Group's building construction and foundation piling business, the Victory Leap Group. Except for the disposal of the Victory Leap Group, there were no significant changes in the nature of the Group's principal activities during the year.

FINANCIAL RESULTS

The Group's profit for the year ended 31 March 2008 and the state of affairs of the Company and of the Group at that date are set out in the financial statements on pages 38 to 144.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and financial resources

The total interest-bearing debts of the Group amounted to approximately HK$1,911 million as at 31 March 2008 (2007: HK$2,450 million), of which approximately 41% (2007: 33%) of the debts were due and repayable within one year. Total cash and bank balances including time deposits were approximately HK$579 million (2007: HK$568 million).

Total shareholders' funds as at 31 March 2008 was approximately HK$1,758 million (2007: HK$1,456 million).

The gearing ratio of the Group, as measured by the consolidated net borrowings of approximately HK$1,332 million (2007: HK$1,882 million) over the total shareholders' funds plus minority interests totalling HK$3,365 million (2007: HK$2,814 million), was 40% at 31 March 2008 (2007: 67%). The Group's apparent high gearing ratio is primarily due to consolidating all debts of Hon Kwok, a 52.94% owned but separately listed subsidiary of the Group. Hon Kwok obtains financing on its own without financial assistance from the Company. Had Hon Kwok been equity accounted for as an associate in previous years, the pro forma gearing of the Group at year end would have been 8% (2007: 15%).

The Group had a total of HK$989 million (2007: HK$782 million) committed but undrawn banking facilities at year end available for its working capital purpose.

REPORT OF THE DIRECTORS *(Continued)*

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Funding and treasury policy

The Group adopts a prudent funding and treasury policy. Surplus funds are maintained in the form of cash deposits with leading banks. Borrowings are mainly denominated in Hong Kong dollars, Renminbi and Canadian dollars and bear interest at floating rates, except for the Renminbi loan facilities and convertible bonds.

Pledge of assets

Certain properties, investments and shares of an associate with an aggregate book value of HK$4,031 million as at 31 March 2008 and shares in a subsidiary were pledged to secure certain banking facilities of the Group.

Contingent liabilities

Particulars of the contingent liabilities of the Group are set out in note 43 to the financial statements.

Employees and remuneration policies

The Group, not including its associates and jointly-controlled entities, employed approximately 1,400 people as at 31 March 2008. Remuneration is determined by reference to market terms and the qualifications and experience of the staff concerned. Salaries are reviewed annually with discretionary bonuses being paid depending on individual performance. The Group also provides other benefits including medical cover, provident fund, personal accident insurance and educational subsidies to all eligible staff.

DIVIDEND

The directors recommend the payment of a final dividend of 4 Hong Kong cents per ordinary share for the year ended 31 March 2008 (2007: 4 Hong Kong cents) to shareholders whose names appear on the Company's register of members on 11 September 2008. This recommendation has been incorporated in the financial statements as an allocation of retained profits within the equity section of the balance sheet.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from 8 September 2008 to 11 September 2008 (both days inclusive), during which period no share transfers will be registered. In order to qualify for the final dividend, all transfer forms accompanied by relevant share certificates must be lodged with Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on 5 September 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 published audited financial statements and restated/reclassified as appropriate, is set out on page 145. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Company and the Group during the year are set out in note 15 to the financial statements.

PROPERTIES UNDER DEVELOPMENT

Details of movements in the properties under development of the Group during the year are set out in note 16 to the financial statements.

INVESTMENT PROPERTIES

Details of movements in the investment properties of the Group during the year are set out in note 18 to the financial statements.

PARTICULARS OF PROPERTIES

Particulars of the major properties held by the Group are set out on pages 146 to 150, which do not form part of the audited financial statements.

SHARE CAPITAL AND CONVERTIBLE BONDS

There were no movements in either the Company's authorised or issued share capital during the year. Details of movements in the convertible bonds issued by a subsidiary of the Company during the year are set out in note 37 to the financial statements.

REPORT OF THE DIRECTORS *(Continued)*

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 40(b) to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 March 2008, the Company's reserves available for distribution, calculated in accordance with the provisions of section 79B of the Hong Kong Companies Ordinance, amounted to HK$438,546,000, of which HK$22,055,000 has been proposed as a final dividend for the year. In addition, the Company's share premium account, in the amount of HK$267,569,000, may be distributed in the form of fully paid bonus shares.

CHARITABLE CONTRIBUTIONS

During the year, the Group made charitable contributions totalling HK$10,000.

DIRECTORS

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

James Sai-Wing Wong	
Madeline May-Lung Wong	
William Chung-Yue Fan	
Herman Man-Hei Fung	
Clement Kwok-Hung Young*	
Peter Man-Kong Wong*	
James C. Chen*	(appointed on 15 November 2007)
Johnny Chung-Ah Wong*	(resigned on 15 November 2007)

* *Independent non-executive directors*

In accordance with article 95 of the Articles of Association, James C. Chen will retire at the forthcoming annual general meeting and, being eligible, will offer himself for re-election.

In accordance with article 104 of the Articles of Association, William Chung-Yue Fan and Clement Kwok-Hung Young will retire by rotation at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

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

DETAILS OF RETIRING DIRECTORS TO BE RE-ELECTED

(a) James C. Chen

Aged 58, was appointed as an independent non-executive director of the Company in 2007. Mr. Chen was not appointed for a specific term but is subject to retirement by rotation and re-election at the Company's annual general meeting.

Mr. Chen has over 20 years of experience in accounting, financial management and multinational business. He held various senior executive positions in several multinational companies in Hong Kong and is responsible for the overall management and strategic planning. Mr. Chen holds a Bachelor of Arts Degree, Cum Laude (majors in Accounting, Business Administration and International Business) from Carthage College, Wisconsin, USA. He is also a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of The American Institute of Certified Public Accountants. Mr. Chen did not hold any directorship in other listed companies in the past three years.

At the date of this report, Mr. Chen did not have any interests in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"). Other than his capacity as a director of the Company, he does not have any business relationship with any directors, senior management or substantial or controlling shareholders of the Company.

No service contract has been signed between the Company and Mr. Chen. He is entitled to a director's fee of HK$50,000 per annum.

Save as disclosed above, there is no other information relating to Mr. Chen which is required to be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules and there is no other matter that needs to be brought to the attention of the shareholders of the Company.

(b) William Chung-Yue Fan

Aged 67, was appointed as a director of the Company in 1987. Mr. Fan was not appointed for a specific term but is subject to retirement by rotation and re-election at the Company's annual general meeting.

Mr. Fan is a solicitor in Hong Kong and a consultant of Fan & Fan, Solicitors which provides legal and professional services to the Group. He is also a non-executive director of Alltronics Holdings Limited and an independent non-executive director of Artini China Co. Ltd., which are both listed on the Stock Exchange.

REPORT OF THE DIRECTORS *(Continued)*

DETAILS OF RETIRING DIRECTORS TO BE RE-ELECTED *(Continued)*

(b) William Chung-Yue Fan

At the date of this report, Mr. Fan was interested in 1,882,285 shares of the Company and 2,000 shares in Wise Pacific Investment Limited, a subsidiary of the Company, within the meaning of Part XV of the SFO. Save as disclosed above, Mr. Fan does not have any other business relationship with any directors, senior management or substantial or controlling shareholders of the Company.

No service contract has been signed between the Company and Mr. Fan. He is entitled to a director's fee of HK$50,000 per annum.

Save as disclosed above, there is no other information relating to Mr. Fan which is required to be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules and there is no other matter that needs to be brought to the attention of the shareholders of the Company.

(c) Clement Kwok-Hung Young

Aged 74, was appointed as an independent non-executive director of the Company in 1999. Dr. Young was not appointed for a specific term but is subject to retirement by rotation and re-election at the Company's annual general meeting.

Dr. Young obtained his Ph. D. Degree from The University of Texas, USA and served as university professor and administrator before his retirement from the Hong Kong Baptist University. He was the supervisor of Pui Ching Middle and Primary Schools and a court member of the Hong Kong Baptist University. He is the supervisor of the Pui Ching Education Centre. Dr. Young did not hold any directorship in other listed companies in the past three years.

At the date of this report, Dr. Young did not have any interests in the shares of the Company within the meaning of Part XV of the SFO. Other than his capacity as a director of the Company, he does not have any business relationship with any directors, senior management or substantial or controlling shareholders of the Company.

No service contract has been signed between the Company and Dr. Young. He is entitled to a director's fee of HK$50,000 per annum.

Save as disclosed above, there is no other information relating to Dr. Young which is required to be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules and there is no other matter that needs to be brought to the attention of the shareholders of the Company.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 14 to 16 of the annual report.

DIRECTORS' SERVICE CONTRACTS

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 Group within one year without payment of compensation other than statutory compensation.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2008, the interests and short positions of the directors of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(a) Directors' interests in the ordinary shares of the Company

Name of director	*Notes*	**Nature of interest**	**Number of ordinary shares held**	**Percentage of the Company's issued share capital**
James Sai-Wing Wong	*1&2*	Corporate	306,959,324	55.67
Madeline May-Lung Wong	*1&2*	Corporate	306,959,324	55.67
William Chung-Yue Fan	*1*	Personal	1,882,285	0.34

REPORT OF THE DIRECTORS *(Continued)*

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

(b) Directors' interests in the ordinary shares of associated corporations

Name of director	*Notes*	Name of associated corporation	Nature of interest	Number of ordinary shares held/amount of paid up registered capital	Percentage of the associated corporation's issued share capital/paid up registered capital
James Sai-Wing Wong	*1&3*	Hon Kwok	Corporate	254,240,553	52.94
	1&4	Guangzhou Honkwok Fuqiang Land Development Ltd.	Corporate	RMB185,000,000	100.00
	1&5	Chinney Alliance	Corporate	231,200,283	58.30
	1&6	Chinney Holdings	Corporate	9,900,000	99.00
			Personal	100,000	1.00
		Lucky Year	Personal	10,000	50.00
Madeline May-Lung Wong	*1&3*	Hon Kwok	Corporate	252,240,553	52.94
	1&3	Chinney Alliance	Corporate	115,395,797	29.10
	1&6	Chinney Holdings	Corporate	9,900,000	99.00
		Lucky Year	Personal	10,000	50.00
William Chung-Yue Fan	*1&7*	Wise Pacific Investment Limited	Corporate	2,000	20.00
Herman Man-Hei Fung	*1*	Hon Kwok	Personal	300,000	0.06

(c) Director's interest in the underlying shares of an associated corporation

Pursuant to the share option scheme of Chinney Alliance, Herman Man-Hei Fung has options to subscribe for 800,000 shares in Chinney Alliance at an exercise price of HK$0.70 per share, subject to adjustment. The options were granted on 13 July 1999 and can be exercised up to 12 July 2009. During the year, no share options were exercised.

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

Notes:

1. *All the interests stated above represent long positions.*
2. *These shares are beneficially held by Chinney Holdings which is a subsidiary of Lucky Year. James Sai-Wing Wong and Madeline May-Lung Wong are directors of Lucky Year and beneficially own more than one-third of the equity capital of Lucky Year.*
3. *These shares are beneficially held by the Company or its wholly-owned subsidiary. By virtue of note 2, James Sai-Wing Wong and Madeline May-Lung Wong are deemed to be interested in these shares.*
4. *Out of RMB185,000,000 paid up registered capital, RMB111,000,000 is held by a wholly-owned subsidiary of Hon Kwok and RMB74,000,000 is held by a company controlled by James Sai-Wing Wong. By virtue of note 3, James Sai-Wing Wong is deemed to be interested in this company.*
5. *Out of 231,200,283 shares, 115,395,797 shares are held by a wholly-owned subsidiary of the Company and the remaining 115,804,486 shares are held by companies controlled by James Sai-Wing Wong. By virtue of note 2, James Sai-Wing Wong is deemed to be interested in these shares.*
6. *These shares are beneficially held by Lucky Year. By virtue of note 2, James Sai-Wing Wong and Madeline May-Lung Wong are deemed to be interested in these shares.*
7. *These shares are held by Gold Sound Enterprises Limited, of which William Chung-Yue Fan is both a director and a shareholder.*

Save as disclosed herein, as at 31 March 2008, none of the directors of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be recorded in the register kept by the Company under section 352 of the SFO or which was required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the heading "Directors' interests and short positions in shares and underlying shares" above, 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 holding companies, subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

REPORT OF THE DIRECTORS *(Continued)*

DIRECTORS' INTERESTS IN CONTRACTS

Except as disclosed in note 46 to the financial statements, none of the directors 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 holding companies, subsidiaries or fellow subsidiaries was a party during the year.

DIRECTOR'S REMUNERATION

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

The remuneration of the directors of the Company is reviewed by the Remuneration Committee having regard to the Company's operating results, individual performance of the directors and comparable market statistics.

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

At 31 March 2008, so far as is known to the directors of the Company, the following substantial shareholders and other persons (other than directors of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Name	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital
Chinney Holdings	Directly beneficially owned	306,959,324	55.67
Lucky Year	Through a controlled corporation	306,959,324	55.67

All the interests stated above represent long positions. Chinney Holdings and Lucky Year are deemed to be interested in the same parcel of shares by virtue of section 316 of the SFO.

Save as disclosed herein, as at 31 March 2008, none of the substantial shareholders of other persons (other than directors of the Company) had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

DIRECTOR'S INTEREST IN A COMPETING BUSINESS

During the year, (i) James Sai-Wing Wong, Chairman of the Company, has deemed interests and held directorships in companies engaged in the businesses of property investment and garment merchandising and trading; and (ii) Madeline May-Lung Wong is a director of HKR International Limited, whose group's businesses consist of property development and property investment. In this respect, James Sai-Wing Wong and Madeline May-Lung Wong are regarded as being interested in businesses which might compete with the Group.

As the Board is independent from the board of those entities and maintains three independent non-executive directors, the Group is therefore capable of carrying on its businesses independently of, and at arm's length from, the businesses of those entities.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

There were no purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries during the year ended 31 March 2008.

CONNECTED TRANSACTIONS

During the year and up to the date of this report, the Company and the Group had the following connected transactions, details of which are disclosed in compliance with the requirements of Chapter 14A of the Listing Rules.

(a) On 11 May 2007, a subsidiary of the Group, Cheerworld Group Limited, as purchaser, entered into a sale and purchase agreement, with Enhancement Investments Limited, Galantine Management Limited and Sharp-View Group Inc., as vendors, for the acquisition of the entire issued share capital of Unity Wise International Limited and the assignment of the related shareholders' loans to the Group at an aggregate cash consideration of HK$90 million. On the same date, Cheerworld Group Limited, as purchaser, entered into another sale and purchase agreement with Enhancement Investments Limited, as vendor, for the acquisition of 50% of the issued share capital of Ample Joy International Limited and the assignment of the related shareholder's loan to the Group at an aggregate cash consideration of HK$12 million. Both acquisitions constituted discloseable and connected transactions of the Company under the Listing Rules as Enhancement Investments Limited is a company controlled by James Sai-Wing Wong, a director and a substantial shareholder of the Company. These two acquisitions were completed on 4 July 2007.

REPORT OF THE DIRECTORS *(Continued)*

CONNECTED TRANSACTIONS *(Continued)*

(b) On 22 May 2007, a subsidiary of the Group, Chinney Construction Company, Limited, as vendor, entered into a sale and purchase agreement with Shun Cheong Investments Limited, as purchaser, a wholly-owned subsidiary of Chinney Alliance, for the disposal of the entire issued share capital of Apex Curtain Wall and Windows Company Limited for a cash consideration of HK$298,000. As James Sai-Wing Wong, a director and a substantial shareholder of the Company, is deemed to have interests in Shun Cheong Investments Limited and Chinney Alliance, accordingly Shun Cheong Investments Limited and Chinney Alliance are connected persons of the Company under the Listing Rules. The transaction constituted a connected transaction to the Company under the Listing Rules and was completed on 1 June 2007.

(c) On 4 September 2007, Chinney Contractors Company Limited, an 86.05% owned subsidiary of the Company, as vendor, and Chinney Alliance Trading (BVI) Limited, a wholly-owned subsidiary of Chinney Alliance, as purchaser entered into an agreement in relation to the sale and purchase of the entire issued share capital of Victory Leap for a total consideration of HK$92,865,000. As James Sai-Wing Wong, a director and a substantial shareholder of the Company, is deemed to have an interest in Chinney Alliance, accordingly Chinney Alliance is a connected person of the Company under the Listing Rules. The transaction constituted a major and connected transaction of the Company under the Listing Rules and was completed on 26 October 2007.

DISCLOSURE PURSUANT TO RULE 13.18 OF THE LISTING RULES

On 22 November 2007, Hon Kwok Treasury Limited, a wholly-owned subsidiary of Hon Kwok, as borrower, entered into a facilities agreement (the "Facilities Agreement") relating to a HK$280 million transferable term and revolving loan facilities (the "Loan Facilities") with a syndicate of banks. The Loan Facilities have a term of 36 months commencing from the date of the Facilities Agreement and will be used as general working capital of Hon Kwok and its subsidiaries.

Pursuant to the Facilities Agreement, it shall be an event of default if (i) the Company ceases to remain as the single largest shareholder of Hon Kwok or ceases to hold (whether directly or indirectly) not less than 30% of the effective shareholding in Hon Kwok; or (ii) James Sai-Wing Wong, the Chairman of both the Company and Hon Kwok, ceases to hold a controlling shareholding interest in the Company.

If an event of default under the Facilities Agreement occurs, the agent acting for the lending banks may, and shall if so requested by a majority of the lending banks, terminate the Loan Facilities and/or declare all outstanding amounts together with all interest accrued under the Loan Facilities to be immediately due and payable.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report, 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.

MAJOR CUSTOMERS AND SUPPLIERS

Sales to the Group's five largest customers and purchases from the Group's five largest suppliers accounted for less than 30% of the total sales and total purchases for the year.

None of the directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers and suppliers.

POST BALANCE SHEET EVENT

Details of the significant post balance sheet event of the Group are set out in note 49 to the financial statements.

AUDITORS

Deloitte Touche Tohmatsu acted as auditors of the Company for the year ended 31 March 2006. They resigned as auditors of the Company on 27 March 2007 and Ernst & Young were appointed by the directors to fill the casual vacancy so arising. Ernst & Young audited the financial statements of the Company for the years ended 31 March 2007 and 31 March 2008. A resolution for the re-appointment of Ernst & Young as auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board
Herman Man-Hei Fung
Managing Director

Hong Kong, 17 July 2008

INDEPENDENT AUDITORS' REPORT

ERNST & YOUNG
安 永

To the shareholders of Chinney Investments, Limited (建業實業有限公司)
(Incorporated in Hong Kong with limited liability)

We have audited the financial statements of Chinney Investments, Limited set out on pages 38 to 144, which comprise the consolidated and company balance sheets 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 FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and 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 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.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. Our report is made solely to you, as a body, in accordance with Section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

INDEPENDENT AUDITORS' REPORT *(Continued)*

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and the true and fair presentation of the 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 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 financial statements give a true and fair view of the state of affairs of the Company and 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 Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants

18th Floor
Two International Finance Centre
8 Finance Street, Central
Hong Kong

17 July 2008

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000 (Restated)
CONTINUING OPERATIONS			
REVENUE	5	**1,590,667**	921,466
Cost of sales		**(1,261,813)**	(703,953)
Gross profit		**328,854**	217,513
Other income and gains	5	**56,557**	26,969
Fair value gains on investment properties, net		**381,304**	191,304
Gain on disposal of subsidiaries		**16,802**	1,472
Excess over the cost of business combinations on acquisition of minority interests in subsidiaries	21	**4,979**	86,685
Loss on deemed partial disposal of subsidiaries	21	**–**	(66,109)
Selling and distribution costs		**(38,929)**	(47,296)
Administrative and other operating expenses		**(130,429)**	(182,135)
Finance costs	6	**(91,478)**	(103,180)
Gain on disposal of investment properties		**15,550**	9,443
Share of profits and losses of:			
Associates		**7,789**	4,746
Jointly-controlled entities		**493**	4,399
PROFIT BEFORE TAX	7	**551,492**	143,811
Tax	10	**(83,519)**	(63,125)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**467,973**	80,686
DISCONTINUED OPERATION			
Loss for the year from a discontinued operation	12	**(7,239)**	(78,271)
PROFIT FOR THE YEAR		**460,734**	2,415
Attributable to:			
Equity holders of the Company	11	**234,305**	(26,975)
Minority interests		**226,429**	29,390
		460,734	2,415
DIVIDEND – proposed final	13	**22,055**	22,055

CONSOLIDATED INCOME STATEMENT *(Continued)*

Year ended 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000 (Restated)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	14		
Basic			
– For profit/(loss) for the year		**42.50 cents**	(4.89) cents
– For profit from continuing operations		**43.62 cents**	7.32 cents
Diluted			
– For profit for the year		**39.51 cents**	N/A
– For profit from continuing operations		**40.64 cents**	N/A

BALANCE SHEETS

31 March 2008

	Notes	Group 2008 HK$'000	Group 2007 HK$'000	Company 2008 HK$'000	Company 2007 HK$'000
NON-CURRENT ASSETS					
Property, plant and equipment	15	**99,005**	202,549	**7**	9
Properties under development	16	**1,699,408**	1,533,280	**–**	–
Prepaid land lease payments	17	**16,319**	15,276	**–**	–
Investment properties	18	**2,378,828**	2,059,491	**–**	–
Investment deposits	20	**–**	187,847	**–**	–
Investments in subsidiaries	21	**–**	–	**891,774**	888,157
Interests in associates	22	**106,132**	67,517	**–**	–
Interests in jointly-controlled entities	23	**70,455**	48,765	**–**	–
Deferred tax assets	24	**159**	155	**–**	–
Loan receivables	25	**3,014**	–	**–**	–
Total non-current assets		**4,373,320**	4,114,880	**891,781**	888,166
CURRENT ASSETS					
Inventories	26	**17,815**	16,945	**–**	–
Properties held for sale	28	**526,103**	1,023,537	**–**	–
Prepaid land lease payments	17	**436**	410	**–**	–
Equity investments at fair value through profit or loss	29	**41,539**	681	**40,828**	–
Trade and bills receivables	30	**35,805**	107,875	**–**	–
Prepayments, deposits and other receivables	31	**44,853**	69,047	**71**	191
Gross amounts due from customers for contract work	27	**–**	45,228	**–**	–
Retention monies receivable		**–**	58,007	**–**	–
Amounts due from related companies	35	**1,407**	–	**–**	–
Amounts due from subsidiaries	21	**–**	–	**108,096**	136,792
Amounts due from jointly-controlled entities	23	**159,417**	141,744	**–**	–
Amounts due from associates	22	**13,106**	–	**–**	–
Tax recoverable		**464**	1,288	**–**	–
Pledged deposits	32	**–**	78,172	**–**	–
Cash and cash equivalents	32	**579,487**	489,515	**4,097**	541
Total current assets		**1,420,432**	2,032,449	**153,092**	137,524

BALANCE SHEETS *(Continued)*

31 March 2008

		Group		Company	
		2008	2007	**2008**	2007
	Notes	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
CURRENT LIABILITIES					
Trade payables and accrued liabilities	*34*	**204,498**	312,590	**4,846**	3,879
Customer deposits		**38,528**	195,825	**–**	–
Retention monies payable		**–**	19,286	**–**	–
Amounts due to related companies	*35*	**44**	10,028	**–**	–
Gross amounts due to customers for contract work	*27*	**–**	64,705	**–**	–
Amounts due to subsidiaries	*21*	**–**	–	**72,070**	116,380
Amounts due to minority shareholders	*33*	**17,155**	39,532	**–**	–
Tax payable		**63,599**	73,562	**–**	–
Obligations under finance leases	*38*	**–**	2,376	**–**	–
Interest-bearing bank borrowings	*36*	**780,199**	796,797	**124,000**	94,000
Total current liabilities		**1,104,023**	1,514,701	**200,916**	214,259
NET CURRENT ASSETS/ (LIABILITIES)		**316,409**	517,748	**(47,824)**	(76,735)
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,689,729**	4,632,628	**843,957**	811,431
NON-CURRENT LIABILITIES					
Obligations under finance leases	*38*	**–**	2,354	**–**	–
Interest-bearing bank borrowings	*36*	**851,267**	1,386,195	**–**	–
Convertible bonds	*37*	**279,980**	262,361	**–**	–
Deferred tax liabilities	*24*	**193,062**	167,837	**–**	–
Total non-current liabilities		**1,324,309**	1,818,747	**–**	–
Net assets		**3,365,420**	2,813,881	**843,957**	811,431

BALANCE SHEETS *(Continued)*

31 March 2008

		Group		Company	
		2008	2007	**2008**	2007
	Notes	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
EQUITY					
Equity attributable to equity holders of the Company					
Issued capital	*39*	**137,842**	137,842	**137,842**	137,842
Reserves	*40*	**1,598,110**	1,295,859	**684,060**	651,534
Proposed final dividend	*13*	**22,055**	22,055	**22,055**	22,055
		1,758,007	1,455,756	**843,957**	811,431
Minority interests		**1,607,413**	1,358,125	**–**	–
Total equity		**3,365,420**	2,813,881	**843,957**	811,431

James Sai-Wing Wong
Director

Herman Man-Hei Fung
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2008

	Attributable to equity holders of the Company									
	Issued capital HK$'000	Share premium account HK$'000	Exchange fluctuation reserve HK$'000	Equity component of convertible bonds HK$'000	Proposed final dividend HK$'000	Other reserve HK$'000	Retained profits HK$'000	Total HK$'000	Minority interests HK$'000	Total equity HK$'000
At 1 April 2006	137,842	267,569	(14,206)	–	22,055	–	994,880	1,408,140	1,150,974	2,559,114
Exchange realignment	–	–	48,795	–	–	–	–	48,795	48,165	96,960
Share of reserves of associates	–	–	–	–	–	156	–	156	–	156
Total income and expense for the year recognised directly in equity	–	–	48,795	–	–	156	–	48,951	48,165	97,116
Profit/(loss) for the year	–	–	–	–	–	–	(26,975)	(26,975)	29,390	2,415
Total income and expense for the year	–	–	48,795	–	–	156	(26,975)	21,976	77,555	99,531
Release of exchange fluctuation reserve upon disposal of business of foreign operations *(note 7)*	–	–	32,011	–	–	–	–	32,011	28,823	60,834
Release of exchange fluctuation reserve upon disposal of subsidiaries	–	–	1,084	–	–	–	–	1,084	–	1,084
Release of capital contribution obligated from minority shareholders	–	–	–	–	–	–	–	–	(73,541)	(73,541)
Acquisition of minority interests	–	–	–	–	–	–	–	–	(198,874)	(198,874)
Dividends paid to minority shareholders	–	–	–	–	–	–	–	–	(18,136)	(18,136)
Issue of convertible bonds by a subsidiary	–	–	–	14,600	–	–	–	14,600	10,226	24,826
Final 2006 dividend declared	–	–	–	–	(22,055)	–	–	(22,055)	–	(22,055)
Proposed final 2007 dividend *(note 13)*	–	–	–	–	22,055	–	(22,055)	–	–	–
Deemed disposal of partial equity interest in a subsidiary	–	–	–	–	–	–	–	–	381,098	381,098
31 March 2007 and at 1 April 2007	137,842	267,569*	67,684*	14,600*	22,055	156*	945,850*	1,455,756	1,358,125	2,813,881
Exchange realignment	–	–	105,245	–	–	–	–	105,245	103,501	208,746
Share of reserves of associates	–	–	8	–	–	(156)	–	(148)	–	(148)
Total income and expense for the year recognised directly in equity	–	–	105,253	–	–	(156)	–	105,097	103,501	208,598
Profit for the year	–	–	–	–	–	–	234,305	234,305	226,429	460,734
Total income and expense for the year	–	–	105,253	–	–	(156)	234,305	339,402	329,930	669,332
Acquisition of minority interests	–	–	–	–	–	–	–	–	(8,596)	(8,596)
Dividends paid to minority shareholders	–	–	–	–	–	–	–	–	(61,627)	(61,627)
Write-off of negative minority interests *(note 7)*	–	–	–	–	–	–	–	–	3,000	3,000
Final 2007 dividend declared	–	–	–	–	(22,055)	–	–	(22,055)	–	(22,055)
Release of exchange fluctuation reserve upon return of investment of a foreign subsidiary	–	–	(15,096)	–	–	–	–	(15,096)	(13,419)	(28,515)
Proposed final 2008 dividend *(Note 13)*	–	–	–	–	22,055	–	(22,055)	–	–	–
At 31 March 2008	**137,842**	**267,569***	**157,841***	**14,600***	**22,055**	**–***	**1,158,100***	**1,758,007**	**1,607,413**	**3,365,420**

* These reserve accounts comprise the consolidated reserves of HK$1,598,110,000 (2007: HK$1,295,859,000) in the consolidated balance sheet.

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax:			
From continuing operations		**551,492**	143,811
From a discontinued operation	12	**(6,159)**	(73,016)
Adjustments for:			
Share of losses of jointly-controlled entities and associates		**(8,282)**	(9,142)
Interest income	7	**(13,967)**	(9,866)
Finance costs	6	**95,350**	110,825
Depreciation	7	**21,892**	35,101
Amortisation of prepaid land lease payments	7	**436**	410
Gain on disposal of subsidiaries		**(16,802)**	(1,472)
Excess over the cost of business combinations on acquisition of minority interests in subsidiaries	21	**(4,979)**	(86,685)
Fair value gains of investment properties, net	18	**(384,804)**	(200,304)
Write-down of properties held for sale to net realisable value	7	**–**	7,000
Loss/(gain) on disposal of items of property, plant and equipment	7	**(3,960)**	26
Fair value loss on equity investments at fair value through profit or loss	5	**3,810**	52
Write-off of negative minority interests	7	**3,000**	–
Gain on disposal of investment properties	7	**(15,550)**	(9,443)
Impairment of trade receivables	7	**7,295**	7,220
Impairment of other receivables	7	**10,524**	–
Loss on deemed partial disposal of subsidiaries	21	**–**	66,109
Release of exchange fluctuation reserve upon return of investment of a foreign subsidiary	7	**(28,515)**	–
Release of exchange fluctuation reserve upon disposal of business of foreign operations	7	**–**	60,834
		210,781	41,460
Increase in property under development		**(249,621)**	(245,360)
Decrease/(increase) in inventories		**(870)**	30,799
Decrease in properties held for sale		**919,311**	21,940
Decrease/(increase) in gross amounts due from customers for contract work		**(2,022)**	14,032
Decrease in retention monies receivable		**2,843**	3,248
Decrease in trade and bills receivables, prepayments, deposits and other receivables		**16,126**	160,707
Increase in amounts due from related companies		**(13,159)**	–
Increase/(decrease) in trade payables and accrued liabilities		**(56,749)**	24,756
Increase/(decrease) in gross amounts due to customers for contract work		**(5,429)**	1,533
Increase/(decrease) in customer deposits		**(176,643)**	68,957
Increase in amounts due to related companies		**6,954**	–
Cash generated from operations		**651,522**	122,072
Hong Kong profits tax paid		**(4,676)**	(1,935)
Overseas taxes paid		**(65,735)**	(5,150)
Net cash inflow from operating activities		**581,111**	114,987

CONSOLIDATED CASH FLOW STATEMENT *(Continued)*

Year ended 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
Net cash inflow from operating activities		**581,111**	114,987
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments in associates		**–**	(16,529)
Decrease in amounts due to minority shareholders of subsidiaries, net		**–**	(46,997)
Purchase of items of property, plant and equipment		**(13,347)**	(16,090)
Acquisition of additional interests in subsidiaries		**(3,617)**	(112,188)
Additions to investment properties		**(11,114)**	(7,927)
Advances to jointly-controlled entities		**–**	(10,214)
Disposal of subsidiaries	41	**109,115**	96,519
Dividends received from an associate		**1,153**	–
Advances to an jointly-controlled entity		**(16,059)**	–
Interest received		**13,967**	9,866
Proceeds from disposal of items of property, plant and equipment		**8,466**	663
Proceeds from disposal of investment properties		**109,545**	165,183
Decrease/(increase) in investment deposits		**112,638**	(187,847)
Acquisition of a jointly-controlled entity		**(4,590)**	–
Purchase of equity investments at fair value through profit or loss		**(44,668)**	–
Advances to associates		**(13,106)**	(440)
Decrease/(increase) in pledged deposits		**64,572**	(12,224)
Net cash inflow/(outflow) from investing activities		**312,955**	(138,225)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of convertible bonds		**–**	280,000
Convertible bonds issue expense		**–**	(7,405)
Interest paid		**(118,052)**	(132,925)
Dividends paid to minority shareholders of a subsidiary		**(61,627)**	(18,136)
Dividend paid		**(22,055)**	(22,055)
Capital element of finance lease rental payments		**–**	(2,229)
Decrease in interest-bearing bank borrowings, net		**(576,513)**	(391,197)
Capital contributions by minority shareholders		**–**	314,989
Decrease in loans from minority interest		**(24,237)**	–
Net cash inflow/(outflow) from financing activities		**(802,484)**	21,042
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**91,582**	(2,196)
Cash and cash equivalents at beginning of year		**455,284**	440,040
Effect of foreign exchange rate changes, net		**32,621**	17,440
CASH AND CASH EQUIVALENTS AT END OF YEAR		**579,487**	455,284

CONSOLIDATED CASH FLOW STATEMENT *(Continued)*

Year ended 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	32	**437,404**	489,515
Time deposits with original maturity of less than three months when acquired	32	**142,083**	–
Time deposits with original maturity of less than three months when acquired, pledged as security for bank overdraft facilities	32	**–**	13,600
Bank overdrafts	36	**–**	(47,831)
		579,487	455,284

NOTES TO THE FINANCIAL STATEMENTS

31 March 2008

1. CORPORATE INFORMATION

Chinney Investments, Limited is a limited company incorporated in Hong Kong. The registered office of the Company is located at 23rd Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong.

During the year, the Group was involved in the following principal activities:

– property development
– property investment for rental purposes
– building construction and foundation piling
– manufacturing and trading of garments

During the year, the board of directors announced its decision to sell the Group's building construction and foundation piling business, Victory Leap Limited and its subsidiaries.

The immediate holding company of the Company is Chinney Holdings Limited ("Chinney Holdings"), a company incorporated in Hong Kong.

In the opinion of the directors, the ultimate holding company of the Company is Lucky Year Finance Limited ("Lucky Year"), a company incorporated in the British Virgin Islands (the "BVI").

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and equity investments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

2.1 BASIS OF PREPARATION *(Continued)*

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2008. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

Minority interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Company's subsidiaries. Acquisitions of minority interests are accounted for using the company entity extension method whereby the difference between the consideration and the book value of the share of the net assets acquired is recognised as goodwill.

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements. Except for in certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new and revised standards and interpretations has had no material effect on these financial statements.

HKFRS 7	*Financial Instruments: Disclosures*
HKAS 1 Amendment	*Capital 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 principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKFRS 7 *Financial Instruments: Disclosures*

This standard requires disclosures that enable users of the financial statements to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments. The new disclosures are included throughout the financial statements. While there has been no effect on the financial position or results of operations of the Group, comparative information has been included/revised where appropriate.

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

(b) Amendment to HKAS 1 *Presentation of Financial Statements – Capital Disclosures*

This amendment requires the Group to make disclosures that enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital. These new disclosures are shown in note 48 to the financial statements.

(c) HK(IFRIC)-Int 8 *Scope of HKFRS 2*

This interpretation requires HKFRS 2 to be applied to any arrangement in which the Group cannot identify specifically some or all of the goods or services received, for which equity instruments are granted or liabilities (based on a value of the Group's equity instruments) are incurred by the Group for a consideration, and which appears to be less than the fair value of the equity instruments granted or liabilities incurred. As the Group has no share option scheme, the interpretation has had no effect on these financial statements.

(d) HK(IFRIC)-Int 9 *Reassessment of Embedded Derivatives*

This interpretation requires that the date to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative is the date that the Group first becomes a party to the contract, with reassessment only if there is a change to the contract that significantly modifies the cash flows. As the Group has no embedded derivative requiring separation from the host contract, the interpretation has had no effect on these financial statements.

(e) HK(IFRIC)-Int 10 *Interim Financial Reporting and Impairment*

The Group has adopted this interpretation as of 1 April 2007, which requires that an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument classified as available-for-sale or a financial asset carried at cost is not subsequently reversed. As the Group had no impairment losses previously reversed in respect of such assets, the interpretation has had no impact on the financial position or results of operations of the Group.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

(f) HK(IFRIC)-Int 11 *HKFRS 2 – Group and Treasury Share Transactions*

This interpretation requires arrangements whereby an employee is granted rights to the Group's equity instrument, to be accounted for as an equity-settled scheme, even if the Group acquires the instruments from another party, or the shareholders provide the equity instruments needed. HK(IFRIC)-Int 11 also address the accounting for share-based payment transactions involving two or more entities within the Group. As the Group currently does not have such transaction, the interpretation has had no impact on the Group.

2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

HKAS 1 (Revised)	*Presentation of Financial Statements*[1]
HKAS 23 (Revised)	*Borrowing Costs*[1]
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*[4]
HKAS 32 and HKAS 1 Amendments	*HKAS 32 – Financial Instruments: Presentation and HKAS 1 – Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*[1]
HKFRS 2 Amendments	*HKFRS 2 – Share-based Payments – Vesting Conditions and Cancellations*[1]
HKFRS 3 (Revised)	*Business Combinations*[4]
HKFRS 8	*Operating Segments*[1]
HK(IFRIC)-Int 12	*Service Concession Arrangements*[3]
HK(IFRIC)-Int 13	*Customer Loyalty Programmes*[2]
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 2008
3 Effective for annual periods beginning on or after 1 January 2008
4 Effective for annual periods beginning on or after 1 July 2009

2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

The revised HKAS 1 – *Presentation of Financial Statements separates* owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, the Standard introduces the statement of comprehensive income: it presents all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group is still evaluating whether it will have one or two statements.

HKAS 23 has been revised to require capitalisation of borrowing costs when such costs are directly attributable to the acquisition, construction or production of a qualifying asset. As the Group's current policy for borrowing costs aligns with the requirements of the revised standard, the revised standard is unlikely to have any financial impact on the Group. In accordance with the transitional provisions in the revised standard, the Group shall apply the revised standard on a prospective basis to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 April 2009.

The revised HKAS 27 requires that a change in the ownership interest of a subsidiary is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes introduced by the revised HKAS 27 must be applied prospectively and will affect future acquisitions and transactions with minority interests.

The amendments to HKAS 32 and HKAS 1 allow a limited scope exception for puttable financial instruments to be classified as equity if they fulfill a number of specified criteria. As the Group currently has no such financial instruments, the amendments are unlikely to have any financial impact on the Group.

These amendments to HKFRS 2 – *Share-based Payments* restrict the definition of "vesting condition" to a condition that includes an explicit or implicit requirement to provide services. Any other conditions are non-vesting conditions, which have to be taken into account to determine the fair value of the equity instruments granted. In the case that the award does not vest as a result of a failure to meet a non-vesting condition that is within the control of either the entity or the counterparty, this must be accounted for as a cancellation. The Group has no share option scheme, and does not expect these amendments to impact the financial statements of the Group.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

The revised HKFRS 3 introduces a number of changes in the accounting for business combinations that will impact on the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The changes introduced by the revised HKFRS 3 must be applied prospectively and will affect future acquisitions and transactions with minority interests.

HKFRS 8, which will replace HKAS 14 – *Segment Reporting*, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group expects to adopt HKFRS 8 from 1 April 2009.

HK(IFRIC)-Int 12 requires an operator under public-to-private service concession arrangements to recognise the consideration received or receivable in exchange for the construction services as a financial asset and/or an intangible asset, based on the terms of the contractual arrangements. HK(IFRIC)-Int 12 also addresses how an operator shall apply existing HKFRSs to account for the obligations and the rights arising from service concession arrangements by which a government or a public sector entity grants a contract for the construction of infrastructure used to provide public services and/or for the supply of public services. As the Group currently has no such arrangements, the interpretation is unlikely to have any financial impact on the Group.

HK(IFRIC)-Int 13 requires that loyalty award credits granted to customers as part of a sales transaction are accounted for as a separate component of the sales transaction. The consideration received in the sales transaction is allocated between the loyalty award credits and the other components of the sale. The amount allocated to the loyalty award credits is determined by reference to their fair value and is deferred until the awards are redeemed or the liability is otherwise extinguished.

2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

HK(IFRIC)-Int 14 addresses how to assess the limit under HKAS 19 – *Employee Benefits*, on the amount of a refund or a reduction in future contributions in relation to a defined benefit scheme that can be recognised as an asset, in particular, when a minimum funding requirement exists.

As the Group currently has no customer loyalty award credits and defined benefit scheme, HK(IFRIC)-Int 13 and HK(IFRIC)-Int 14 are not applicable to the Group and therefore are unlikely to have any financial impact on the Group.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity in which the Company, directly or indirectly, controls more than half of its voting power or issued share capital or controls the composition of its board of directors; or over which the Company has a contractual right to exercise a dominant influence with respect to that entity's financial and operating policies.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's interests in subsidiaries are stated at cost less any impairment losses.

Joint ventures

A joint venture is an entity set up by contractual arrangement, whereby the Group and other parties undertake an economic activity. The joint venture operates as a separate entity in which the Group and the other parties have an interest.

The joint venture agreement between the venturers stipulates the capital contributions of the joint venture parties, the duration of the joint venture entity and the basis on which the assets are to be realised upon its dissolution. The profits and losses from the joint venture's operations and any distributions of surplus assets are shared by the venturers, either in proportion to their respective capital contributions, or in accordance with the terms of the joint venture agreement.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Joint ventures *(Continued)*

A joint venture is treated as:

(a) a subsidiary, if the Company, directly or indirectly, controls more than half of its voting power or issued share capital or controls the composition of its board of directors; or over which the Company has a contractual right to exercise a dominant influence with respect to the joint venture's financial and operating policies;

(b) a jointly-controlled entity, if the Company does not have unilateral control, but has joint control, directly or indirectly, over the joint venture;

(c) an associate, if the Company does not have unilateral or joint control, but holds, directly or indirectly, generally not less than 20% of the joint venture's registered capital and is in a position to exercise significant influence over the joint venture; or

(d) an equity investment accounted for in accordance with HKAS 39, if the Company holds, directly or indirectly, less than 20% of the joint venture's registered capital and has neither joint control of, nor is in a position to exercise significant influence over, the joint venture.

Jointly-controlled entities

A jointly-controlled entity is a joint venture that is subject to joint control, resulting in none of the participating parties having unilateral control over the economic activity of the jointly-controlled entity.

The Group's interests in jointly-controlled entities are stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and reserves of jointly-controlled entities is included in the consolidated income statement and consolidated reserves, respectively. Where the profit sharing ratio is different to the Group's equity interest, the share of post-acquisition results of the jointly-controlled entities is determined based on the agreed profit sharing ratio. Unrealised gains and losses resulting from transactions between the Group and its jointly-controlled entities are eliminated to the extent of the Group's interests in the jointly-controlled entities, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of jointly-controlled entities is included as part of the Group's interests in jointly-controlled entities.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Associates

An associate is an entity, not being a subsidiary or a jointly-controlled entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's interests in associates are stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and reserves of associates is included in the consolidated income statement and consolidated reserves, respectively. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates, except where unrealised losses provide evidence of an impairment of the asset transferred. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

Goodwill

Goodwill arising on the acquisition of subsidiaries, associates and jointly-controlled entities represents the excess of the cost of the business combination over the Group's interest in the net fair value of the acquirees' identifiable assets acquired, and liabilities and contingent liabilities assumed as at the date of acquisition.

Goodwill on acquisitions for which the agreement date is on or after 1 January 2005

Goodwill arising on acquisition is recognised in the consolidated balance sheet as an asset, initially measured at cost and subsequently at cost less any accumulated impairment losses. In the case of associates and jointly-controlled entities, goodwill is included in the carrying amount thereof, rather than as a separately identified asset on the consolidated balance sheet.

The carrying amount of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 March.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Goodwill *(Continued)*

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Goodwill previously eliminated against consolidated retained profits

Prior to the adoption of the HKICPA's Statement of Standard Accounting Practice 30 "Business Combinations" in 2001, goodwill arising on acquisition was eliminated against consolidated retained profits in the year of acquisition. On the adoption of HKFRS 3, such goodwill remains eliminated against consolidated retained profits and is not recognised in the income statement when all or part of the business to which the goodwill relates is disposed of or when a cash-generating unit to which the goodwill relates becomes impaired.

Excess over the cost of business combinations

Any excess of the Group's interest in the net fair value of the acquirees' identifiable assets, liabilities and contingent liabilities over the cost of acquisition of subsidiaries (previously referred to as negative goodwill), after reassessment, is recognised immediately in the income statement.

The excess for associates and jointly-controlled entities is included in the Group's share of the associates' and jointly-controlled entities' profits or losses in the period in which the investments are acquired.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of non-financial assets other than goodwill

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, properties under development, construction contract assets, deferred tax assets, financial assets, investment properties, properties held for sale and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such impairment loss is credited to the income statement in the period in which it arises.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related parties

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

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

(b) the party is an associate;

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

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

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

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

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

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment and depreciation *(Continued)*

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold land and buildings	2% to 5% or over the unexpired term of the leases, whichever is shorter
Leasehold improvements	20% or over the unexpired term of the leases, whichever is shorter
Plant and machinery	10% to 30%
Motor vehicles	20% to 30%
Furniture, fixtures and equipment	20% to $33^{1}/_{3}$%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at each balance sheet date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Properties under development

Properties under development are stated at cost and include the cost of land, construction, financing and other related expenses, less any impairment losses. Impairment is assessed by the directors with reference to prevailing market prices, on an individual property basis.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investment properties

Investment properties are interests in land and buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance sheet date.

Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of the retirement or disposal.

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.

Properties held for sale

Properties held for sale, consisting of completed properties and properties under development in respect of which the Group has established pre-sale programmes, are classified under current assets and are stated at the lower of cost and net realisable value. Cost includes all development expenditure, applicable borrowing costs and other direct costs attributable to such properties. Net realisable value is determined by reference to management estimates according to prevailing market conditions, on an individual property basis.

Leases

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

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

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the income statement on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to the income statement on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms. When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

Financial assets

Financial assets in the scope of HKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Group assesses whether a contract contains an embedded derivative when the Group first becomes a party to it and assesses whether an embedded derivative is required to be separated from the host contract when the analysis shows that the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial assets *(Continued)*

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Gains or losses on investments held for trading are recognised in the income statement. The net fair value gain or loss recognised in the income statement does not include any dividends on these financial assets, which are recognised in accordance with the policies set out for "Revenue recognition" below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are subsequently carried at amortised cost using the effective interest method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Fair value

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business at the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis; and option pricing models.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the impairment loss is recognised in the income statement. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

In relation to trade and other receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor and significant changes in the technological, market economic or legal environment that have an adverse effect on the debtor) that the Group will not be able to collect all of the amounts due under the original terms of an invoice. The carrying amount of the receivables is reduced through the use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Group retains the rights to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, where the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities at amortised cost (including interest-bearing loans and borrowings)

Financial liabilities including trade payables, interest-bearing bank borrowings, amounts due to minority shareholders, amounts due to related companies and customer deposits, are initially stated at fair value less directly attributable transaction costs and are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. The related interest expense is recognised within "finance costs" in the income statement.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities at amortised cost (including interest-bearing loans and borrowings) *(Continued)*

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

Financial guarantee contracts

Financial guarantee contracts in the scope of HKAS 39 are accounted for as financial liabilities. A financial guarantee contract is recognised initially at its fair value less transaction costs that are directly attributable to the acquisition or issue of the financial guarantee contract, except when such contract is recognised at fair value through profit or loss. 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*.

Convertible bonds

The component of convertible bonds that exhibits characteristics of a liability is recognised as a liability in the balance sheet, net of transaction costs. On issuance of convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Construction contracts

Contract revenue comprises the agreed contract amount and appropriate amounts from variation orders, claims and incentive payments. Contract costs incurred comprise direct materials, the costs of subcontracting, direct labour and an appropriate proportion of variable and fixed construction overheads.

Revenue from fixed price construction contracts is recognised on the percentage of completion method, measured by reference to the proportion of costs incurred to date to the estimated total cost of the relevant contract.

Revenue from cost plus construction contracts is recognised on the percentage of completion method, by reference to the recoverable costs incurred during the period plus the related fee earned, measured by the proportion of costs incurred to date to the estimated total cost of the relevant contract.

Provision is made for foreseeable losses as soon as they are anticipated by management.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as an amount due from customers for contract work.

Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as an amount due to customers for contract work.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the balance sheets, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the income statement, or in equity if it relates to items that are recognised in the same or a different period directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

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

(b) from construction contracts, on the percentage of completion basis, as further explained in the accounting policy for "Construction contracts" above;

(c) rental income, on a time proportion basis over the lease terms;

(d) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset; and

(e) dividend income, when the shareholders' right to receive payment has been established.

Employee benefits

Paid leave carried forward

The Group provides paid annual leave to its employees under their employment contracts on a calendar year basis. Under certain circumstances, such leave which remains untaken as at the balance sheet date is permitted to be carried forward and utilised by the respective employees in the following year. An accrual is made at the balance sheet date for the expected future cost of such paid leave earned during the year by the employees and carried forward.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Employee benefits *(Continued)*

Pension schemes

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

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentages 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.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The 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 capitalised.

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the balance sheet, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies

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

The functional currencies of certain overseas subsidiaries, jointly-controlled entities and associates are currencies other than the Hong Kong dollar. As at the balance sheet date, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at the balance sheet date, and their income statements are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are included in the exchange fluctuation reserve. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

For the purpose of the consolidated cash flow statement, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

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

Operating lease commitments – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Classification between investment properties and properties held for sale

The Group determines whether a property qualifies as an investment property or a property held for sale, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

Properties held for sale are properties held by the Group with the intention for sale in the Group's ordinary course of business.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

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.

Estimation of recoverable amounts of properties under development

The Group considers information from a variety of sources, including recent prices of similar properties in the same location and condition, with adjustments to reflect any changes in economic conditions since the date of transactions that occurred at those prices. Particulars of the properties under development held by the Group are set out in note 16 to the financial statements.

Estimation of total budgeted costs and costs to completion for properties under development

Total budgeted costs for properties under development comprise (i) prepaid land lease payments; (ii) building costs; and (iii) any other direct costs attributable to the development of the properties. In estimating the total budgeted costs for properties under development, management makes reference to information such as (i) current offers from contractors and suppliers; (ii) recent offers with contractors and suppliers; and (iii) professional estimation on construction and material costs.

Current income taxes and deferred income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the amount of the provision for tax and the timing of payment of the related taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that are initially recorded, such differences will impact on the income tax and deferred tax provisions in the periods in which such determination is made.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in note 24 to the financial statements.

Estimation of fair value of investment properties

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

(a) current prices in an active market for properties of a different nature, condition or location (or subject to different leases or other contracts), adjusted to reflect those differences;

(b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

(c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The principal assumptions for the Group's estimation of the fair value include those related to current market rents for similar properties in the same location and condition, appropriate discount rates, expected future market rents and future maintenance costs. Particulars of the investment properties held by the Group are set out in note 18 to the financial statements.

4. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

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 garment segment manufactures and trades garments;

(b) the property development segment develops properties for sale;

(c) the property investment segment holds investment properties for the generation of rental income;

(d) the "others" segment comprises miscellaneous rental income generated by the Group other than income received from its investment properties and property management service fee income; and

(e) the construction segment is engaged in building construction and foundation piling.

In determining the Group's geographical segments, revenues and results are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

During the current and prior years, there were no intersegment transactions.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

4. SEGMENT INFORMATION *(Continued)*

(a) Business segments

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's business segments for the years ended 31 March 2008 and 2007.

	Continuing operations										Discontinued operation			
	Garment		Property development		Property investment		Others		Total		Construction		Consolidated	
	2008	2007	**2008**	2007	**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*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:														
Sales to external customers	**339,922**	529,248	**1,156,454**	290,545	**58,377**	73,334	**35,914**	28,339	**1,590,667**	921,466	**350,180**	843,338	**1,940,847**	1,764,804
Segment results	**32,792**	30,749	**186,873**	49,970	**391,138**	143,565	**11,266**	(5,839)	**622,069**	218,445	**(6,913)**	(64,182)	**615,156**	154,263
Net income from investments													**10,683**	9,841
Unallocated expenses													**(15,219)**	(13,674)
Finance costs													**(95,350)**	(110,825)
Share of profits and losses of associates	**–**	(200)	**–**	–	**–**	–	**7,789**	4,946	**7,789**	4,746	**–**	–	**7,789**	4,746
Share of profits and losses of jointly-controlled entities	**–**	4,276	**493**	122	**–**	–	**–**	1	**493**	4,399	**–**	(3)	**493**	4,396
Gain on disposal of subsidiaries													**16,802**	1,472
Excess over the cost of business combinations on acquisition of minority interests in subsidiaries													**4,979**	86,685
Loss on deemed partial disposal of subsidiaries													**–**	(66,109)
Profit before tax													**545,333**	70,795
Tax													**(84,599)**	(68,380)
Profit for the year													**460,734**	2,415

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

4. SEGMENT INFORMATION *(Continued)*

(a) Business segments *(Continued)*

	Continuing operations												Discontinued operation			
	Garment		Property development		Property investment		Others		Eliminations		Total		Construction		Consolidated	
	2008	2007	2008	2007	2008	2007	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	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS																
Segment assets	151,140	132,457	2,275,028	2,815,242	2,435,050	2,042,960	2,636,528	2,816,997	(2,666,648)	(2,812,373)	4,831,098	4,995,283	–	324,209	4,831,098	5,319,492
Interests in associates	–	–	–	–	–	–	106,132	67,517	–	–	106,132	67,517	–	–	106,132	67,517
Interests in jointly-controlled entities	–	–	70,455	48,765	–	–	–	–	–	–	70,455	48,765	–	–	70,455	48,765
Unallocated assets															786,067	711,555
Total assets															5,793,752	6,147,329
LIABILITIES																
Segment liabilities	43,340	40,619	1,317,561	1,725,850	1,134,520	1,086,933	158,074	138,197	(2,410,425)	(2,560,000)	243,070	431,599	–	170,835	243,070	602,434
Unallocated liabilities															2,185,262	2,731,014
Total liabilities															2,428,332	3,333,448
OTHER SEGMENT INFORMATION:																
Capital expenditure	3,566	2,057	1,195	957	22	18	478	2,510	–	–	5,261	5,542	21,935	10,107	27,196	15,649
Fair value gains on investment properties, net	300	691	–	–	381,004	190,613	–	–	–	–	381,304	191,304	3,500	–	384,804	191,304
Release of exchange fluctuation reserve upon disposal of business of foreign operations	–	–	–	–	–	60,834	–	–	–	–	–	60,834	–	–	–	60,834
Release of exchange fluctuation reserve upon return of investment of a foreign subsidiary	–	–	(28,515)	–	–	–	–	–	–	–	(28,515)	–	–	–	(28,515)	–
Depreciation of property, plant and equipment	3,646	4,961	1,961	1,865	116	123	916	611	–	–	6,639	7,560	15,978	31,355	22,617	38,915
Amortisation of prepaid land lease payments	436	410	–	–	–	–	–	–	–	–	436	410	–	–	436	410
Loss/(gain) on disposal of items of property, plant and equipment	–	(161)	–	–	–	–	–	(20)	–	–	–	(181)	(3,960)	207	(3,960)	26
Impairment of trade receivables	1,088	1,679	–	–	–	–	–	–	–	–	1,088	1,679	6,207	5,541	7,295	7,220
Impairment of other receivable	–	–	10,524	–	–	–	–	–	–	–	10,524	–	–	–	10,524	–

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

4. SEGMENT INFORMATION *(Continued)*

(b) Geographical segments

The following tables present revenue and certain asset and expenditure information for the Group's geographical segments for the years ended 31 March 2008 and 2007.

	Hong Kong		Mainland China		Macau		Europe		North America		Others		Consolidated	
	2008	2007	**2008**	2007	**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*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:														
Sales to external customers	**557,012**	734,296	**3,857**	282,588	**110,510**	215,221	**275,977**	280,917	**988,107**	233,878	**5,384**	17,904	**1,940,847**	1,764,804
Attributable to a discontinued operation	**(239,670)**	(628,117)	**–**	–	**(110,510)**	(215,221)	**–**	–	**–**	–	**–**	–	**(350,180)**	(843,338)
Revenue from continuing operations	**317,342**	106,179	**3,857**	282,588	**–**	–	**275,977**	280,917	**988,107**	233,878	**5,384**	17,904	**1,590,667**	921,466
Other segment information:														
Segment assets	**2,571,179**	2,359,135	**3,081,659**	2,278,640	**–**	35,351	**500**	–	**137,695**	646,195	**2,719**	828,008	**5,793,752**	6,147,329
Capital expenditure	**23,008**	13,236	**3,632**	2,177	**–**	236	**556**	–	**–**	–	**–**	–	**27,196**	15,649

5. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts; sales of properties; an appropriate proportion of contract revenue of construction contracts; and gross rental income received and receivable from investment properties during the year.

An analysis of revenue, other income and gains is as follows:

	Note	**Group 2008 *HK$'000***	Group 2007 *HK$'000* (Restated)
Revenue			
Sales of goods		**339,922**	529,248
Sales of properties		**1,156,454**	290,545
Gross rental income		**91,580**	98,902
Others		**2,711**	2,771
Attributable to continuing operations reported in the consolidated income statement		**1,590,667**	921,466
Building construction and foundation piling revenue attributable to a discontinued operation	*12*	**350,180**	843,338
		1,940,847	1,764,804
Other income			
Bank interest income		**10,127**	9,636
Other interest income		**3,840**	230
Dividend income from listed investments at fair value through profit or loss		**526**	27
Property management income		**–**	2,843
Others		**9,547**	11,803
		24,040	24,539
Gains			
Gain/(loss) on disposal of items of property, plant and equipment		**3,960**	(26)
Fair value loss on equity investments at fair value through profit or loss		**(3,810)**	(52)
Release of exchange fluctuation reserve upon return of investment of a foreign subsidiary		**28,515**	–
Foreign exchange differences, net		**9,816**	4,398
		38,481	4,320
		62,521	28,859

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

5. REVENUE, OTHER INCOME AND GAINS *(Continued)*

	Group	
	2008	2007
	HK$'000	*HK$'000*
		(Restated)
Attributable to a discontinued operation *(note 12)*	**5,964**	1,890
Attributable to continuing operations reported in the consolidated income statement	**56,557**	26,969
	62,521	28,859

6. FINANCE COSTS

	Group	
	2008	2007
	HK$'000	*HK$'000*
		(Restated)
Interest on bank loans, overdrafts and other loans (including convertible bonds) wholly repayable within five years	**135,060**	146,643
Interest on amounts due to related companies	**452**	480
Interest on finance leases	**158**	394
Total interest expense on financial liabilities not at fair value through profit or loss	**135,670**	147,517
Less: Interest capitalised under property development projects	**(40,320)**	(36,692)
	95,350	110,825
Attributable to a discontinued operation *(note 12)*	**3,872**	7,645
Attributable to continuing operations reported in the consolidated income statement	**91,478**	103,180
	95,350	110,825

7. PROFIT BEFORE TAX

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

	Group	
	2008	2007
	HK$'000	*HK$'000*
Cost of properties sold	**964,744**	221,894
Cost of inventories sold	**247,364**	434,796
Depreciation	**22,617**	38,915
Less: Amount capitalised in contract costs	**(725)**	(3,814)
	21,892	35,101
Amortisation of prepaid land lease payments	**436**	410
Minimum lease payments under operating leases on land and buildings	**4,082**	4,117
Auditors' remuneration	**3,457**	3,821
Employee benefit expense (including directors' remuneration *(note 8)*):		
Wages, salaries, allowances and benefits in kind	**139,930**	198,028
Pension scheme contributions	**3,159**	6,024
Less: Forfeited contributions	**–**	(24)
Net pension scheme contributions	**3,159**	6,000
	143,089	204,028
Less: Amount capitalised in contract costs	**(33,184)**	(69,174)
	109,905	134,854
Gross rental income included in the following categories of turnover:		
– Rental income	**(91,580)**	(98,902)
– Others	**(375)**	(1,446)
	(91,955)	(100,348)
Less: Outgoing expenses***	**44,493**	47,263
	(47,462)	(53,085)

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

7. PROFIT BEFORE TAX *(Continued)*

	Group	
	2008	2007
	HK$'000	*HK$'000*
Impairment of trade receivables*	**7,295**	7,220
Impairment of other receivable**	**10,524**	–
Write-down of properties held for sale to net realisable value	**–**	7,000
Write-off of negative minority interests	**3,000**	–
Release of exchange fluctuation reserve upon disposal of business of foreign operations**	**–**	60,834
Release of exchange fluctuation reserve upon return of investment of a foreign subsidiary	**(28,515)**	–
Loss/(gain) on disposal of items of property, plant and equipment	**(3,960)**	26
Gain on disposal of investment properties	**(15,550)**	(9,443)
Interest income	**(13,967)**	(9,866)

* *The impairment of trade receivables is included in "Selling and distribution costs" on the face of the consolidated income statement.*

** *The impairment of other receivable and the release of exchange fluctuation reserve upon disposal of business of foreign operations are included in "Administrative and other operating expenses" on the face of the consolidated income statement.*

*** *The outgoing expenses for the year are included in "Cost of sales" on the face of the consolidated income statement.*

8. DIRECTORS' REMUNERATION

Details of directors' remuneration for the year, disclosed pursuant to the Listing Rules and section 161 of the Hong Kong Companies Ordinance, are as follows:

	Group	
	2008	2007
	HK$'000	*HK$'000*
Fees	**225**	200
Other emoluments:		
Salaries, allowances and benefits in kind	**5,385**	4,705
Performance related bonuses*	**2,585**	2,630
	7,970	7,335
	8,195	7,535

* *The performance related bonuses are determined with reference to the operating results, individual performance and comparable market statistics during both years.*

(a) Independent non-executive directors

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

	2008	2007
	HK$'000	*HK$'000*
Clement Kwok-Hung Young	**50**	50
Johnny Chung-Ah Wong	**50**	50
Peter Man-Kong Wong	**50**	50
James C. Chen	**25**	–
	175	150

There were no other emoluments payable to the independent non-executive directors during the year (2007: Nil).

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

8. DIRECTORS' REMUNERATION *(Continued)*

(b) Executive directors and non-executive directors

	Fees	Salaries, allowances and benefits in kind	Discretionary performance related bonuses	Pension scheme contributions	Total remuneration
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2008					
Executive directors:					
James Sai-Wing Wong	–	3,000	1,000	–	4,000
Herman Man-Hei Fung	–	2,385	1,585	–	3,970
	–	5,385	2,585	–	7,970
Non-executive directors:					
Madeline May-Lung Wong	–	–	–	–	–
William Chung-Yue Fan	50	–	–	–	50
	50	–	–	–	50
	50	5,385	2,585	–	8,020

8. DIRECTORS' REMUNERATION *(Continued)*

(b) Executive directors and non-executive directors *(Continued)*

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary performance related bonuses HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
2007					
Executive directors:					
James Sai-Wing Wong	–	2,500	1,000	–	3,500
Herman Man-Hei Fung	–	2,205	1,630	–	3,835
	–	4,705	2,630	–	7,335
Non-executive directors:					
Madeline May-Lung Wong	–	–	–	–	–
William Chung-Yue Fan	50	–	–	–	50
	50	–	–	–	50
	50	4,705	2,630	–	7,385

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two (2007: two) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining three (2007: three) non-director, highest paid employees for the year are as follows:

	Group	
	2008	2007
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**4,232**	5,690
Performance related bonuses	**6,052**	2,500
Pension scheme contributions	**241**	263
	10,525	8,453

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

	Number of employees	
	2008	2007
HK$1,500,001 to HK$2,000,000	**–**	1
HK$2,000,001 to HK$2,500,000	**1**	–
HK$2,500,001 to HK$3,000,000	**–**	–
HK$3,000,001 to HK$3,500,000	**–**	1
HK$3,500,001 to HK$4,000,000	**1**	1
HK$4,000,001 to HK$4,500,000	**–**	–
HK$4,500,001 to HK$5,000,000	**1**	–
	3	3

10. TAX

Hong Kong profits tax has been provided at the rate of 17.5% (2007: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

Land appreciation tax has been provided in conformity with the prevailing rules and practices on the Group's completed projects in Mainland China at progressive rates ranging from 30% to 60% on the appreciation of land value, net of deductibles.

	2008	2007
	HK$'000	*HK$'000*
Group:		
Current – Hong Kong		
Charge for the year	**4,713**	3,677
Underprovision/(overprovision) in prior years	**(10)**	11
Current – Elsewhere		
Charge for the year	**47,021**	22,795
Underprovision/(overprovision) in prior years	**1,052**	(1,047)
Deferred *(note 24)*	**31,823**	42,944
Total tax charge for the year	**84,599**	68,380

No land appreciation tax has been charged to the consolidated income statement for the year ended 31 March 2008 (2007: HK$9,441,000).

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

10. TAX *(Continued)*

A reconciliation of the tax expense applicable to profit before tax using the statutory rate for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	Group	
	2008	2007
	HK$'000	*HK$'000*
		(Restated)
Profit before tax	**545,333**	70,795
Tax charge at the statutory tax rate of 17.5% (2007: 17.5%)	**95,433**	12,389
Effect of different rates of companies operating in other jurisdictions	**35,025**	9,789
Effect on opening deferred tax of increase in rates *(note 24)*	**–**	15,311
Adjustments in respect of current tax of previous periods	**1,042**	(1,036)
Adjustments in respect of deferred tax arising on change in tax base of certain investment properties	**(15,687)**	–
Profits and losses attributable to jointly-controlled entities and associates	**(1,449)**	(1,600)
Expenses not deductible for tax	**17,700**	31,823
Income not subject to tax	**(50,973)**	(24,356)
Deferred tax assets not recognised	**–**	6,563
Tax losses utilised from previous periods	**(2,116)**	(6,297)
Tax losses not recognised	**6,380**	25,871
Others	**(756)**	(77)
Tax charge at the Group's effective rate of 15.5% (2007: 96.6%)	**84,599**	68,380
Represented by:		
Tax charge attributable to a discontinued operation *(note 12)*	**1,080**	5,255
Tax charge attributable to continuing operations reported in the consolidated income statement	**83,519**	63,125
	84,599	68,380

10. TAX *(Continued)*

A major subsidiary of the Group operates in Shenzhen, Mainland China, which was subject to the corporate income tax rates of 15% from 1 April 2007 to 31 December 2007 and 18% from 1 January 2008 to 31 March 2008.

On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of the People's Republic of China (the "New CIT Law"), which became effective from 1 January 2008. Under the New CIT Law, the corporate income tax rate applicable to foreign investment enterprises from 1 January 2008 will increase from preferential rates of 15% to 25% over the next five years. Last year, the deferred tax balance was adjusted to reflect the tax rate that is expected to apply in the respective periods when the asset is realised or the liability is settled.

The shares of tax attributable to associates and jointly-controlled entities amounting to HK$628,000 (2007: HK$1,175,000) and nil (2007: Nil), respectively, are included in "Share of profits and losses of jointly-controlled entities and associates" on the face of the consolidated income statement.

11. PROFIT/(LOSS) ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The consolidated profit/(loss) attributable to equity holders of the Company for the year ended 31 March 2008 includes a profit of HK$54,581,000 (2007: loss of HK$147,600,000) which has been dealt with in the financial statements of the Company (note 40(b)).

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

12. DISCONTINUED OPERATION

On 22 May 2007, the Group entered into a sale and purchase agreement to dispose of Apex Curtain Wall & Windows Company Limited ("Apex Curtain Wall"), and on 4 September 2007, the Group entered into a sale and purchase agreement to dispose of Victory Leap Limited ("Victory Leap", together with its subsidiaries, the "Victory Leap Group"). Apex Curtain Wall and Victory Leap Group operate the building construction and foundation piling business of the Group including superstructure construction work and substructure foundation piling work. The disposal of the Apex Curtain Wall and Victory Leap was completed on 1 June 2007 and 26 October 2007, respectively, and the Group's construction segment was discontinued.

The results of the construction segment for the period from 1 April 2007 to the date of disposal and for the year ended 31 March 2007 are presented below:

	Period from 1 April 2007 to the date of disposal *HK$'000*	**2007** *HK$'000*
Revenue	350,180	843,338
Cost of sales	(299,215)	(828,288)
	50,965	15,050
Other income	5,964	1,890
Administrative expenses	(62,716)	(91,308)
Fair value gains on investment properties	3,500	9,000
Finance costs	(3,872)	(7,645)
Share of losses of a jointly-controlled entity *(note 23)*	–	(3)
Loss before tax	(6,159)	(73,016)
Tax	(1,080)	(5,255)
Loss for the period/year	(7,239)	(78,271)
Attributable to:		
Equity holders of the Company	(6,229)	(67,352)
Minority interests	(1,010)	(10,919)
	(7,239)	(78,271)

12. DISCONTINUED OPERATION *(Continued)*

The net cash flows attributable to the discontinued operation are as follows:

	2008	2007
	HK$'000	*HK$'000*
Net cash inflow/(outflow) from operating activities	**4,794**	(7,817)
Net cash inflow/(outflow) from investing activities	**3,039**	(19,812)
Net cash inflow from financing activities	**3,955**	6,833
Net cash inflow/(outflow)	**11,788**	(20,796)
Loss per share:		
Basic, from the discontinued operation	**1.13 cents**	12.22 cents
Diluted, from the discontinued operation	**N/A**	N/A

The calculations of basic loss per share from the discontinued operation are based on:

	2008	2007
Loss attributable to ordinary equity holders of the Company from the discontinued operation	**HK$6,229,000**	HK$67,352,000
Ordinary shares in issue during the year used in the basic earnings per share calculation	**551,368,153**	551,368,153

No diluted earning per share from the discontinued operation for the years ended 31 March 2007 and 2008 is computed as there is no diluting event during the year.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

13. DIVIDEND

	2008	2007
	HK$'000	*HK$'000*
Proposed final – 4 HK cents (2007: 4 HK cents) per ordinary share	**22,055**	22,055

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

14. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

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

The calculation of diluted earnings per share amounts is based on the profit/(loss) for the year attributable to ordinary equity holders of the Company, adjusted to reflect the interest on the convertible bonds of a subsidiary and the dilution effect on earnings assuming there is a full conversion of the convertible bonds of a subsidiary, where applicable. The number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings/(loss) per share calculation.

14. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY *(Continued)*

The calculations of basic and diluted earnings/(loss) per share are based on:

	2008	2007
	HK$'000	*HK$'000*
Earnings/(loss) per share		
Profit/(loss) attributable to ordinary equity holders of the Company, used in the basic earnings/(loss) per share calculation:		
From continuing operations	**240,534**	40,377
From a discontinued operation	**(6,229)**	(67,352)
	234,305	(26,975)
Interest on convertible bonds of a subsidiary, net of tax	**22,621**	16,081
Dilution of earnings arising from the full conversion of convertible bonds of a subsidiary	**(39,083)**	(15,780)
Profit/(loss) attributable to ordinary equity holders of the Company after the full conversion of the convertible bonds of a subsidiary	**217,843**	(26,674)
Attributable to:		
Continuing operations	**224,072**	40,678
Discontinued operation	**(6,229)**	(67,352)
	217,843	(26,674)

Last year, since the diluted loss per share amount was decreased when taking convertible bonds of a subsidiary into account, the convertible bonds of a subsidiary had an anti-dilutive effect on the basic loss per share for that year. Therefore, no diluted loss per share amount was disclosed for that year.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

15. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold land and buildings Hong Kong HK$'000	Leasehold land and buildings Mainland China HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Motor vehicles HK$'000	Furniture, fixtures and equipment HK$'000	Total HK$'000
31 March 2008							
At 31 March 2007 and 1 April 2007:							
Cost	70,440	52,162	15,966	413,380	8,988	24,493	585,429
Accumulated depreciation and impairment	(16,430)	(8,482)	(12,795)	(319,557)	(6,517)	(19,099)	(382,880)
Net carrying amount	54,010	43,680	3,171	93,823	2,471	5,394	202,549
At 1 April 2007, net of accumulated depreciation and impairment	54,010	43,680	3,171	93,823	2,471	5,394	202,549
Additions	–	1,359	399	21,969	1,678	1,791	27,196
Disposal of subsidiaries *(note 41)*	(11,607)	–	(236)	(94,686)	(324)	(1,629)	(108,482)
Disposals	–	–	–	(4,337)	–	(169)	(4,506)
Depreciation provided during the year	(1,298)	(1,736)	(1,141)	(15,535)	(1,287)	(1,620)	(22,617)
Exchange realignment	–	4,352	99	118	152	144	4,865
At 31 March 2008, net of accumulated depreciation and impairment	**41,105**	**47,655**	**2,292**	**1,352**	**2,690**	**3,911**	**99,005**
At 31 March 2008:							
Cost	56,300	58,780	14,401	8,385	5,039	13,124	156,029
Accumulated depreciation and impairment	(15,195)	(11,125)	(12,109)	(7,033)	(2,349)	(9,213)	(57,024)
Net carrying amount	**41,105**	**47,655**	**2,292**	**1,352**	**2,690**	**3,911**	**99,005**

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

Group

	Leasehold land and buildings Hong Kong	Leasehold land and buildings Mainland China	Leasehold improvements	Plant and machinery	Motor vehicles	Furniture, fixtures and equipment	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
31 March 2007							
At 1 April 2006:							
Cost	70,440	49,355	14,280	403,574	8,246	22,771	568,666
Accumulated depreciation and impairment	(15,002)	(6,405)	(11,630)	(289,927)	(5,478)	(17,763)	(346,205)
Net carrying amount	55,438	42,950	2,650	113,647	2,768	5,008	222,461
At 1 April 2006, net of accumulated depreciation and impairment	55,438	42,950	2,650	113,647	2,768	5,008	222,461
Additions	–	494	1,566	10,429	933	2,227	15,649
Disposals	–	–	(78)	(325)	(129)	(73)	(605)
Depreciation provided during the year	(1,428)	(1,757)	(1,017)	(29,972)	(1,184)	(1,839)	(37,197)
Exchange realignment	–	1,993	50	44	83	71	2,241
At 31 March 2007, net of accumulated depreciation and impairment	54,010	43,680	3,171	93,823	2,471	5,394	202,549
At 31 March 2007:							
Cost	70,440	52,162	15,966	413,380	8,988	24,493	585,429
Accumulated depreciation and impairment	(16,430)	(8,482)	(12,795)	(319,557)	(6,517)	(19,099)	(382,880)
Net carrying amount	54,010	43,680	3,171	93,823	2,471	5,394	202,549

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

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

Details of the leasehold land and buildings are as follows:

	2008	2007
	HK$'000	*HK$'000*
Medium term leases:		
Hong Kong	**56,300**	70,440
Mainland China	**34,734**	30,710
Long term leases in Mainland China	**24,046**	21,452
	115,080	122,602

Company

	Furniture, fixtures and equipment
	HK$'000
31 March 2008	
At 31 March 2007 and 1 April 2007:	
Cost	82
Accumulated depreciation	(73)
Net carrying amount	9
At 1 April 2007, net of accumulated depreciation	9
Depreciation provided during the year	(2)
At 31 March 2008, net of accumulated depreciation	**7**
At 31 March 2008:	
Cost	82
Accumulated depreciation	(75)
Net carrying amount	**7**

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

Company

	Furniture, fixtures and equipment *HK$'000*
31 March 2007	
At 1 April 2006:	
Cost	72
Accumulated depreciation	(72)
Net carrying amount	–
At 1 April 2006, net of accumulated depreciation	–
Additions	10
Depreciation provided during the year	(1)
At 31 March 2007, net of accumulated depreciation	9
At 31 March 2007:	
Cost	82
Accumulated depreciation	(73)
Net carrying amount	9

As at 31 March 2007, the net book value of the Group's property, plant and machinery held under finance leases and hire purchase contracts included in the total amount of property, plant and equipment was HK$8,356,000. The plant and machinery held under finance leases were disposed of during the year.

At 31 March 2007, certain of the Group's property, plant and machinery with an aggregate net carrying value of approximately HK$56,035,000 were pledged to secure general banking facilities granted to the Group (note 36(a)(iv)). At 31 March 2008, no property, plant and machinery were pledged to banks for the banking facilities granted.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

16. PROPERTIES UNDER DEVELOPMENT

Group

	2008	2007
	HK$'000	*HK$'000*
At beginning of year	**1,533,280**	1,209,884
Additions	**343,167**	264,866
Transfer to properties held for sale	**(330,252)**	–
Exchange realignment	**153,213**	58,530
At end of year	**1,699,408**	1,533,280

Properties under development included interest expenses of HK$18,337,000 (2007: HK$19,506,000) that was incurred and capitalised during the year.

Details of the properties under development are as follows:

	2008	2007
	HK$'000	*HK$'000*
Medium term leases:		
Hong Kong	**3,582**	3,582
Mainland China	**1,016,867**	756,896
Long term leases:		
Mainland China	**678,959**	772,802
	1,699,408	1,533,280

Certain of the Group's properties under development with an aggregate carrying value of HK$1,182,265,000 (2007: HK$1,019,435,000) at the balance sheet date were pledged to the Group's bankers to secure the banking facilities granted to the Group as detailed in note 36(a)(ii) to the financial statements.

Further particulars of the Group's properties under development are included in "Particulars of Properties" on pages 146 to 150.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

17. PREPAID LAND LEASE PAYMENTS

	Group	
	2008	2007
	HK$'000	*HK$'000*
At beginning of year	**15,686**	15,432
Recognised during the year	**(436)**	(410)
Exchange realignment	**1,505**	664
At end of year	**16,755**	15,686
Current portion	**(436)**	(410)
Non-current portion	**16,319**	15,276

The leasehold land is held under a medium term lease and is situated in Mainland China.

18. INVESTMENT PROPERTIES

	Group	
	2008	2007
	HK$'000	*HK$'000*
Carrying amount at beginning of year	**2,059,491**	1,987,092
Additions, at cost	**11,114**	7,927
Disposals	**(93,995)**	(155,740)
Disposal of subsidiaries *(note 41)*	**(24,000)**	–
Net gain from a fair value adjustment in a discontinued operation *(note 12)*	**3,500**	–
Net gain from a fair value adjustment	**381,304**	200,304
Exchange realignment	**41,414**	19,908
Carrying amount at end of year	**2,378,828**	2,059,491
Analysed by type and location:		
Long term leasehold land and buildings in Hong Kong	**1,203,000**	1,066,000
Medium term leasehold land and buildings in Hong Kong	**698,050**	579,350
Medium term leasehold land and buildings in Mainland China	**477,778**	414,141
	2,378,828	2,059,491

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

18. INVESTMENT PROPERTIES *(Continued)*

Included in above is a commercial podium in Mainland China with a carrying amount of HK$477,778,000. Certain units of this investment property are currently not available for sale as a result of court order in Mainland China in respect of a claim against a subsidiary of the Group by a contractor for a total sum of RMB8,164,000. The claim amount has been fully provided for in the financial statements. In the opinion of the directors, the case will be settled in the foreseeable future.

At the balance sheet date, all of the investment properties were revalued at open market value, based on their existing use, by Savills Valuation and Professional Services Limited and Knight Frank Hong Kong Limited, independent professionally qualified valuers. Certain investment properties are leased to third parties under operating leases, further summary details of which are included in note 44(a) to the financial statements.

At 31 March 2008, the Group's investment properties with an aggregate carrying value of HK$2,373,878,000 (2007: HK$2,054,841,000) were pledged to secure general banking facilities granted to the Group (note 36(a)(i)).

On 5 March 2008, the Group entered into a provisional sale and purchase agreement to dispose of an investment property, namely Yien Yieh Commercial Building, for a consideration of HK$335,000,000. The transaction has not been completed at the year end and the carrying amount of this investment property at 31 March 2008 was HK$310,000,000. Further details of this transaction are set out in note 49 to the financial statements.

Further particulars of the Group's investment properties are included in "Particulars of Properties" on pages 146 to 150.

19. GOODWILL

Group

	HK$'000
At 1 April 2006, 31 March 2007, 1 April 2007 and 31 March 2008:	
Cost	2,463
Accumulated impairment	(2,463)
Net carrying amount	–

20. INVESTMENT DEPOSITS

Last year, investment deposits were paid by the Group in connection with the acquisition of properties under development. The investment deposits were unsecured, non-interest-bearing and were utilised/refunded during the year. The carrying amount of the balance approximated to its fair value.

21. INTERESTS IN SUBSIDIARIES

	Company	
	2008	2007
	HK$'000	*HK$'000*
Listed shares in Hong Kong, at cost	**796,395**	792,778
Unlisted shares, at cost	**95,379**	95,379
	891,774	888,157
Market value of listed shares	**597,489**	775,871

Except for an amount due to a subsidiary amounting to HK$72,070,000 (2007: HK$112,318,000) which is interest-bearing at the Hong Kong Inter-bank Offering Rate ("HIBOR") plus 1.3% per annum (2007: HIBOR plus 1.3% per annum), the amounts due from and to subsidiaries included in the Company's current assets and current liabilities are unsecured, interest-free and are repayable on demand. The carrying amounts of these amounts due from/to subsidiaries approximate to their fair values.

Certain shares of a subsidiary held by the Group were pledged to secure the Group's bank borrowings, as further detailed in note 36(a)(vi).

During the year, the Group acquired additional equity interests in Hon Kwok Land Investment Company, Limited ("Hon Kwok"). Such acquisition of minority interests resulted in an excess over the cost of business combinations amounting to HK$4,979,000.

During the year ended 31 March 2007, a subsidiary of the Group, acquired an additional 20% equity interest of Shenzhen Honkwok Huaye Development Co., Ltd. The Group also acquired additional equity interests in Hon Kwok. Such acquisitions of minority interests resulted in an excess over the cost of business combinations amounting to HK$86,685,000.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

21. INTERESTS IN SUBSIDIARIES *(Continued)*

In addition, during the year ended 31 March 2007, Hon Kwok entered into a placing arrangement with the Company and a placing agent to place 80,047,700 ordinary shares of Hon Kwok to independent third parties. The placing arrangement resulted in a dilution of the Group's equity interest in Hon Kwok and a loss on deemed partial disposal of subsidiaries amounting to HK$66,109,000.

On 27 June 2006, a wholly-owned subsidiary of Hon Kwok issued convertible bonds due June 2011 at par for a principal sum of HK$280 million (the "Bonds"). The Bonds are guaranteed by Hon Kwok and bear interest at the rate of 3.5% per annum, payable semi-annually in arrears. The bondholders have the rights, at any time on or after 27 July 2006 up to and including the seventh business date prior to 27 June 2011 to convert the Bonds into equity shares of Hon Kwok with a nominal value of HK$1.00 each at an initial conversion price of HK$4.00 per share, subject to adjustments in certain events. Further particulars on the Bonds are set out in note 37 to the financial statements. Assuming a full conversion of the Bonds, the Company's equity interest in Hon Kwok will be reduced to 46.20% (2007: 45.93%). In the opinion of directors, despite the potential dilution of the Company's equity interest in Hon Kwok below 50%, in view of current shareholding structure of Hon Kwok, the Company has de facto control on the operating and financial policies of Hon Kwok and its subsidiaries.

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary share capital/ paid up registered capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Allwin Group Holdings Limited	BVI	US$1	–	100.00	Sourcing agent for garments
Billion Capital Development Limited	Hong Kong	HK$2	–	52.94	Property investment
Chinney Property Management Limited	Hong Kong	HK$100	–	52.94	Property management
Chinney Treasury Limited	Hong Kong	HK$1	100.00	–	Financing
Cosmos Wealth Development Limited	Hong Kong	HK$1,000	–	52.94	Property development

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

21. INTERESTS IN SUBSIDIARIES *(Continued)*

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary share capital/ paid up registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
CP Hotel & Guesthouse Management Limited	Hong Kong	HK$2	–	52.94	Property letting
CP Parking Limited	Hong Kong	HK$2	–	52.94	Carpark management
Crown Honour Developments Limited	Hong Kong	HK$2	–	52.94	Nominee services
Debest Development Limited	Hong Kong	HK$2	–	52.94	Property development
Dongguan Chinney Garments Limited#*	People's Republic of China ("PRC")/ Mainland China	HK$9,000,000	–	100.00	Garment manufacture
Dongguan Marigold Industry City Developing Co., Ltd.#*	PRC/ Mainland China	HK$50,000,000**	–	100.00	Property holding and development
Full Yip Development Limited	BVI/Hong Kong	US$1	–	52.94	Property holding and letting
Global Wealth Development Limited	Hong Kong	HK$1,000	–	52.94	Property investment
Guangzhou Honkwok Fuqiang Land Development Ltd.#*	PRC/ Mainland China	Renminbi ("RMB") 185,000,000	–	31.76***	Property development
Guangzhou Honkwok Hengsheng Land Development Ltd.#*	PRC/ Mainland China	RMB220,000,000	–	39.71***	Property development
Guangzhou Hua Yin Land Development Co., Ltd.#*	PRC/ Mainland China	RMB8,000,000	–	52.94	Property development
Guangzhou Zhong Lu Da Dao Real Estate Development Co., Ltd.#*	PRC/ Mainland China	RMB64,893,250 (2007: RMB60,358,250)	–	52.94	Property development

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

21. INTERESTS IN SUBSIDIARIES *(Continued)*

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary share capital/ paid up registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Hon Cheong Limited	Hong Kong	HK$2	–	52.94	Property holding and letting
Hon Kwok Land Investment (China) Limited	Hong Kong	HK$2	–	52.94	Investment holding
Hon Kwok Land Investment Company, Limited	Hong Kong	HK$480,286,201	52.94	–	Investment holding
Hon Kwok Land Investment (Shenzhen) Co., Ltd.#*	PRC/ Mainland China	HK$30,000,000	–	52.94	Property development
Hon Kwok Land Treasury IV Limited	BVI	US$1	–	52.94	Financing
Hon Kwok Project Management Limited	Hong Kong	HK$2	–	52.94	Project management
Hon Kwok Treasury Limited	Hong Kong	HK$2	–	52.94	Financing
Honour Well Development Limited	Hong Kong	HK$2	–	52.94	Property holding and letting
Hotfield Land Investment (Chongqing) Co., Ltd.#*	PRC/ Mainland China	US$7,550,000	–	52.94	Property development
Island Parking Limited	BVI/ Hong Kong	US$10	–	52.94	Property holding and letting
J.L. Chinney (Holdings) Company Limited	BVI	US$1,250,000	100.00	–	Investment holding
J.L. Group Company Limited	Hong Kong	HK$8,000,000	–	100.00	Garment trading
J.L. Investment Company Limited	Hong Kong	HK$10,000	–	100.00	Property holding

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

21. INTERESTS IN SUBSIDIARIES *(Continued)*

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary share capital/ paid up registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
King Capital Development Limited	Hong Kong	HK$2	–	52.94	Property holding and letting
King Champion Limited	Hong Kong	HK$2	–	52.94	Property holding and letting
Lido Parking Limited	BVI/ Hong Kong	US$1	–	52.94	Property holding and letting
One City Hall Place Limited	Canada	Canadian Dollars ("CAD") 100	–	39.71***	Property development
Shenzhen Guanghai Investment Co., Ltd.#*	PRC/ Mainland China	RMB200,000,000	–	52.94	Property development
Shenzhen Honkwok Huaye Development Co., Ltd.#*	PRC/ Mainland China	RMB50,000,000	–	52.94	Property development
Victory Venture Development Limited	Hong Kong	HK$2	–	52.94	Property development
Wise Pacific Investment Limited	Hong Kong	HK$10,000	–	31.76***	Money lending

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

21. INTERESTS IN SUBSIDIARIES *(Continued)*

Not audited by Ernst & Young Hong Kong or other member firm of the Ernst & Young global network.

* *These subsidiaries are registered in the PRC as foreign-owned enterprises with business duration of between 25 and 50 years.*

** *This company is a co-operative joint venture enterprise. Pursuant to an agreement entered into with the joint venture partner, the Group is:*

- *obliged to contribute 100% of the registered capital of the company*
- *entitled to 85% of the profit but has to bear all of the losses of the company*
- *entitled to 100% of the residual net assets of the company upon winding up*

*** *The Group holds controlling indirect interests in these companies through a non-wholly-owned subsidiary. Thus the Group has the power to direct the financial and operating policies of these companies and they are therefore accounted for as subsidiaries.*

The directors are of the opinion that a complete list of the particulars of all subsidiaries would be of excessive length and therefore, the above list contains only the particulars of subsidiaries, which principally affected the results for the year or formed a substantial portion of the net assets of the Group.

22. INTERESTS IN ASSOCIATES

	Group	
	2008	2007
	HK$'000	*HK$'000*
Share of net assets	**67,157**	67,517
Promissory note receivable from an associate	**38,975**	–
	106,132	67,517
Market value of listed shares	**37,504**	39,235

22. INTERESTS IN ASSOCIATES *(Continued)*

A promissory note with a principal value of HK$40,000,000 was received from a wholly-owned subsidiary of an associate of the Group, as part of the consideration for its purchase of the entire issued share capital of a subsidiary (note 41). The promissory note is unsecured, bears interest at the rate of 5% per annum and matures three years after the date of issue on 26 October 2007.

The promissory note is stated at amortised cost and its carrying amount approximates to its fair value.

The fair value of the promissory note has been estimated by discounting the expected future cash flows at the prevailing interest rate.

The amounts due from associates included in the current assets are unsecured, interest-free and repayable on demand. The amounts due from associates approximate to their fair values.

Particulars of the associate are as follows:

Name	Particulars of issued shares held	Place of incorporation	Percentage of ownership interest attributable to the Group
Chinney Alliance	Ordinary shares of HK$0.10 each	Bermuda	29.1

Chinney Alliance is an investment holding company with its subsidiaries engaged in the manufacture and sale of industrial products and building related contracting business.

The shares of Chinney Alliance held by the Group were pledged to secure the general banking facilities granted to the Group, as further detailed in note 36(a)(v) to the financial statements.

The financial statements of Chinney Alliance have a financial year end date of 31 December. The consolidated financial statements are adjusted for the material transactions between Chinney Alliance and the Group companies between 1 January and 31 March.

The Group's shareholdings in Chinney Alliance are held through a wholly-owned subsidiary of the Company.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

22. INTERESTS IN ASSOCIATES *(Continued)*

The following table illustrates the summarised consolidated financial information of Chinney Alliance as extracted from its financial statements:

	2008	2007
	HK$'000	*HK$'000*
Total assets	**1,038,671**	846,862
Total liabilities	**(738,455)**	(604,100)
Revenues	**1,546,750**	1,468,521
Profit for the year	**64,720**	17,031

23. INTERESTS IN JOINTLY-CONTROLLED ENTITIES

	Group	
	2008	2007
	HK$'000	*HK$'000*
Share of net assets	**54,169**	32,479
Goodwill on acquisition	**16,286**	16,286
	70,455	48,765

The amounts due from jointly-controlled entities included in current assets are unsecured, interest-free and repayable on demand. The carrying amounts of these amounts due from jointly-controlled entities approximate to their fair values.

23. INTERESTS IN JOINTLY-CONTROLLED ENTITIES *(Continued)*

Particulars of the principal jointly-controlled entities are as follows:

Name	Particulars of issued share capital/ paid up registered capital	Place of incorporation/ registration	Percentage of Ownership interest	Percentage of Voting power	Percentage of Profit sharing	Principal activity
Foshan Nanhai XinDa Land Development Ltd.	Registered capital of HK$129,480,000	PRC	26.47	26.47	26.47	Property development
Guangzhou Lian Cheng Real Estate Co., Ltd.	Registered capital of RMB95,000,000	PRC	26.47	26.47	26.47	Property development
Hunnewell Limited	Ordinary share capital of HK$1,000,000	Hong Kong	26.47	26.47	26.47	Property development
King Success Limited	Ordinary share capital of HK$10,000	Hong Kong	26.47	26.47	26.47	Property development
Two City Hall Place Limited	Common share capital of CAD100	Canada	26.47	26.47	26.47	Property development
Vast Champ Investment (Chongqing) Co., Ltd.	Registered capital of US$2,000,000	PRC	26.47	26.47	26.47	Property development

All of the above investments in jointly-controlled entities are indirectly held by the Company.

The above table includes the jointly-controlled entities of the Group 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 jointly-controlled entities would, in the opinion of the directors, result in particulars of excessive length.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

23. INTERESTS IN JOINTLY-CONTROLLED ENTITIES *(Continued)*

Last year, the application for the land use right certificate of a parcel of land, with a carrying value of HK$95,306,000 owned by Guangzhou Lian Cheng Real Estate Co., Ltd. was in progress at the balance sheet date. The land use right certificate of that parcel of land was obtained during the year.

The following table illustrates the summarised financial information of the Group's jointly-controlled entities:

	2008	2007
	HK$'000	*HK$'000*
Share of the jointly-controlled entities' assets and liabilities:		
Total non-current assets	**214,034**	178,264
Total current assets	**9,335**	8,214
Total non-current liabilities	**–**	(1)
Total current liabilities	**(169,200)**	(153,998)
Net assets	**54,169**	32,479
Share of the jointly-controlled entities' results:		
Total revenue	**848**	127,885
Total expenses	**(355)**	(123,489)
Profit for the year	**493**	4,396
Attributable to a discontinued operation *(note 12)*	**–**	(3)
Attributable to continuing operations reported in the consolidated income statement	**493**	4,399
	493	4,396

24. DEFERRED TAX

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

Group

	Depreciation allowance in excess of related depreciation *HK$'000*	Revaluation of properties *HK$'000*	Tax losses *HK$'000*	Others *HK$'000*	Total *HK$'000*
At 31 March 2006 and 1 April 2006	(20,846)	(107,868)	7,911	–	(120,803)
Exchange realignment	–	(3,935)	–	–	(3,935)
Deferred tax charged/(credited) to the income statement during the year including the effect of the change in corporate income tax rate from 15% to 25% of HK$15,311,000 *(note 10)*	2,680	(41,386)	(6,535)	2,297	(42,944)
At 31 March 2007 and 1 April 2007	(18,166)	(153,189)	1,376	2,297	(167,682)
Exchange realignment	–	(9,718)	–	–	(9,718)
Disposal of subsidiaries *(note 41)*	17,119	–	(799)	–	16,320
Deferred tax charged/(credited) to the income statement during the year *(note 10)*	(237)	(31,586)	–	–	(31,823)
Net deferred tax liabilities at 31 March 2008	**(1,284)**	**(194,493)**	**577**	**2,297**	**(192,903)**

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

24. DEFERRED TAX *(Continued)*

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

	2008	2007
	HK$'000	*HK$'000*
Net deferred tax assets recognised in the consolidated balance sheet	**159**	155
Net deferred tax liabilities recognised in the consolidated balance sheet	**(193,062)**	(167,837)
	(192,903)	(167,682)

The Group has tax losses arising in Hong Kong of HK$1,095,447,000 (2007: HK$1,087,994,000) and in Mainland China of HK$744,000 (2007: HK$887,000) and the Company has tax losses arising in Hong Kong of HK$72,489,000 (2007: HK$64,056,000) that are available for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

At 31 March 2008, there was an unrecognised deferred tax liability amounting to HK$17,753,000 (2007: Nil) for taxes that would be payable on the unremitted profits of certain of the Group's overseas subsidiaries, such deferred tax liability was not provided as the retained profits of the subsidiaries will not be repatriated in the foreseeable future.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

25. LOAN RECEIVABLES

The loan receivables are unsecured, interest-bearing at 5% per annum and repayable by 60 monthly instalments between 31 January 2009 and 31 December 2013. The carrying amount approximates to its fair value.

26. INVENTORIES

	Group	
	2008	2007
	HK$'000	*HK$'000*
Raw materials	**1,512**	1,720
Work in progress	**16,303**	15,223
Finished goods	**–**	2
	17,815	16,945

27. CONSTRUCTION CONTRACTS

	Group	
	2008	2007
	HK$'000	*HK$'000*
Gross amount due from contract customers	**–**	45,228
Gross amount due to contract customers	**–**	(64,705)
	–	(19,477)
Contract costs incurred plus recognised profits less recognised losses to date	**–**	6,596,617
Less: Progress billings	**–**	(6,616,094)
	–	(19,477)

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

28. PROPERTIES HELD FOR SALE

Included in the balances are completed properties of HK$195,851,000 (2007: HK$381,964,000) and incomplete properties with established pre-sale programmes of HK$330,252,000 (2007: HK$641,573,000).

Properties held for sale included interest expenses of HK$21,983,000 (2007: HK$17,186,000) that were incurred and capitalised during the year.

Certain of the Group's properties held for sale with an aggregate carrying value of HK$366,503,000 (2007: HK$1,013,856,000) at the balance sheet date were pledged to secure the banking facilities granted to the Group as detailed in note 36(a)(iii) to the financial statements.

29. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		**Company**	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Listed equity investments in Hong Kong, at market value	**41,539**	681	**40,828**	–

The above equity investments at 31 March 2007 and 2008 were classified as held for trading.

The fair values for the above listed equity investments are determined based on the quoted prices from investment banks.

As at 31 March 2008, certain of the Group's listed equity investments with a carrying value of HK$40,828,000 (2007: Nil) at the balance sheet date were pledged to secure the Group's bank borrowings, as further detailed in note 36(a)(viii) to the financial statements.

30. TRADE AND BILLS RECEIVABLES

	Group	
	2008	2007
	HK$'000	*HK$'000*
Trade and bills receivables	**41,914**	112,896
Impairment	**(6,109)**	(5,021)
	35,805	107,875

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade and bills receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade and bills receivables are non-interest-bearing. The carrying amounts of the balances at 31 March 2008 approximate to their fair values.

An aged analysis of the trade and bills receivables as at the balance sheet date, based on the invoice/contract date, is as follows:

	Group	
	2008	2007
	HK$'000	*HK$'000*
Within 1 month	**24,822**	82,643
1 to 2 months	**2,469**	9,810
2 to 3 months	**8,514**	5,292
Over 3 months	**–**	10,130
	35,805	107,875

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

30. TRADE AND BILLS RECEIVABLES *(Continued)*

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

	Group	
	2008	2007
	HK$'000	*HK$'000*
At beginning of year	**5,021**	7,248
Impairment losses recognised *(note 7)*	**7,295**	7,220
Amount written off as uncollectible	**(6,207)**	(9,447)
At end of year	**6,109**	5,021

Included in the above provision for impairment of trade and bills receivables is a provision for individually impaired trade and bills receivables of HK$6,109,000 (2007: HK$5,021,000) with a carrying amount of HK$6,109,000 (2007: HK$5,021,000). The individually impaired trade and bills receivables relate to customers that were in financial difficulties and only a portion of the receivables is expected to be recovered. The Group does not hold any collateral or other credit enhancements over these balances.

The aged analysis of the trade and bills receivables that are not considered to be impaired is as follows:

	Group	
	2008	2007
	HK$'000	*HK$'000*
Neither past due nor impaired	**23,367**	82,643
Less than 1 month past due	**3,654**	9,810
1 to 3 months past due	**8,784**	15,422
	35,805	107,875

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default. Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

The carrying amounts of trade and bills receivables approximate to their fair values.

31. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Prepayments	**2,982**	3,081	**4**	3
Deposits	**16,406**	30,975	**–**	17
Other receivables	**35,989**	34,991	**67**	171
Impairment	**(10,524)**	–	**–**	–
	44,853	69,047	**71**	191

None of the deposits is either past due or impaired. The provision for impairment relates to other receivables. The movements in the provision for impairment of other receivables are as follows:

	Group	
	2008	2007
	HK$'000	*HK$'000*
At beginning of year	**–**	–
Impairment losses recognised *(note 7)*	**10,524**	–
	10,524	–

Included in the above provision for impairment of other receivables is a provision for an impaired other receivable of HK$10,524,000 (2007: Nil) with a carrying amount of HK$10,524,000 (2007: Nil). The Group does not hold any collateral or other credit enhancements over this balance.

Last year, an amount included in other receivables of HK$14,857,000 was past due for over one year of which HK$4,333,000 was subsequently settled during the year. The outstanding balance of HK$10,524,000 was recognised as impairment loss during the year.

The remaining balance of other receivables were neither past due nor impaired and relate to a large number of independent parties for whom there was no recent history of default.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

32. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Cash and bank balances	**437,404**	489,515	**4,097**	541
Time deposits	**142,083**	78,172	**–**	–
	579,487	567,687	**4,097**	541
Less: Pledged time deposits:				
Pledged for long term bank loans, letter of guarantee and performance bonds	**–**	(64,572)	**–**	–
Pledged for bank overdraft facilities	**–**	(13,600)	**–**	–
Cash and cash equivalents	**579,487**	489,515	**4,097**	541

At the balance sheet date, the cash and bank balances of the Group denominated in RMB amounted to HK$269,160,000 (2007: HK$214,804,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of less than three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents and the pledged deposits approximate to their fair values.

33. AMOUNTS DUE TO MINORITY SHAREHOLDERS

The amounts due to minority shareholders are unsecured, interest-free and repayable on demand.

The carrying amounts of the amounts due to the minority shareholders approximate to their fair values.

34. TRADE PAYABLES AND ACCRUED LIABILITIES

Included in trade payables and accrued liabilities are trade payables of HK$24,179,000 (2007: HK$75,041,000). An aged analysis of the trade payables as at the balance sheet date, based on the invoice date, is as follows:

	Group	
	2008	2007
	HK$'000	*HK$'000*
Within 1 month	**16,715**	36,978
1 to 2 months	**5,318**	16,942
2 to 3 months	**524**	7,663
Over 3 months	**1,622**	13,458
	24,179	75,041

The trade payables are non-interest-bearing and are normally settled on 30-day to 60-day terms. The carrying amounts of trade payables and accrued liabilities approximate to their fair values.

The Company had no trade payables at the balance sheet date (2007: Nil).

35. BALANCES WITH RELATED COMPANIES

The amounts due from related companies are unsecured, interest-free and have no fixed terms of repayment.

The amounts due to related companies are unsecured, interest-free (2007: interest-bearing at the Hong Kong dollar prime rate) and have no fixed terms of repayment. The carrying amounts of these amounts approximate to their fair values.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

36. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2008			2007		
	Effective interest rate (%)	**Maturity**	***HK$'000***	Effective interest rate (%)	Maturity	*HK$'000*
Group						
Current						
Finance lease payables *(note 38)*			–	6.4	Up to March 2008	2,376
Bank overdrafts – unsecured			–	8.6	On demand	22,026
Bank overdrafts – secured			–	8.6	On demand	25,805
Bank loans – unsecured	**3.0-3.6**	**2008**	**93,200**	5.9-6.3	Up to March 2008	169,400
Current portion of long term bank loans – secured	**2.3-7.6**	**2008-2009**	**686,999**	4.7-6.3	Up to March 2008	579,566
			780,199			796,797
			780,199			799,173
Non-current						
Finance lease payables *(note 38)*			–	6.4	2009-2010	2,354
Bank loans – unsecured	**3.6**	**2009-2010**	**126,000**	4.6-5.8	2009	176,400
Bank loans – secured	**2.3-7.6**	**2009-2010**	**725,267**	4.7-6.3	2009-2012	1,209,795
			851,267			1,386,195
Convertible bonds *(note 37)*	**10.4**	**2011**	**279,980**	10.4	2011	262,361
			1,131,247			1,650,910
			1,911,446			2,450,083
Company						
Current						
Bank loans – secured	**2.33-2.97**	**2008**	**124,000**	5.1	2008	94,000

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

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

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Analysed into:				
Bank loans and overdrafts repayable:				
Within one year or on demand	**780,199**	796,797	**124,000**	94,000
In the second year	**317,200**	707,595	**–**	–
In the third to fifth years, inclusive	**534,067**	678,600	**–**	–
	1,631,466	2,182,992	**124,000**	94,000
Other borrowings repayable:				
Within one year	**–**	2,376	**–**	–
In the second year	**–**	2,313	**–**	–
In the third to fifth years, inclusive	**279,980**	262,402	**–**	–
	279,980	267,091	**–**	–
	1,911,446	2,450,083	**124,000**	94,000

Notes:

(a) *Certain of the Group's bank loans are secured by:*

(i) *mortgages over the Group's investment properties, which had an aggregate carrying value at the balance sheet date of HK$2,373,878,000 (2007: HK$2,054,841,000);*

(ii) *mortgages over certain of the Group's properties under development, which had an aggregate carrying value at the balance sheet date of HK$1,182,265,000 (2007: HK$1,019,435,000);*

(iii) *mortgages over certain of the Group's properties held for sale, which had an aggregate carrying value at the balance sheet date of HK$366,503,000 (2007: HK$1,013,856,000);*

(iv) *mortgages over certain of the Group's property, plant and machinery, which had an aggregate carrying value at the balance sheet date of nil (2007: HK$56,035,000);*

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

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

(v) charge over shares in an associate, with a carrying value of HK$67,157,000 (2007: HK$67,517,000);

(vi) charge over shares in a subsidiary, with a carrying value of HK$796,395,000 (2007: HK$792,778,000);

(vii) assignments of rental income from the leases of certain of the Group's investment properties;

(viii) the pledge of certain of the Group's equity investments at fair value through profit or loss, with a carrying amount of HK$40,828,000 (2007: Nil); and

(ix) the pledge of cash deposits equivalent to HK$150,000,000 provided by the ultimate holding company of the Group, and the pledge of certain of the Group's time deposits amounting to HK$78,172,000 in the prior year.

(b) Irrecoverable and unconditional guarantees have been given by the Company in respect of bank borrowings of certain subsidiaries.

(c) Except for certain bank loans denominated in RMB equivalent to HK$506,744,000 (2007: HK$333,429,000) and a prior year's bank loan was denominated in Canadian dollars equivalent to HK$383,631,000, all bank borrowings at the balance sheet date were denominated in Hong Kong dollars.

Other interest rate information:

	Group			
	2008		2007	
	Fixed rate	**Floating rate**	Fixed rate	Floating rate
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Bank loans – unsecured	**–**	**219,200**	–	367,826
Bank loans – secured	**506,744**	**905,522**	333,429	1,481,737

	Company			
	2008		2007	
	Fixed rate	**Floating rate**	Fixed rate	Floating rate
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Bank loans – secured	**–**	**124,000**	–	94,000

The carrying amounts of the Group's and the Company's current and non-current bank borrowings and the Group's convertible bonds approximate to their fair values.

37. CONVERTIBLE BONDS

On 27 June 2006, a wholly-owned subsidiary of Hon Kwok issued convertible bonds due June 2011 at par for a principal sum of HK$280 million (the "Bonds"). The Bonds are guaranteed by Hon Kwok and bear interest at the rate of 3.5% per annum, payable semi-annually in arrears. The bondholders have the rights, at any time on or after 27 July 2006 up to and including the seventh business date prior to 27 June 2011 to convert the Bonds into equity shares of Hon Kwok with a nominal value of HK$1.00 each at an initial conversion price of HK$4.00 per share, subject to adjustments in certain events. There was no movement in the number of the Bonds during the year. Any Bonds not converted will be redeemed at 124.5481% of their principal amount upon maturity on 27 June 2011. Upon full conversion, the Bonds shall be converted into 70 million ordinary shares of Hon Kwok. When the Bonds were issued, the prevailing market interest rate for similar bonds without the conversion option was higher than the interest rate at which the Bonds were issued.

The fair value of the liability component of the Bonds was estimated at the issue date using an equivalent market interest rate for a similar bond without a conversion option. The residual amount is assigned as the equity component and is included in shareholders' equity.

The Bonds are split as to the liability and equity components, as follows:

	2008	2007
	HK$'000	*HK$'000*
Nominal value of the Bonds	**280,000**	280,000
Equity component*	**(25,500)**	(25,500)
Direct transaction costs attributable to the liability component	**(6,731)**	(6,731)
Liability component at the issuance date	**247,769**	247,769
Interest expense	**46,911**	19,492
Interest paid	**(14,700)**	(4,900)
Liability component at 31 March *(note 36)*	**279,980**	262,361

The effective interest rate of the Bonds was 10.4% per annum. The fair value of the liability component of the Bonds was estimated using an equivalent market interest rate for a similar convertible bond. The fair value of the Group's convertible bonds was approximately HK$307,000,000 at the balance sheet date. The carrying amount of the convertible bonds at 31 March 2007 approximated to its fair value.

* *The direct transaction costs attributable to the equity component of the Bonds amounted to HK$674,000.*

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

38. OBLIGATIONS UNDER FINANCE LEASES

The Group leases certain of its plant and machinery for its building construction and foundation piling business. These finance leases were disposed of together with the Group's building construction and foundation piling business.

At 31 March 2007, the total future minimum lease payments under finance leases and their present values were as follows:

Group

	Minimum lease payments 2008 *HK$'000*	Minimum lease payments 2007 *HK$'000*	**Present value of minimum lease payments 2008 *HK$'000***	Present value of minimum lease payments 2007 *HK$'000*
Amounts payable:				
Within one year	–	2,619	–	2,376
In the second year	–	2,404	–	2,313
In the third to fifth years, inclusive	–	70	–	41
Total minimum finance lease payments	–	5,093	–	4,730
Future finance charges	–	(363)		
Total net finance lease payables	–	4,730		
Portion classified as current liabilities *(note 36)*	–	(2,376)		
Non-current portion *(note 36)*	–	2,354		

39. SHARE CAPITAL

	2008 HK$'000	2007 HK$'000
Authorised:		
1,000,000,000 ordinary shares of HK$0.25 each	**250,000**	250,000
Issued and fully paid:		
551,368,153 ordinary shares of HK$0.25 each	**137,842**	137,842

40. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 43 of the financial statements.

(b) Company

	Notes	Share premium account HK$'000	Retained profits HK$'000	Total HK$'000
Balance at 1 April 2006		267,569	553,620	821,189
Loss for the year	11	–	(147,600)	(147,600)
Proposed final 2007 dividend	13	–	(22,055)	(22,055)
At 31 March 2007		267,569	383,965	651,534
Profit for the year	11	–	54,581	54,581
Proposed final 2008 dividend	13	–	(22,055)	(22,055)
At 31 March 2008		**267,569**	**416,491**	**684,060**

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

41. DISPOSAL OF SUBSIDIARIES

	Notes	2008 HK$'000	2007 HK$'000
Net assets disposed of:			
Property, plant and equipment	15	**108,482**	28,902
Investment properties	18	**24,000**	–
Deferred tax assets		**–**	1,445
Interests in jointly-controlled entities		**–**	24,278
Available-for-sale investments		**–**	1,300
Inventories		**–**	22,810
Gross amount due from customers for contract work		**47,975**	–
Trade and bills receivables		**61,614**	–
Retention monies receivable		**55,164**	–
Amounts due from related companies		**11,752**	–
Amount due from a jointly-controlled entity		**19**	351
Amounts due from associates		**–**	4,089
Prepayments, deposits and other receivables		**16,220**	49,255
Tax recoverable		**1,226**	501
Pledged deposits		**32,587**	–
Cash and cash equivalents		**19,108**	1,533
Gross amount due to customers for contract work		**(59,276)**	–
Trade payables and accrued liabilities		**(66,918)**	(25,192)
Amounts due to related companies		**(16,938)**	(13,776)
Amount due to a jointly-controlled entity		**(97)**	–
Retention monies payable		**(14,849)**	–
Tax payable		**(85)**	–
Interest-bearing bank borrowings		**(116,784)**	(89,452)
Obligations under finance leases		**(18,579)**	–
Deferred tax liabilities	24	**(16,320)**	–
		68,301	6,044
Release of exchange fluctuation reserve		**–**	1,084
Unrealised profit retained in interests in associates		**6,848**	–
Gain on disposal of subsidiaries		**16,802**	1,472
		91,951	8,600

41. DISPOSAL OF SUBSIDIARIES *(Continued)*

	2008	2007
	HK$'000	*HK$'000*
Satisfied by:		
Cash consideration received	**44,026**	8,600
Issue of a promissory note	**38,789**	–
Setting-off a balance payable	**9,136**	–
	91,951	8,600

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

	2008	2007
	HK$'000	*HK$'000*
Cash consideration	**44,026**	8,600
Bank loans and bank overdrafts disposed of	**116,784**	89,452
Cash and cash equivalents and pledged deposits disposed of	**(51,695)**	(1,533)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	**109,115**	96,519

42. MAJOR NON-CASH TRANSACTIONS

(a) Loans to minority shareholders of subsidiaries

Last year, obligations of minority shareholders on capital contribution in connection with the investments in subsidiaries of HK$73,541,000 were released against the minority interests balance in equity.

(b) Finance leases

During the year, the Group entered into finance lease arrangements in respect of plant and machinery with a total capital value at the inception of the contracts of HK$13,849,000.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

42. MAJOR NON-CASH TRANSACTIONS *(Continued)*

(c) Purchase consideration on disposal of subsidiaries

Included in the aggregate consideration of HK$91,951,000 for disposal of subsidiaries, an amount of HK$9,136,000 was set off by a balance payable by the Group to those subsidiaries.

(d) Investment deposits

During the year, the Group utilised investment deposits of HK$75,209,000 for acquisitions of properties under development.

43. CONTINGENT LIABILITIES

At the balance sheet date, contingent liabilities not provided for in the financial statements were as follows:

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Guarantees given to banks in connection with facilities granted to subsidiaries	**–**	–	**165,000**	165,000

As at 31 March 2008, the banking facilities granted to the subsidiaries, subject to guarantees given to the banks by the Company, were utilised to the extent of approximately HK$79,200,000 (2007: HK$118,800,000).

44. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its properties under operating lease arrangements, with leases negotiated for terms ranging from one to five 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.

44. OPERATING LEASE ARRANGEMENTS *(Continued)*

(a) As lessor *(Continued)*

At 31 March 2008, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	Group	
	2008	2007
	HK$'000	*HK$'000*
Within one year	**13,778**	16,574
In the second to fifth years, inclusive	**7,113**	13,035
	20,891	29,609

Certain of the Group's bank loans are secured by assignments of rental income from the leases of the Group's properties as detailed in note 36(a)(vii).

At the balance sheet date, the Company had no operating lease arrangements as lessor (2007: Nil).

(b) As lessee

The Group leases certain of its office properties and office equipment under operating lease arrangements. Leases for properties and office equipment are negotiated for terms ranging from one to three years.

At 31 March 2008, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group	
	2008	2007
	HK$'000	*HK$'000*
Within one year	**16,754**	15,649
In the second to fifth years, inclusive	**7,618**	13,358
	24,372	29,007

The Company had no operating lease commitments at the balance sheet date (2007: Nil).

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

44. OPERATING LEASE ARRANGEMENTS *(Continued)*

(b) As lessee *(Continued)*

At 31 March 2007, a jointly-controlled entity had annual commitments payable under non-cancellable operating leases for land and buildings falling due within one year and in the second to fifth years inclusive amounting to HK$29,000 and HK$5,000, respectively. The Group's shares of these operating lease commitments amounted to HK$15,000 and HK$3,000, respectively.

45. CAPITAL COMMITMENTS

In addition to the operating lease commitments detailed in note 44(b) above, the Group had authorised and contracted capital commitments in respect of property development expenditure and acquisition of properties amounting to approximately HK$185,198,000 (2007: HK$211,754,000) at the balance sheet date.

The Company did not have any significant capital commitments at the balance sheet date. The Group's share of the jointly-controlled-entities' authorised and contracted capital commitments in respect of property development expenditure and acquisition of properties, which are not included in the above, amounted to HK$7,310,000 (2007: HK$4,356,000).

46. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

	Notes	**2008 HK$'000**	2007 HK$'000
Management fee income received from an associate	*(i)*	**2,000**	2,000
Commission paid to the ultimate holding company	*(ii)*	**2,625**	2,625
Legal and professional fees paid to a firm of which a director of the Company is a consultant	*(iii)*	**322**	135

46. RELATED PARTY TRANSACTIONS *(Continued)*

Notes:

(i) The management fees were charged to Chinney Alliance based on the time involvement of the personnel providing services. James Sai-Wing Wong, a director of the Company, is a director of and has beneficial interest in Chinney Alliance. Herman Man-Hei Fung is a director of the Company and Chinney Alliance.

(ii) The commission was paid to the ultimate holding company for the provision of cash security for certain bank loans granted to the Group and was charged at a rate mutually agreed by both parties based on the average principal amount of the cash security outstanding during the terms of the bank loans. Further details of which are included in paragraph (b)(i) below.

(iii) The legal and professional fees paid were charged under normal commercial terms.

(b) Other transactions with related parties:

(i) Hon Kwok obtained bank loan facilities of HK$150 million under cash collateral from Lucky Year. The financing arrangement was extended in July 2006 for a period of 30 months maturing in January 2009. Under the arrangement, Hon Kwok agreed to indemnify and pay Lucky Year a commission of 1.75% per annum on the average principal amount of the cash security outstanding during the terms of the bank loans. In March 2008, Hon Kwok served notices to early terminate the financing arrangement and cancelled the bank loan facilities on 31 March 2008. Please refer to paragraph (a)(ii) above for the commission paid during the year.

(ii) On 11 May 2007, a subsidiary of the Group, Cheerworld Group Limited, as purchaser, entered into a sale and purchase agreement, with Enhancement Investments Limited ("Enhancement"), Galantine Management Limited and Sharp-View Group Inc., as vendors, for the acquisition of the entire issued share capital of Unity Wise International Limited and the assignment of related shareholders' loans to the Group at an aggregate cash consideration of HK$90 million. On the same date, Cheerworld Group Limited, as purchaser, entered into another sale and purchase agreement with Enhancement, as vendor, for the acquisition of 50% of the issued share capital of Ample Joy International Limited and the assignment of related shareholder's loans to the Group at an aggregate cash consideration of HK$12 million. The considerations of the transactions were mutually agreed among the parties. Enhancement is controlled by James Sai-Wing Wong, director and substantial shareholder of the Company. These two acquisitions were completed on 4 July 2007.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

46. RELATED PARTY TRANSACTIONS *(Continued)*

(iii) On 22 May 2007, a subsidiary of the Group, Chinney Construction Company, Limited, as vendor, entered into a sale and purchase agreement with Shun Cheong Investments Limited, as purchaser, a wholly-owned subsidiary of Chinney Alliance, for the disposal of the entire issued share capital of Apex Curtain Wall for a cash consideration of HK$298,000. The consideration was determined by reference to the net asset value of Apex Curtain Wall at 31 May 2007 and the transaction was completed on 1 June 2007.

(iv) On 4 September 2007, Chinney Contractors Company Limited, an 86.05% owned subsidiary of the Company, as vendor, and Chinney Alliance Trading (BVI) Limited, a wholly-owned subsidiary of Chinney Alliance, as purchaser entered into an agreement in relation to the sale and purchase of the entire issued share capital of Victory Leap for a total consideration of HK$92,865,000. The consideration was determined by reference to the fair value of the net assets of Victory Leap as at 30 June 2007 and the transaction was completed on 26 October 2007.

(c) Outstanding balances with related parties:

As disclosed in the balance sheets, the Group and the Company had outstanding balances with its subsidiaries, associates, jointly-controlled entities, minority shareholders and related companies. Particulars of the terms of the balances with subsidiaries, associates, jointly-controlled entities, minority shareholders and related companies are set out in the respective notes to the financial statements.

(d) Compensation of key management personnel of the Group:

	2008 ***HK$'000***	2007 *HK$'000*
Short term employee benefits	**8,195**	7,535

Further details of directors' emoluments are included in note 8 to the financial statements.

47. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each category of financial instruments as at the balance sheet date are as follows:

2008

Financial assets

	Group		
	Financial assets at fair value through profit or loss *HK$'000*	**Loans and receivables** *HK$'000*	**Total** *HK$'000*
Interests in associates *(note 22)*	–	38,975	38,975
Loan receivables	–	3,014	3,014
Equity investments at fair value through profit or loss	41,539	–	41,539
Trade and bills receivables	–	35,805	35,805
Financial assets included in prepayments, deposits and other receivables *(note 31)*	–	41,871	41,871
Amounts due from related companies	–	1,407	1,407
Amounts due from jointly-controlled entities	–	159,417	159,417
Amounts due to associates	–	13,106	13,106
Cash and cash equivalents	–	579,487	579,487
	41,539	873,082	914,621

Financial liabilities

	Financial liabilities at amortised cost *HK$'000*
Financial liabilities included in trade payables and accrued liabilities	134,496
Financial liabilities included in customer deposits	4,843
Amounts due to related companies	44
Amounts due to minority shareholders	17,155
Convertible bonds	279,980
Interest-bearing bank borrowings	1,631,466
	2,067,984

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

47. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

2007

Financial assets

	Group		
	Financial assets at fair value through profit or loss *HK$'000*	Loans and receivables *HK$'000*	Total *HK$'000*
Equity investments at fair value through profit or loss	681	–	681
Trade and bills receivables	–	107,875	107,875
Financial assets included in prepayments, deposits and other receivables *(note 31)*	–	65,966	65,966
Retention monies receivable	–	58,007	58,007
Amounts due from jointly-controlled entities	–	141,744	141,744
Pledged deposits	–	78,172	78,172
Cash and cash equivalents	–	489,515	489,515
	681	941,279	941,960

Financial liabilities

	Financial liabilities at amortised cost *HK$'000*
Financial liabilities included in trade payables and accrued liabilities	217,023
Financial liabilities included in customer deposits	7,819
Retention monies payable	19,286
Amounts due to related companies	10,028
Amounts due to minority shareholders	39,532
Obligations under finance leases	4,730
Convertible bonds	262,361
Interest-bearing bank borrowings	2,182,992
	2,743,771

47. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

2008

Financial assets

	Company		
	Financial assets at fair value through profit or loss	Loans and receivables	Total
	HK$'000	*HK$'000*	*HK$'000*
Equity investments at fair value through profit or loss	40,828	–	40,828
Financial assets included in prepayments, deposits and other receivables	–	67	67
Amounts due from subsidiaries	–	108,096	108,096
Cash and cash equivalents	–	4,097	4,097
	40,828	112,260	153,088

Financial liabilities

	Financial liabilities at amortised cost
	HK$'000
Financial liabilities included in trade payables and accrued liabilities	1,495
Amounts due to subsidiaries	72,070
Interest-bearing bank borrowings	124,000
	197,565

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

47. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

2007

Financial assets

	Company
	Loans and receivables
	HK$'000
Financial assets included in prepayments, deposits and other receivables	188
Amounts due from subsidiaries	136,792
Cash and cash equivalents	541
	137,521

Financial liabilities

	Financial liabilities at amortised cost
	HK$'000
Financial liabilities included in trade payables and accrued liabilities	1,449
Amounts due to subsidiaries	116,380
Interest-bearing bank borrowings	94,000
	211,829

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include a promissory note receivable from an associate, equity investment at fair value through profit or loss, trade and bills receivables, amounts due from jointly-controlled entities, amounts due from associates, other receivables, cash and cash equivalents, trade and bills payables, other payables, customer deposits, amounts due to minority shareholders, convertible bonds and interest-bearing bank borrowings. Details of these financial instruments are disclosed in their respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Foreign currency risk

The monetary assets and transactions of several subsidiaries of the Group are principally denominated in RMB, EURO dollars ("EURO") and CAD, which expose the Group to foreign currency risk. The Group currently has no particular hedging vehicles to hedge its exposure to foreign currency risk profile. It is the Group's policy to monitor foreign exchange exposure and to make use of appropriate hedging measures when required. Approximately 63% (2007: 34%) of the Group's sales are denominated in foreign currencies.

The following table demonstrates the sensitivity to a reasonably possible change in the CAD, EURO and RMB exchange rate at the balance sheet date, with all other variables held constant, of the Group's profit after tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity (due to changes in the fair value of monetary assets and liabilities and changes in exchange fluctuation reserve).

Group

	Change in exchange rate	Increase/ (decrease) in profit after tax	Increase/ (decrease) in equity
	%	*HK$'000*	*HK$'000*
2008			
If Hong Kong dollar weakens against CAD	**5**	**5,416**	**10,101**
If Hong Kong dollar strengthens against CAD	**(5)**	**(5,416)**	**(10,101)**
If Hong Kong dollar weakens against EURO	**5**	**579**	**579**
If Hong Kong dollar strengthens against EURO	**(5)**	**(579)**	**(579)**
If Hong Kong dollar weakens against RMB	**5**	**–**	**99,616**
If Hong Kong dollar strengthens against RMB	**(5)**	**–**	**(99,616)**
2007			
If Hong Kong dollar weakens against CAD	10	–	15,026
If Hong Kong dollar strengthens against CAD	(10)	–	(15,026)
If Hong Kong dollar weakens against EURO	5	368	368
If Hong Kong dollar strengthens against EURO	(5)	(368)	(368)
If Hong Kong dollar weakens against RMB	10	–	172,068
If Hong Kong dollar strengthens against RMB	(10)	–	(172,068)

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual equity investments classified as trading equity investments (note 29) as at 31 March 2008. The Group's listed investments are listed on the Stock Exchange and are valued at quoted market prices at the balance sheet date.

The following table demonstrates the sensitivity to every 10% change in the fair value of the equity investments, with all other variables held constant, and based on their carrying amounts at the balance sheet date.

Group

	Carrying amount of equity investments *HK$'000*	Increase in profit after tax *HK$'000*	Increase in equity *HK$'000*
2008			
Investments listed in:			
Hong Kong – held-for-trading	**41,539**	**4,154**	**4,154**
2007			
Investments listed in:			
Hong Kong – held-for-trading	681	68	68

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with a floating interest rate. The interest rates and terms of repayment of the Group's borrowings are disclosed in note 36 to the financial statements. The Group's policy is to obtain the most favourable interest rates available for its borrowings. Management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

The following table demonstrates the sensitivity to a reasonably possible change in interest rates at the balance sheet date, with all other variables held constant, of the Group's profit after tax and the Group's equity (through the impact on floating rate borrowings).

Group

	Increase/ (decrease) in basis points	**Increase/ (decrease) in profit after tax** *HK$'000*	**Increase/ (decrease) in equity** *HK$'000*
2008			
Hong Kong dollar	**100**	**(9,771)**	**(9,771)**
RMB	**50**	**670**	**670**
Hong Kong dollar	**(100)**	**9,771**	**9,771**
RMB	**(50)**	**(670)**	**(670)**
2007			
Hong Kong dollar	100	(12,354)	(12,354)
RMB	100	1,394	1,394
Hong Kong dollar	(100)	12,354	12,354
RMB	(100)	(1,394)	(1,394)

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise amounts and a promissory note due from associates, amounts due from jointly-controlled entities, cash and cash equivalents, and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's trade receivables are widely dispersed in different sectors.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 30 to the financial statements.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank borrowings and other fund raising exercises. The Group will consistently maintain a prudent financing policy and ensure that it maintains sufficient cash and credit lines to meet its liquidity requirements. 41% of the Group's debts, which comprise interest-bearing borrowing, convertible bonds and obligation under finance lease, would mature in less than one year as at 31 March 2008 (2007: 33%) based on the carrying value of borrowings reflected in the financial statements.

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

The maturity profile of the Group's and the Company's financial liabilities as at the balance sheet date, based on the contracted undiscounted payments, was as follows:

Group

	2008				
	On demand *HK$'000*	**Less than 12 months** *HK$'000*	**1 to 2 years** *HK$'000*	**Over 2 years** *HK$'000*	**Total** *HK$'000*
Financial liabilities included in trade payables and accrued liabilities	**64,515**	**69,981**	**–**	**–**	**134,496**
Financial liabilities included in customer deposits	**4,843**	**–**	**–**	**–**	**4,843**
Amounts due to related companies	**44**	**–**	**–**	**–**	**44**
Amounts due to minority shareholders	**17,155**	**–**	**–**	**–**	**17,155**
Convertible bonds	**–**	**–**	**–**	**279,980**	**279,980**
Interest-bearing bank borrowings	**–**	**780,199**	**317,200**	**534,067**	**1,631,466**
	86,557	**850,180**	**317,200**	**814,047**	**2,067,984**

	2007				
	On demand *HK$'000*	Less than 12 months *HK$'000*	1 to 2 years *HK$'000*	Over 2 years *HK$'000*	Total *HK$'000*
Financial liabilities included in trade payables and accrued liabilities	57,837	159,186	–	–	217,023
Financial liabilities included in customer deposits	7,819	–	–	–	7,819
Retention monies payable	–	19,286	–	–	19,286
Amounts due to related companies	10,028	–	–	–	10,028
Amounts due to minority shareholders	39,532	–	–	–	39,532
Obligations under finance leases	–	4,730	–	–	4,730
Convertible bonds	–	–	–	262,361	262,361
Interest-bearing bank borrowings	–	796,797	707,595	678,600	2,182,992
	115,216	979,999	707,595	940,961	2,743,771

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Company

	2008		
	On demand	**Less than 3 months**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
Financial liabilities included in trade payables and accrued liabilities	**819**	**676**	**1,495**
Amounts due to subsidiaries	**72,020**	**–**	**72,020**
Interest-bearing bank borrowings	**–**	**124,000**	**124,000**
	72,839	**124,676**	**197,515**

	2007		
	On demand	Less than 3 months	Total
	HK$'000	*HK$'000*	*HK$'000*
Financial liabilities included in trade payables and accrued liabilities	782	667	1,449
Amounts due to subsidiaries	116,380	–	116,380
Interest-bearing bank borrowings	–	94,000	94,000
	117,162	94,667	211,829

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Capital management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is required to comply with certain externally imposed capital requirements as set out in certain of its banking facilities. As at 31 March 2008, there was no indication of breach of covenants and the Group complied with the externally imposed capital requirements. No changes were made in the objectives, policies or processes during the years ended 31 March 2008 and 2007.

The Group monitors capital using a gearing ratio, which is net interest-bearing debts divided by the equity attributable to equity holders of the Company plus minority interests. Net debt includes obligations under finance leases, interest-bearing borrowings and convertible bonds less cash and cash equivalents and pledged deposits. The gearing ratios as at the balance sheet dates were as follows:

	Group	
	2008	2007
	HK$'000	*HK$'000*
Obligations under finance leases	**–**	4,730
Interest-bearing bank borrowings	**1,631,466**	2,182,992
Convertible bonds, the liability component	**279,980**	262,361
Less: Cash and cash equivalents and pledged deposits	**(579,487)**	(567,687)
Net interest-bearing debts	**1,331,959**	1,882,396
Equity attributable to equity holders of the Company	**1,758,007**	1,455,756
Minority interests	**1,607,413**	1,358,125
Equity attributable to equity holders and minority interests	**3,365,420**	2,813,881
Gearing ratio	**40%**	67%

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

49. POST BALANCE SHEET EVENT

On 5 March 2008, the Group, as vendor, entered into a provisional sale and purchase agreement with an independent third party, as purchaser, to dispose of an investment property, namely Yien Yieh Commercial Building, on a vacant site basis for a cash consideration of HK$335,000,000. The formal sale and purchase agreement was signed on 14 April 2008.

A total deposit of HK$50,250,000 had been received up to the date of this report and the remaining balance of HK$284,750,000 will be received upon completion of the disposal. Demolition works up to ground floor level have been completed as certified by the architect on 11 July 2008 and completion of the disposal is expected to take place on 31 July 2008.

This transaction which constitutes a major transaction to the Company under the Listing Rules has been approved by way of written approval from Chinney Holdings, the holding Company of the Company, in lieu of holding a general meeting of the Company.

50. COMPARATIVE AMOUNTS

As further explained in note 1 to the financial statements, due to the discontinuation of the Group's construction segment during the year, certain comparative amounts have been adjusted to conform with the current year's presentation and to show separately comparative amounts in respect of items disclosed for the first time in 2007.

51. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 17 July 2008.

FIVE YEAR FINANCIAL SUMMARY

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

	Year ended 31 March				
	2008	2007	2006	2005	2004
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		(Restated)	(Restated)	(Restated)	(Restated)
RESULTS					
CONTINUING OPERATIONS					
REVENUE	**1,590,667**	921,466	1,670,095	856,905	952,675
Profit before tax	**551,492**	143,811	630,673	289,442	35,543
Tax credit/(charge)	**(83,519)**	(63,125)	(152,821)	(2,576)	867
Profit for the year from continuing operations	**467,973**	80,686	477,852	286,866	36,410
DISCONTINUED OPERATION					
Profit/(loss) for the year from a discontinued operation	**(7,239)**	(78,271)	(59,759)	(11,923)	21,820
PROFIT FOR THE YEAR	**460,734**	2,415	418,093	274,943	58,230
Attributable to:					
Equity holders of the Company	**234,305**	(26,975)	189,838	179,263	13,956
Minority interests	**226,429**	29,390	228,255	95,680	44,274
	460,734	2,415	418,093	274,943	58,230

	As at 31 March				
	2008	2007	2006	2005	2004
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS AND LIABILITIES					
TOTAL ASSETS	**5,793,752**	6,147,329	5,918,577	4,452,814	3,934,594
TOTAL LIABILITIES	**(2,428,332)**	(3,333,448)	(3,359,463)	(2,435,496)	(2,369,728)
NET ASSETS	**3,365,420**	2,813,881	2,559,114	2,017,318	1,564,866
MINORITY INTERESTS	**(1,607,413)**	(1,358,125)	(1,150,974)	(867,640)	(622,920)
SHAREHOLDERS' FUNDS	**1,758,007**	1,455,756	1,408,140	1,149,678	941,946

PARTICULARS OF PROPERTIES

31 March 2008

GROUP I – PROPERTIES HELD FOR DEVELOPMENT

	Location	Use	Site area *(sq.m./sq.ft.)*	Gross floor area *(sq.m./sq.ft.)*	Development progress (up to 17 July, 2008)	Estimated completion date	Attributable interest of the Group *(%)*
MAINLAND CHINA							
1.	Yayao Oasis (雅瑤綠洲) Dali District Nanhai Guangdong Province	Low density residential	247,987 sq.m. (2,668,340 sq.ft.)	272,786 sq.m. (2,935,177 sq.ft.)	Phase I – Design development in progress Phase II – Planning stage	– –	26.47 26.47
2.	Liwan District Guangzhou Guangdong Province	Commercial/ Residential	4,362 sq.m. (46,935 sq.ft.)	40,409 sq.m. (434,800 sq.ft.)	Design development in progress	–	26.47
3.	Dong Guan Zhuan Dongguanzhuan Road Tianhe District Guangzhou Guangdong Province	Residential	95,382 sq.m. (1,026,310 sq.ft.)	234,672 sq.m. (2,525,070 sq.ft.)	Planning stage	–	39.71
4.	Botanica (寶翠園) Long Dong Cun Guangshan Road Western Tianhe District Guangzhou Guangdong Province	Residential	113,796 sq.m. (1,224,444 sq.ft.)	228,646 sq.m. (2,460,230 sq.ft.)	Phase I – Superstructure work in progress Phase II – Planning stage	3/2009 –	31.76 31.76
5.	17-43 Beijing Nan Road Yuexiu District Guangzhou Guangdong Province	Commercial/ Residential	2,451 sq.m. (26,372 sq.ft.)	20,344 sq.m. (218,901 sq.ft.)	Renovation in progress	5/2009	52.94
6.	45-65 Beijing Nan Road Yuexiu District Guangzhou Guangdong Province	Commercial/ Residential	2,177 sq.m. (23,424 sq.ft.)	27,176 sq.m. (292,413 sq.ft.)	Planning stage	–	52.94
7.	67-107 Beijing Nan Road Yuexiu District Guangzhou Guangdong Province	Commercial	2,781 sq.m. (29,923 sq.ft.)	38,568 sq.m. (414,991 sq.ft.)	Planning stage	–	52.94

For illustration purpose, sq.m. has been translated into sq.ft. at the rate of 1 sq.m. = 10.76 sq.ft.

PARTICULARS OF PROPERTIES *(Continued)*

31 March 2008

GROUP I – PROPERTIES HELD FOR DEVELOPMENT *(Continued)*

	Location	Use	Site area *(sq.m./sq.ft.)*	Gross floor area *(sq.m./sq.ft.)*	Development progress (up to 17 July, 2008)	Estimated completion date	Attributable interest of the Group *(%)*
MAINLAND CHINA							
8.	Hon Kwok City Commercial Centre (漢國城市商業中心) Junction of Shennanzhong Road and Fuming Road Futian District Shenzhen Guangdong Province	Commercial/ Residential	7,845 sq.m. (84,412 sq.ft.)	128,000 sq.m. (1,377,280 sq.ft.)	Planning stage	–	52.94
9.	Cha's Centre (查氏中心) Lot no. B-01-03 Jinshanpianqu Jinkaiyuan Beibuxinqu Chongqing	Commercial/ Serviced Apartments	21,675 sq.m. (233,223 sq.ft.)	108,312 sq.m. (1,165,437 sq.ft.)	Superstructure work completed Finishing work in progress	6/2009	52.94
10.	Lot no. B-01-02 Jinshanpianqu Jinkaiyuan Beibuxinqu Chongqing	Commercial/ Office/ Hotel	12,181 sq.m. (131, 067 sq.ft.)	133,502 sq.m. (1,436,481 sq.ft.)	Planning stage	–	26.47
CANADA							
11.	South – West Corner of Bay Street and Dundas Street West Toronto Ontario	Mainly condominium development with commercial and carparks	3,396 sq.m. (36,541 sq.ft.)	24,398 sq.m. (262,523 sq.ft.)	Planning stage	–	26.47
HONG KONG							
12.	Lot 716 & Others in DD111, Yuen Long New Territories	–	35,386 sq.ft.	–	Temporary open storage	–	52.94

For illustration purpose, sq.m. has been translated into sq.ft. at the rate of 1 sq.m. = 10.76 sq.ft.

PARTICULARS OF PROPERTIES *(Continued)*

31 March 2008

GROUP II – COMPLETED PROPERTIES

Location		Use	Remaining unsold units	Gross floor area *(sq.m./sq.ft.)*	Car parking spaces	Attributable interest of the Group *(%)*
MAINLAND CHINA						
13.	City Square (城市天地廣場) Jiabin Road Luohu District Shenzhen Guangdong Province	Serviced apartments	64 units	3,692 sq.m. (39,722 sq.ft.)	–	52.94
HONG KONG						
14.	Le Village (駿愉居) 49 Village Road Happy Valley Hong Kong	Residential	2 units	2,246 sq.ft.	2	26.47
15.	Kensington Plaza (金威廣場) 98 Parkes Street Jordan Kowloon	Commercial	9 ground floor shops*	6,649 sq.ft.	–	52.94
16.	A portfolio of residential units, mainly at Laguna City (麗港城), Sky Tower (傲雲峰) and Discovery Park (愉景新城)	Residential	26 units	19,384 sq.ft.	2	52.94

Note:

* *All the shops had been committed to sell in June 2008 and the transaction was completed on 9 July 2008.*

For illustration purpose, sq.m. has been translated into sq.ft. at the rate of 1 sq.m. = 10.76 sq.ft.

PARTICULARS OF PROPERTIES *(Continued)*

31 March 2008

GROUP III – PROPERTIES HELD FOR INVESTMENT

	Location	Use	Gross floor area *(sq.m. / sq.ft.)*	No. of apartments	Ownership status	Attributable interest of the Group *(%)*
MAINLAND CHINA						
17.	City Square (城市天地廣場) Jiabin Road Luohu District Shenzhen Guangdong Province	Commercial podium	20,308 sq.m. (218,515 sq.ft.)	–	Medium term lease	52.94
HONG KONG						
18.	Hon Kwok Jordan Centre (漢國佐敦中心) 5, 7 & 7A Hillwood Road Tsim Sha Tsui Kowloon	Commercial/ Office	60,857 sq.ft.	–	Medium term lease	52.94
19.	The Bauhinia and Honwell Commercial Centre (寶軒及漢貿商業中心) 119-121 Connaught Road Central & 237-241 Des Voeux Road Central Hong Kong	Serviced apartments/ Commercial/ Office	122,823 sq.ft.	112	Long term lease	52.94
20.	Yien Yieh Commercial Building (鹽業商業大廈) 236-242 Des Voeux Road Central Hong Kong	Commercial/ Office	46,410 sq.ft.*	–	Long term lease	52.94
21.	Hon Kwok TST Centre (漢國尖沙咀中心) 5-9 Observatory Court Tsim Sha Tsui Kowloon	Commercial/ Office	60,893 sq.ft.	–	Medium term lease	52.94

Note:

* *The formal sale and purchase agreement to dispose of the property had been signed in April 2008 and the transaction is expected to complete on 31 July 2008.*

For illustration purpose, sq.m. has been translated into sq.ft. at the rate of 1 sq.m. = 10.76 sq.ft.

PARTICULARS OF PROPERTIES *(Continued)*

31 March 2008

GROUP IV – CARPARKS HELD FOR INVESTMENT

Location		Car parking spaces	Ownership status	Attributable interest of the Group *(%)*
HONG KONG				
22.	Provident Centre (和富中心) 21-53 Wharf Road North Point Hong Kong	149	Long term lease	52.94
23.	Lido Garden (麗都花園) 41-63 Castle Peak Road Sham Tseng Tsuen Wan New Territories	115	Medium term lease	52.94
24.	Shining Court (順寧居) 439 Shun Ning Road Cheung Sha Wan Kowloon	26	Medium term lease	52.94

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Chinney Investments, Limited (the "Company") will be held at Dragon Rooms 1-2, The Hong Kong Bankers Club, 43rd Floor, Gloucester Tower, The Landmark, 11 Pedder Street, Central, Hong Kong on Thursday, 11 September 2008 at 4:30 p.m. for the following purposes:

1. To receive and consider the audited financial statements, the reports of the directors and the independent auditors' report for the year ended 31 March 2008.

2. To declare a final dividend.

3. To elect directors and to authorise the directors to fix their remuneration.

4. To re-appoint auditors and to authorise the directors to fix the remuneration of the auditors.

5. As special business, to consider and, if thought fit, pass with or without amendments, the following resolution as an Ordinary Resolution:

   "**THAT** the exercise by the directors during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with additional shares of HK$0.25 each in the capital of the Company and to make or grant offers, agreements and options, including warrants to subscribe for shares, which would or might require shares to be allotted, issued or dealt with, whether during or after the end of the Relevant Period be and is hereby generally and unconditionally approved, provided that, otherwise than pursuant to: (a) a rights issue where shares of the Company are offered for a period fixed by the directors to shareholders on a fixed record date in proportion to their then holdings of shares (subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or having regard to any legal restrictions under the laws of the relevant place, or the requirements of the relevant regulatory body or any stock exchange in that place); or (b) any scrip dividend or similar arrangement providing for the allotment of securities in lieu of the whole or part of a dividend on shares of the Company in accordance with the Articles of Association of the Company; or (c) the exercise of any options under any share option scheme of the Company or similar arrangement for the grant or issue to the employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company; or (d) a specific authority granted by the shareholders of the Company in general meeting, the additional shares allotted, issued or dealt with (including shares agreed conditionally or unconditionally to be allotted, issued or dealt with, whether pursuant to an option or otherwise) shall not in aggregate exceed 20% of the aggregate nominal amount of the issued share capital of the Company at the date of passing this Ordinary Resolution and the said approval shall be limited accordingly.

NOTICE OF ANNUAL GENERAL MEETING *(Continued)*

For the purpose of this Ordinary Resolution, "Relevant Period" means the period from the passing of this Ordinary Resolution until whichever is the earlier of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting is required by any applicable laws or the Company's Memorandum and Articles of Association to be held; and

(iii) the revocation or variation of the authority given under this Ordinary Resolution by an ordinary resolution of the shareholders in general meeting.".

By Order of the Board
Wendy Yuk-Ying Chan
Company Secretary

Hong Kong, 30 July 2008

Notes:

1. *Any member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of such member in accordance with the Articles of Association of the Company. A proxy need not be a member of the Company.*

2. *To be valid, a proxy form, together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof must be completed and deposited at the registered office of the Company at 23rd Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.*

3. *In the case of joint holders of a share, any one of such holders may vote at the meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such holders be present at the above meeting personally or by proxy, that one of such holders so present whose name stands first on the register of members in respect of such share shall alone be entitled to vote in respect thereof.*

4. *Pursuant to Article 75 of the Articles of Association of the Company, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded or, in the case of paragraph (v), required:*

   (i) by the chairman of the meeting; or

   (ii) by at least three members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or

   (iii) by any member or members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or

   (iv) by a member or members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right; or

   (v) by the relevant provisions of the Listing Rules.