Hon Kwok Land Investment Company, Limited

Stock Code : 160

2007/08 Annual Report

CONTENTS

Page(s)

CORPORATE INFORMATION

DIRECTORS

James Sai-Wing Wong *(Chairman)*
Madeline May-Lung Wong
Herman Man-Hei Fung *(Vice-Chairman)*
Dennis Kwok-Wing Cheung
Zuric Yuen-Keung Chan
Daniel Chi-Wai Tse*
Kenneth Kin-Hing Lam*
Hsin-Kang Chang*

* *Independent non-executive directors*

AUDIT COMMITTEE

Kenneth Kin-Hing Lam
Daniel Chi-Wai Tse
Hsin-Kang Chang

REMUNERATION COMMITTEE

Herman Man-Hei Fung
Daniel Chi-Wai Tse
Kenneth Kin-Hing Lam

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
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Hong Kong

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STOCK CODE

SEHK 160

WEBSITE

http://www.honkwok.com.hk

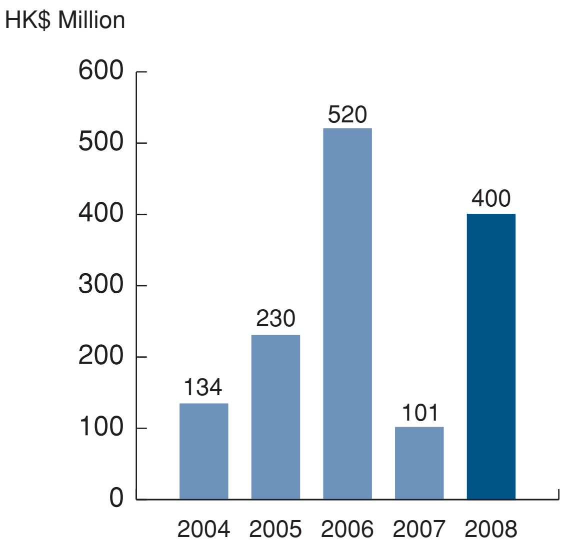
FINANCIAL HIGHLIGHTS AND SHAREHOLDERS' CALENDAR

FINANCIAL HIGHLIGHTS

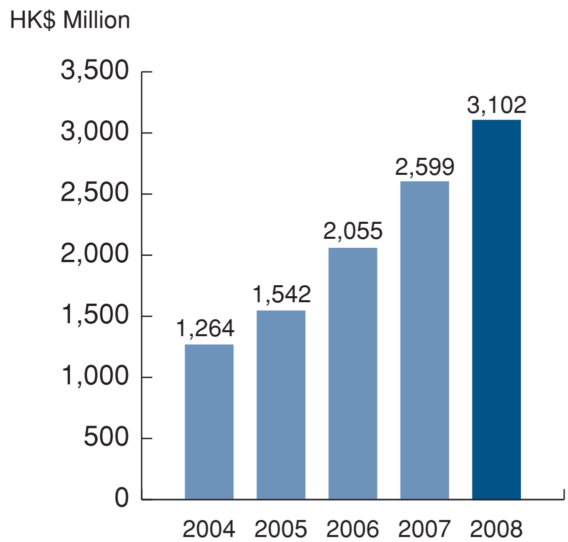
	2008	2007	*Increase/Decrease*	
	HK$ Million	*HK$ Million*	*HK$ Million*	*+/-*
Results for the year ended 31 March				
Turnover *(mainly from property sales)*	**1,251**	392	*859*	*219%*
Profit after tax attributable to shareholders	**400**	101	*299*	*296%*
Basic earnings per share *(in HK$)*	**0.83**	0.24	*0.59*	*246%*
Financial position as at 31 March				
Net assets	**3,251**	2,730	*521*	*19%*
Bank borrowings	**1,428**	1,857	*-429*	*-23%*
Shareholders' funds	**3,102**	2,599	*503*	*19%*
Gearing ratio*	**38%**	64%		*-26%*
Net assets per share attributable to shareholders *(in HK$)*	**6.46**	5.41	*1.05*	*19%*

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

Profit after Tax attributable to Shareholders



Shareholders' Funds

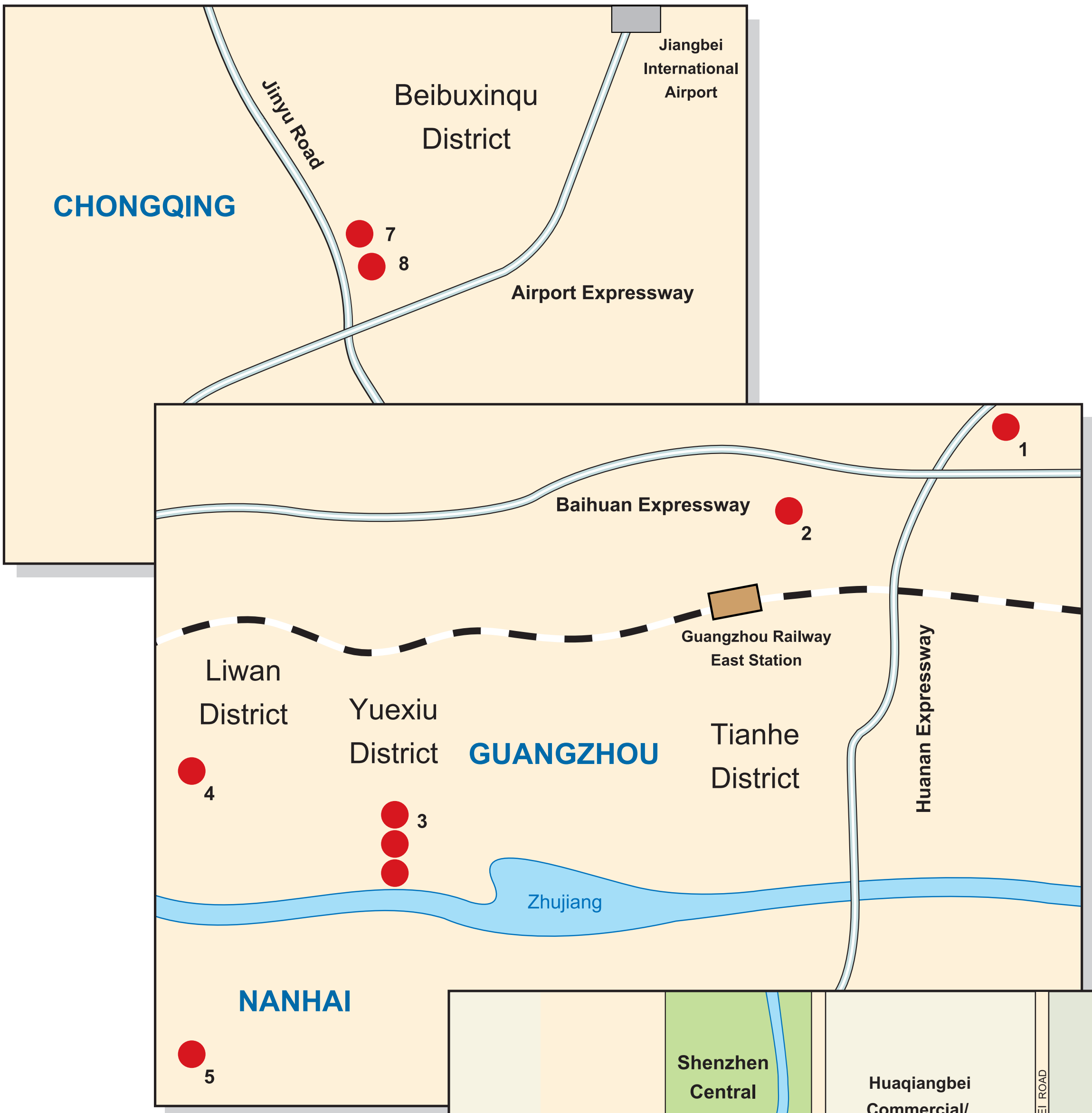


FINANCIAL HIGHLIGHTS AND SHAREHOLDERS' CALENDAR *(Continued)*

SHAREHOLDERS' CALENDAR

Interim results announcement	14 December 2007 (Friday)
Annual results announcement	17 July 2008 (Thursday)
Proposed final dividend	HK$0.125 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 pm on 5 September 2008 (Friday)
Annual General Meeting	11 September 2008 (Thursday)
Payment of final dividend	3 October 2008 (Friday)

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$1,251 million (2007: HK$392 million) and HK$400 million (2007: HK$101 million), respectively. Basic earnings per share were HK$0.83 (2007: HK$0.24). The shareholders' equity amounted to HK$3,102 million (2007: HK$2,599 million). Net assets per share attributable to shareholders were HK$6.46 (2007: HK$5.41).

The increase in turnover and net profit is mainly attributable to the profit recognition for the sale of our Toronto project, **One City Hall**, which was completed and delivered to purchasers in November 2007. The turnover and profit contribution from property sales in 2006-07 was largely derived from the disposal of the remaining residential units in **City Square** (城市天地廣場) in Shenzhen.

Out of the property revaluation gain, net of deferred tax, of HK$347 million (2007: HK$151 million) included in net profit, HK$107 million (2007: HK$28 million) arose from **Yien Yieh Commercial Building** (鹽業商業大廈) is virtually realised as the disposal of property is contracted for completion by the end of July 2008.

DIVIDEND

The Directors recommend the payment of a final dividend of 12.5 Hong Kong cents per ordinary share for the year ended 31 March 2008 (2007: 12.5 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 3 October 2008.

BUSINESS REVIEW

1. Disposal of Investment Property

The Group acquired through public tender **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. As reported in our last interim and annual reports, the Group intended to demolish the building for redevelopment into a modern office/retail property since plot ratio of the building acquired had not been fully utilised. It was anticipated that rental income therefrom after redevelopment will be enhanced substantially. We appointed a sole leasing agent to pre-lease units of the new building. 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. Your Board considered the disposal would generate a very favourable investment return to the Group and provide further opportunity for us to look for other investment properties at some appropriate time. HK$50.25 million, representing 15% of the consideration, has been received as deposit.

CHAIRMAN'S STATEMENT *(Continued)*

BUSINESS REVIEW *(Continued)*

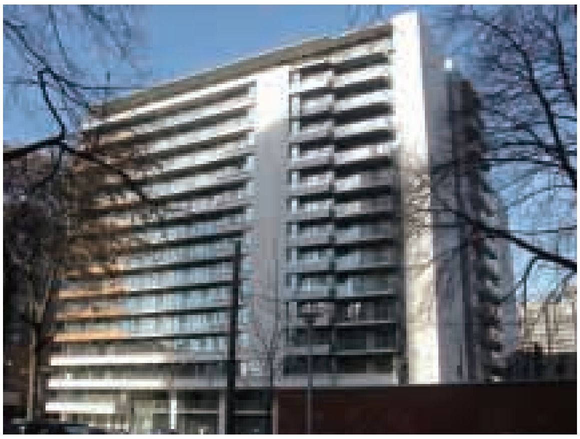
1. Disposal of Investment Property *(Continued)*

Demolition works up to ground floor level have been completed as certified by our architect on 11 July 2008 and completion of the sale and purchase is scheduled on 31 July 2008. Details of the transaction are contained in our "Major Transaction" circular to our shareholders on 28 April 2008.

2. Sales of Development and Other Properties

Canada

Phase I of our Toronto project known as **One City Hall** is a 16-storey building with gross floor area of 39,283 sq.m. The project comprising 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). The Group owns a 75% interest in this development project.



One City Hall, Toronto, Canada

Hong Kong

During the financial year under review, the Group 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, the Group 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)*

3. 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. While facing the vast Shenzhen Central Park, the site is also favourably adjacent to the busiest retail and commercial hub of the city and close to central business district and government headquarters.

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

In May 2008, our building plan has been approved by the Mayor of Shenzhen together with four other signature buildings along Shennan Road. Our building is designed by a leading world class architect firm jointly with a reputable local architect firm. Total gross floor area of the building is 128,000 sq.m., which 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. It will be one of the new landmarks in Shenzhen and construction works are scheduled to commence in the first quarter of 2009.

CHAIRMAN'S STATEMENT *(Continued)*

BUSINESS REVIEW *(Continued)*

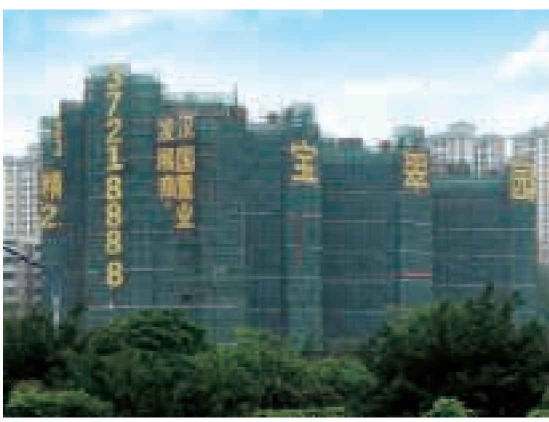
3. Property Development *(Continued)*

Guangzhou, PRC

In Guangzhou, superstructure has been completed for Phase I of **Botanica** (寶翠園) in Long Dong Cun, Tianhe District and **No. 5 Residence** (北京路5號公館) at 17-43 Beijing Nan Road in Yuexiu District.

Phase I of Botanica (寶翠園) comprises eight blocks of 332 residential units with gross floor area of 40,500 sq.m. No. 5 Residence (北京路5號公館) is a residential building on top of a commercial/retail podium, altogether with a total gross floor area of 20,300 sq.m. Renovation works are in progress and, subject to market conditions, both projects are planned for pre-sale by first quarter of 2009.

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



Botanica Phase 1 and site plan, Guangzhou, PRC

Detailed design of our 50/50 joint venture project at **459-471 Longjinzhong Road** in Liwan District has been in place. Construction works are expected to commence by mid 2009 with scheduled completion in 2011.

Preliminary development plans for the other three sites at **45-65** and **67-107 Beijing Nan Road** and **Dong Guan Zhuan** (東莞莊) in Tianhe District are in progress.

CHAIRMAN'S STATEMENT *(Continued)*

BUSINESS REVIEW *(Continued)*

3. Property Development *(Continued)*

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

Cha's Centre, Chongqing, PRC

In July 2007, the Group 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, which is wholly-owned by the Group, is known as **Cha's Centre** (查氏中心). It is a twin-tower project with a total gross floor area of approximately 108,000 sq.m., comprising a 28,000 sq.m. grade A office tower and a 28,000 sq.m. commercial/apartment tower, both on top of a 32,000 sq.m. retail/commercial podium and 20,000 sq.m. underground carparks. Superstructure has been completed and external curtain wall is under installation. Renovation works will be completed by mid 2009. Leasing and pre-sale programs are being planned.

For the adjacent project, the Group together with its joint venture partner are currently formulating a development plan for a commercial, hotel and serviced apartment complex with a total gross floor area of about 134,000 sq.m.

Canada

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

CHAIRMAN'S STATEMENT *(Continued)*

BUSINESS REVIEW *(Continued)*

3. Property Development *(Continued)*

Development Land Bank

Including jointly-controlled entities, the Group 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 the Group's property development operations in the coming three years or so. The Group is also actively looking for further investment opportunities, mainly in PRC cities.

4. Property Investment

The Group's investment properties consist of **The Bauhinia/Honwell Commercial Centre** (**寶軒及漢貿商業中心**), **Hon Kwok Jordan Centre** (**漢國佐敦中心**), **Hon Kwok TST Centre** (**漢國尖沙咀中心**), various carparks in Provident Centre (和富中心), Lido Garden (麗都花園) and Shining Court (順寧居) together with the commercial podium of **City Square** (**城市天地廣場**) in Shenzhen. Projected rental income is expected to grow substantially upon completion of extensive renovation works, especially for the three buildings which will comprise hotel rooms.

5. Serviced Apartments and Hotel Operations

Based on the experience and success in running our 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 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. The Group 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, the Group expects a substantial improvement in the rental yield as well as the capital value of the property.

The Group continues to look for opportunities in expanding our "Bauhinia (寶軒)" serviced apartments/hotel operations in Hong Kong, Shenzhen, Guangzhou and other PRC cities.

CHAIRMAN'S STATEMENT *(Continued)*

OUTLOOK

Given the continued trend of oil prices breaking record highs, coupled with the financial crisis resulting from the sub-prime property mortgage market in the USA, the general economy of the States is likely to slip into recession in the months ahead. Contraction in capital value of properties and stock investment has evaporated both corporation and personal wealth and dampened investor sentiment. World-wide economic growth, including Hong Kong and Mainland China, is expected to slow down.

In China, the Central Government has recently further tightened their monetary and lending policies by raising reserve requirement of major banks to a record high of 17.5%. Its intended purposes are to curb the over-heated property and stock markets with a view to maintain longer term stability and suppress inflationary pressure. Fortunately, most of our projects under development in the Mainland China were acquired at relatively low land costs and in more populated areas in the cities. In this regard, I must thank our Board of Directors for their dedications and efforts in recruiting and working with competent executives who are well equipped with technical skills, market acumen, creativity and having close working relationships with government authorities and bankers.

In the past financial year and thereafter, the Group has captured the up trend property market in Hong Kong through the sales of various residential flats, carparking spaces, nine ground floor shops at Kensington Plaza (金威廣場) and Yien Yieh Commercial Building (鹽業商業大廈). Coupled with the repatriation of return on investment from our Toronto project, total cash proceeds available to the Group will amount to approximately HK$881 million. This funding not only enabled the Group to reduce its bank gearing by HK$429 million at balance sheet date, but also provide the Group with sufficient liquidity for seeking new investment opportunities under the possibly weak and vulnerable property market in the short term future. I am confident that the Group is capable of meeting the coming challenges, scaling new heights and enhancing investment value to shareholders.

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 the Managing Director of the Company in 1985 and became the Chairman in 1990. He is the chairman of Chinney Investments, Limited ("Chinney Investments"), a director of Chinney Holdings Limited ("Chinney Holdings") and Lucky Year Finance Limited ("Lucky Year"), all being substantial shareholders of the Company. He is also the chairman of Chinney Alliance Group Limited ("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 1985. She is a director of Chinney Investments, Chinney Holdings and Lucky Year, all being substantial shareholders of the Company. She is also a director of HKR International Limited. Chinney Investments and HKR International Limited are both listed on the Stock Exchange.

Herman Man-Hei Fung

Aged 70, was appointed as the General Manager of the Company in 1986, a director of the Company in 1988 and Managing Director in 1991. Mr. Fung stepped down from the executive post of Managing Director on 31 October 2002 and became the Vice-Chairman since 1 November 2002. He is the managing director of Chinney Investments and a director of Chinney Holdings and Lucky Year, all being substantial shareholders of the Company. He is also a non-executive director of Chinney Alliance. Chinney Investments and Chinney Alliance are both listed on the Stock Exchange. He has actively participated in the property investment and development business for the past 37 years and has extensive experience in finance, marketing, construction and general administration of the real estate business.

Dennis Kwok-Wing Cheung

Aged 57, joined the Company in 1995 and was appointed as an Executive Director of the Company in January 2006. He has over 20 years of experience in property development in The People's Republic of China (the "PRC"). He holds a Master's degree in Business Administration and a Diploma in Chinese Law from the University of East Asia, Macau and is a member of the Certified General Accountants Association of Ontario, Canada.

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

DIRECTORS *(Continued)*

Zuric Yuen-Keung Chan

Aged 53, was appointed as a director of the Company in December 2003 and re-designated as an Executive Director of the Company in January 2007. He is also a director of Chinney Alliance, which is listed on the Stock Exchange. He 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.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Daniel Chi-Wai Tse

Aged 73, was appointed as an independent non-executive director of the Company in 1993. He is the Council Chairman of the University of Macau and the President Emeritus of the Hong Kong Baptist University. He was the President and Vice-Chancellor of the Hong Kong Baptist University for 30 years and retired in June 2001. He holds a Ph.D. in Physics from the University of Pittsburgh, USA. He was appointed a Justice of the Peace for Hong Kong in 1977 and was awarded a Gold Bauhinia Star in 1998.

Kenneth Kin-Hing Lam

Aged 54, was appointed as an independent non-executive director of the Company in 2004. He is the deputy chairman and director of Quam Limited, which is listed on the Stock Exchange, and also the managing director of Quam Capital (Holdings) Limited. He is a director of Seamico Securities Public Company Limited, a publicly listed company in Thailand, and has previously held directorship in other publicly listed company in Thailand. He is also the vice-chairman of The Institute of Securities Dealers Limited. He had worked for a Dutch international bank for 10 years as the head of its PRC and corporate banking operations. He has more than 26 years of experience in corporate finance and banking. Mr. Lam holds a Bachelor’s Degree in Economics and Computer Science from the University of Western Ontario, Canada and a Master’s Degree in Business Administration from the Chinese University of Hong Kong.

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

INDEPENDENT NON-EXECUTIVE DIRECTORS *(Continued)*

Hsin-Kang Chang

Aged 68, was appointed as an independent non-executive director of the Company in 2007. He is an independent non-executive director of PCCW Limited, a company listed on the Stock Exchange. He became an Honorary Professor of Tsinghua University and Wei Lun Senior Visiting Scholar in September 2007 and Yeh-Lu Xun Chair Professor in Social Sciences at Peking University in November 2007. He was the President and University Professor of City University of Hong Kong from 1996 to 2007. Prior to that, he served as Dean of the School of Engineering of the University of Pittsburgh, USA, Founding Dean of the School of Engineering of the Hong Kong University of Science and Technology and the chairman of Department of Biomedical Engineering of University of Southern California, USA. Professor Chang taught at several major universities in North America and served in a number of science and technology organisations and public advisory bodies in the United States and Hong Kong.

Professor Chang holds a Bachelor's Degree in Civil Engineering from the National Taiwan University, a Master's Degree in Structural Engineering from Stanford University, USA and a Ph.D in Biomedical Engineering from Northwestern University, USA. He is a Foreign Member of the Royal Academy of Engineering of the United Kingdom and a Chevalier de la Légion d'Honnneur of France. He was appointed a Justice of the Peace in 1999 and was awarded Gold Bauhinia Star in 2002 by the Government of Hong Kong.

SENIOR MANAGEMENT

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.

Jason Chi-Kit Tso

Aged 43, joined the Company in 1998 and is the Deputy General Manager of Hon Kwok Land Investment (China) Limited. He has 20 years of experience in the field of architecture, project management and property development. He is an Authorised Person under the list of architects. He holds a Bachelor's Degree in Architecture from The University of Hong Kong and is a member of the Hong Kong Institute of Architects.

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

SENIOR MANAGEMENT *(Continued)*

Chi-Kin Lam

Aged 53, joined the Company in 2003 and is the Assistant General Manager – Asset Management of the Company. He has 23 years of experience in large scale parking facilities and property services management. He is a chartered member of the Chartered Institute of Logistics and Transport.

Thomas Hang-Cheong Ma

Aged 42, joined the Company in 1994 and is the Financial Controller of the Company. He has 19 years of experience in the accounting field. He 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)*
Dennis Kwok-Wing Cheung
Zuric Yuen-Keung Chan

Non-Executive Directors

Madeline May-Lung Wong
Herman Man-Hei Fung *(Vice-Chairman)*

Independent Non-Executive Directors

Daniel Chi-Wai Tse	
Kenneth Kin-Hing Lam	
Hsin-Kang Chang	(appointed on 15 November 2007)
Patrick Yen-Tse Tsai	(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 13 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, two 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 two full board meetings were held for the year ended 31 March 2008.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of the chairman and chief executive officer were not performed by separate individuals as is stipulated in CG Code provision A.2.1. James Sai-Wing Wong, the Chairman of the Company, assumes the role of the Chairman and also the chief executive officer who is responsible for overseeing the function of the Board and formulating overall strategies of and organising the implementation structure for the Company and also managing the Group's overall business operations. Given the nature of the Group's businesses which require considerable market expertise, the Board believed that the vesting of the two roles for the time being provides the Group with stable and consistent leadership and allows for more effective planning and implementation of long term business strategies. The Board will continuously review the effectiveness of the structure to balance the power and authority of the Board and the management.

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 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 provides 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.

CORPORATE GOVERNANCE REPORT *(Continued)*

At the forthcoming annual general meeting, in accordance with article 95 of the Articles of Association, Hsin-Kang Chang, being a director appointed by the Board after the Company's last annual general meeting held on 14 September 2007 (the "Last AGM") shall retire and, being eligible, offer himself for re-election and in accordance with article 104 of the Articles of Association, Madeline May-Lung Wong and Daniel Chi-Wai Tse shall retire by rotation and, being eligible, offer themselves for re-election.

REMUNERATION OF DIRECTORS

The Remuneration Committee was established in December 2005. On 15 November 2007, Patrick Yen-Tse Tsai ceased as a member of the Remuneration Committee and Kenneth Kin-Hing Lam was appointed as a member of the Remuneration Committee. The Remuneration Committee currently comprises three members, namely Herman Man-Hei Fung, Daniel Chi-Wai Tse and Kenneth Kin-Hing Lam.

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, Patrick Yen-Tse Tsai ceased as a member and the chairman of the Audit Committee, Hsin-Kang Chang was appointed as a member of the Audit Committee and Kenneth Kin-Hing Lam was further appointed as the chairman of the Audit Committee. The Audit Committee currently comprises three members, namely Kenneth Kin-Hing Lam, Daniel Chi-Wai Tse and Hsin-Kang Chang and they are all independent non-executive directors 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.

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	2	1	2
James Sai-Wing Wong	2	N/A	N/A
Madeline May-Lung Wong	0	N/A	N/A
Herman Man-Hei Fung	2	1	2
Dennis Kwok-Wing Cheung	2	N/A	2
Zuric Yuen-Keung Chan	2	N/A	1
Daniel Chi-Wai Tse	0	1	2
Kenneth Kin-Hing Lam *(appointed as member of the Remuneration Committee and the chairman of the Audit Committee on 15 November 2007)*	1	N/A	2
Hsin-Kang Chang *(appointed as director and member of the Audit Committee on 15 November 2007)*	1	N/A	1
Patrick Yen-Tse Tsai *(resigned as director on 15 November 2007)*	0	0	0

CORPORATE GOVERNANCE REPORT *(Continued)*

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.

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	1,729
Non-audit services (tax compliance services and other services)	937
	2,666

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 37 and 38 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.

CG Code provision E.1.2 stipulates that the Chairman of the Board should attend the annual general meeting and arrange for the chairmen of the Audit and Remuneration Committees or in the absence of the chairman of such committees, another member of the committee or failing this his duly appointed delegate, to be available to answer questions at the annual general meeting.

James Sai-Wing Wong, the Chairman of the Company, and the members of the Audit Committee of the Company were unable to attend the Last AGM as they had other business engagements. Herman Man-Hei Fung, the Vice-Chairman of the Company, took the chair of the Last AGM. The Board believed that Herman Man-Hei Fung together with the executive directors of the Company who attended the Last AGM were competent to answer the shareholders' queries.

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 in the Company's website as stipulated in CG Code Provision 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 acts as an investment holding company and provides management services to its subsidiaries. Its subsidiaries are mainly engaged in property development, property investment and property related activities. There have been no changes in the nature of the Group's principal activities during the year. Further details of the Company's principal subsidiaries are set out in note 18 to the financial statements.

FINANCIAL RESULTS

The Group's profit for the year ended 31 March 2008 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 39 to 120.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and financial resources

The total interest-bearing debts of the Group amounted to HK$1,708 million as at 31 March 2008 (2007: HK$2,119 million), of which approximately 34% of the debts were due and repayable within one year.

Total cash and bank balances including time deposits were HK$519 million as at 31 March 2008 (2007: HK$459 million). The Group had a total of HK$707 million committed but undrawn banking facilities at year end available for its working capital purpose.

Total shareholders' funds as at 31 March 2008 was approximately HK$3,102 million (2007: HK$2,599 million). The increase was mainly due to current year's profit attributable to shareholders.

The gearing ratio of the Group, as measured by the net interest-bearing debts of approximately HK$1,189 million (2007: HK$1,660 million) over the total shareholders' funds of approximately HK$3,102 million (2007: HK$2,599 million), was 38% as at 31 March 2008 (2007: 64%).

In November 2007, the Group entered into an agreement with a syndicate of banks on a 3-year club loan facility of HK$280 million. The facility provides additional financial resources to the Group for its property activities in Hong Kong and Mainland China.

REPORT OF THE DIRECTORS *(Continued)*

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Liquidity and financial resources *(Continued)*

In March 2008, the Group entered into a provisional sale and purchase agreement to dispose of Yien Yieh Commercial Building for a cash consideration of HK$335 million. The disposal is expected to generate net cash proceeds, after repayment of related bank loans and expenses, of approximately HK$282 million to the Group. The above disposal, upon completion by the end of July 2008, will further enhance the financial position of the Group.

Use of proceeds from share placement

In November 2006, the Group issued 80 million new shares at a price of HK$4.05 per share and generated net cash proceeds of HK$315 million for general working capital of the Group, including acquisition of landbank. During the year ended 31 March 2007, the Group utilised HK$65 million for general working capital, applied HK$130 million for temporary repayment of bank borrowings with the balance of HK$120 million being retained as cash and bank balances at year-end. During the year under review, the Group further utilised HK$141 million for general working capital, including the acquisition of the Chongqing lands.

Funding and treasury policies

The Group adopts prudent funding and treasury policies. Surplus funds are primarily maintained in the form of cash deposits with leading banks.

Acquisition and development of properties are financed partly by internal resources and partly by borrowings including secured bank loans and convertible bonds. Repayments of bank loans are scheduled to match asset lives and project completion dates. 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.

Foreign currency exposure is monitored closely by the management and hedged to the extent desirable. As at 31 March 2008, the Group had no material exposure under foreign exchange contracts or any other hedging instruments.

Pledge of assets

Properties with an aggregate carrying value of HK$3,920 million as at 31 March 2008 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 32 to the financial statements.

REPORT OF THE DIRECTORS *(Continued)*

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Employees and remuneration policies

The Group, not including its jointly-controlled entities, employed approximately 310 employees 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 12.5 Hong Kong cents per ordinary share for the year ended 31 March 2008 (2007: 12.5 Hong Kong cents) to shareholders whose names appear on the Company's register of members on 11 September 2008.

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 results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements, is set out on page 121. 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 14 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 15 to the financial statements.

REPORT OF THE DIRECTORS *(Continued)*

INVESTMENT PROPERTIES

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

PARTICULARS OF PROPERTIES

Particulars of the major properties held by the Group are set out on pages 122 to 126 which do not form part of the audited financial statements.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 30(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$636,976,000, of which HK$60,036,000 has been proposed as a final dividend for the year. In addition, the Company's share premium account, in the amount of HK$396,352,000, may be distributed in the form of fully paid bonus shares.

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	
Herman Man-Hei Fung	
Dennis Kwok-Wing Cheung	
Zuric Yuen-Keung Chan	
Daniel Chi-Wai Tse*	
Kenneth Kin-Hing Lam*	
Hsin-Kang Chang*	(appointed on 15 November 2007)
Patrick Yen-Tse Tsai*	(resigned on 15 November 2007)

* *Independent non-executive directors*

In accordance with article 95 of the Articles of Association, Hsin-Kang Chang 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, Madeline May-Lung Wong and Daniel Chi-Wai Tse will retire by rotation at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

REPORT OF THE DIRECTORS *(Continued)*

DIRECTORS *(Continued)*

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 as independent.

DETAILS OF RETIRING DIRECTORS TO BE RE-ELECTED

(a) Hsin-Kang Chang

Aged 68, was appointed as an independent non-executive director of the Company in 2007. Professor Chang was not appointed for a specific term but is subject to retirement by rotation and re-election at the Company's annual general meeting.

Professor Chang is an independent non-executive director of PCCW Limited, a company listed on the Stock Exchange. He was previously an independent non-executive director of Fortis Asia Holdings Limited (formerly Pacific Century Insurance Holdings Limited), a company which has withdrawn its listing on the Stock Exchange in August 2007. He holds a Bachelor's Degree in Civil Engineering from the National Taiwan University, a Master's Degree in Structural Engineering from Stanford University, USA and a Ph.D in Biomedical Engineering from Northwestern University, USA. He is a Foreign Member of the Royal Academy of Engineering of the United Kingdom and a Chevalier de la Légion d'Honnneur of France. He was appointed a Justice of the Peace in 1999 and was awarded Gold Bauhinia Star in 2002 by the Government of Hong Kong.

Professor Chang became an Honorary Professor of Tsinghua University and Wei Lun Senior Visiting Scholar in September 2007 and Yeh-Lu Xun Chair Professor in Social Sciences at Peking University in November 2007. He was the President and University Professor of City University of Hong Kong from 1996 to 2007. Prior to that, he served as Dean of the School of Engineering of the University of Pittsburgh, USA, Founding Dean of the School of Engineering of the Hong Kong University of Science and Technology and the chairman of Department of Biomedical Engineering of University of Southern California, USA. Professor Chang taught at several major universities in North America and served in a number of science and technology organisations and public advisory bodies in the United States and Hong Kong.

At the date of this report, Professor Chang 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 Professor Chang. He is entitled to a director's fee of HK$75,000 per annum.

REPORT OF THE DIRECTORS *(Continued)*

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

(a) Hsin-Kang Chang

Save as disclosed above, there is no other information relating to Professor Chang 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 need to be brought to the attention of the shareholders of the Company.

(b) Madeline May-Lung Wong

Aged 68, was appointed as a director of the Company in 1985. Ms. Wong was not appointed for a specific term but is subject to retirement by rotation and re-election at the Company's annual general meeting.

Ms. Wong is a director of Chinney Investments, Chinney Holdings and Lucky Year, all being substantial shareholders of the Company. She is also a director of HKR International Limited. Chinney Investments and HKR International Limited are both listed on the the Stock Exchange.

At the date of this report, Ms. Wong was deemed to be interested in 254,426,553 shares of the Company, 306,959,324 shares in Chinney Investments, 9,900,000 shares in Chinney Holdings and 10,000 shares in Lucky Year within the meaning of Part XV of the SFO. Ms. Wong's interests in the shares of the Company is through her interest in Chinney Investments, which is a subsidiary of Chinney Holdings. Chinney Holdings is in turn a subsidiary of Lucky Year.

Ms. Wong together with James Sai-Wing Wong, director and substantial shareholder of the Company, held all the issued share capital of Lucky Year and they are partners in several private investments. Save as disclosed above, Ms. Wong 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 Ms. Wong and no remuneration has been paid to Ms. Wong.

Save as disclosed above, there is no other information relating to Ms. Wong 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 need to be brought to the attention of the shareholders of the Company.

REPORT OF THE DIRECTORS *(Continued)*

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

(c) Daniel Chi-Wai Tse

Aged 73, was appointed as an independent non-executive director of the Company in 1993. Dr. Tse 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. Tse is the Council Chairman of the University of Macau and the President Emeritus of the Hong Kong Baptist University. He was the President and Vice-Chancellor of the Hong Kong Baptist University for 30 years and retired in June 2001. He holds a Ph.D. in Physics from the University of Pittsburgh, USA. He was appointed a Justice of the Peace for Hong Kong in 1977 and was awarded a Gold Bauhinia Star in 1998. Dr. Tse did not hold any directorship in other listed companies in the past three years.

At the date of this report, Dr. Tse 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. Tse. He is entitled to a director's fee of HK$75,000 per annum.

Save as disclosed above, there is no other information relating to Dr. Tse 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 need 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 13 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 Company within one year without payment other than statutory compensation.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

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	254,240,553	52.94
Madeline May-Lung Wong	*1 & 2*	Corporate	254,240,553	52.94
Herman Man-Hei Fung	*1*	Personal	300,000	0.06

(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*	Chinney Investments	Corporate	306,959,324	55.67
	1 & 4	Chinney Holdings	Corporate	9,900,000	99.00
			Personal	100,000	1.00
		Lucky Year	Personal	10,000	50.00
	1 & 5	Guangzhou Honkwok Fuqiang Land Development Ltd.	Corporate	RMB185,000,000	100.00
Madeline May-Lung Wong	*1 & 3*	Chinney Investments	Corporate	306,959,324	55.67
	1 & 4	Chinney Holdings	Corporate	9,900,000	99.00
		Lucky Year	Personal	10,000	50.00
Zuric Yuen-Keung Chan	*1*	Chinney Contractors Company Limited	Personal	2,645	13.95

REPORT OF THE DIRECTORS *(Continued)*

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 Investments, which is a subsidiary of Chinney Holdings. More than one-third of the equity capital of Chinney Holdings is owned by Lucky Year of which James Sai-Wing Wong and Madeline May-Lung Wong are also directors and have beneficial interests therein.*

3. *These shares are beneficially held by Chinney Holdings. By virtue of note 2, James Sai-Wing Wong and Madeline May-Lung Wong are deemed to be interested in these shares.*

4. *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.*

5. *Out of the RMB185,000,000 paid up registered capital, RMB111,000,000 is held by a wholly-owned subsidiary of the Company and RMB74,000,000 is held by a company controlled by James Sai-Wing Wong. By virtue of note 2, James Sai-Wing Wong is deemed to be interested in this company.*

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 are required to be recorded in the register kept by the Company under section 352 of the SFO, or which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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.

DIRECTORS' INTERESTS IN CONTRACTS

Except as disclosed in note 36 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.

DIRECTORS' REMUNERATION

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

REPORT OF THE DIRECTORS *(Continued)*

DIRECTORS' REMUNERATION *(Continued)*

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.

MANAGEMENT CONTRACTS

The Company has entered into a management contract with Chinney Investments for the provision of general corporate management services. The contract is for an unspecified duration and may be terminated by either party by giving the other party two-month written notice.

During the year, the Company paid a management fee of HK$6,000,000 to Chinney Investments (2007: HK$6,000,000). James Sai-Wing Wong, Madeline May-Lung Wong and Herman Man-Hei Fung, the directors of the Company, are also the directors of Chinney Investments.

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

As at 31 March 2008, so far as is known to the directors of the Company, the following substantial shareholders and other persons (other than the 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	*Notes*	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital
Chinney Investments	*1 & 2*	Directly beneficially owned	254,240,553	52.94
Chinney Holdings	*1 & 2*	Through a controlled corporation	254,240,553	52.94
Lucky Year	*1 & 2*	Through a controlled corporation	254,240,553	52.94
DJE Investment S.A.	*1 & 3*	Directly beneficially owned	33,618,000	7.00
Dr. Jens Ehrhardt Kapital AG	*1 & 3*	Through a controlled corporation	33,618,000	7.00
Dr. Jens Alfred Karl Ehrhardt	*1 & 3*	Through a controlled corporation	33,618,000	7.00
Morgan Stanley	*1 & 4*	Directly beneficially owned	36,250,000	7.55

REPORT OF THE DIRECTORS *(Continued)*

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES *(Continued)*

Notes:

1. *All the interests stated above represent long positions.*

2. *Chinney Investments, Chinney Holdings and Lucky Year are deemed to be interested in the same parcel of shares by virtue of section 316 of the SFO.*

3. *DJE Investment S.A., Dr. Jens Ehrhardt Kapital AG and Dr. Jens Alfred Karl Ehrhardt are deemed to be interested in the same parcel of shares by virtue of section 316 of the SFO.*

4. *In June 2006, a wholly-owned subsidiary of the Company issued 3.5% convertible guaranteed bonds due 2011 (the "Bonds") with a principal sum of HK$280 million. The bondholders have the right to convert the Bonds into shares of the Company at a conversion price, subject to adjustment in certain events, of HK$4 per share. Morgan Stanley subscribed for a principal sum of HK$145 million of the Bonds and was regarded to be interested in 36,250,000 shares of the Company at the issue date of the Bonds. The Bonds are freely transferable and there has been no conversion of the Bonds since issuance.*

   Based on the corporate substantial shareholder notice, Morgan Stanley disclosed it held a long position of 36,250,000 shares of the Company as at 5 February 2008.

Save as disclosed herein, as at 31 March 2008, none of the substantial shareholders or other persons (other than the 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.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the year, (i) James Sai-Wing Wong, Chairman of the Company, have deemed interests and held directorships in companies engaged in property investment; 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 TRANSACTION

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.

On 11 May 2007, a wholly-owned 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 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 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 substantial shareholder of the Company. These two acquisitions were completed on 4 July 2007.

DISCLOSURE PURSUANT TO RULE 13.18 OF THE LISTING RULES

On 22 November 2007, Hon Kwok Treasury Limited, a wholly-owned subsidiary of the Company, 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 the Group.

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

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.

REPORT OF THE DIRECTORS *(Continued)*

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report, based on the 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

During the year under review, purchases from the Group's five largest suppliers accounted for 62% of the total purchases for the year. Purchases from the Group's largest supplier included therein totalled 31%. Sales to the Group's five largest customers accounted for less than 30% of the total sales for the year.

None of the directors of the Company, 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 39 to the financial statements.

AUDITORS

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board
Herman Man-Hei Fung
Vice-Chairman

Hong Kong, 17 July 2008

INDEPENDENT AUDITORS' REPORT

ERNST & YOUNG
安 永

To the shareholders of Hon Kwok Land Investment Company, Limited（漢國置業有限公司）
(Incorporated in Hong Kong with limited liability)

We have audited the financial statements of Hon Kwok Land Investment Company, Limited set out on pages 39 to 120, 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 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
REVENUE	5	**1,250,745**	392,218
Cost of sales		**(1,009,228)**	(269,157)
Gross profit		**241,517**	123,061
Other income	5	**44,588**	12,824
Fair value gains on investment properties, net		**381,004**	190,613
Gain on disposal of investment properties		**15,550**	9,443
Excess over the cost of a business combination on acquisition of minority interests in a subsidiary		**–**	51,179
Administrative expenses		**(65,731)**	(58,032)
Other operating expenses, net		**(21,522)**	(74,244)
Finance costs	6	**(79,954)**	(87,816)
Share of profits and losses of jointly-controlled entities		**493**	122
PROFIT BEFORE TAX	7	**515,945**	167,150
Tax	10	**(79,021)**	(61,713)
PROFIT FOR THE YEAR		**436,924**	105,437
Attributable to:			
Equity holders of the Company	11	**399,516**	101,401
Minority interests		**37,408**	4,036
		436,924	105,437
DIVIDEND – proposed final	12	**60,036**	60,036
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	13		
Basic		**HK$0.83**	HK$0.24
Diluted		**HK$0.77**	N/A

BALANCE SHEETS

31 March 2008

		Group		Company	
		2008	2007	**2008**	2007
	Notes	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
NON-CURRENT ASSETS					
Property, plant and equipment	*14*	**26,395**	25,490	**1,587**	1,964
Properties under development	*15*	**1,699,408**	1,533,280	**–**	–
Investment properties	*16*	**2,373,878**	2,034,341	**–**	–
Investment deposits	*17*	**–**	187,847	**–**	–
Interests in subsidiaries	*18*	**–**	–	**1**	1
Interests in jointly-controlled entities	*19*	**55,880**	34,189	**–**	–
Total non-current assets		**4,155,561**	3,815,147	**1,588**	1,965
CURRENT ASSETS					
Amounts due from subsidiaries	*18*	**–**	–	**1,898,736**	2,164,924
Amounts due from jointly-controlled entities	*19*	**159,417**	141,539	**–**	–
Tax recoverable		**464**	62	**–**	–
Properties held for sale	*20*	**523,230**	1,015,450	**–**	–
Trade receivables	*21*	**5,550**	25,753	**–**	–
Prepayments, deposits and other receivables	*22*	**27,806**	32,378	**1,449**	1,389
Pledged deposits	*23*	**–**	41,400	**–**	–
Cash and cash equivalents	*23*	**519,226**	417,903	**169,390**	120,575
Total current assets		**1,235,693**	1,674,485	**2,069,575**	2,286,888
CURRENT LIABILITIES					
Amounts due to subsidiaries	*18*	**–**	–	**550,915**	611,037
Amount due to a minority shareholder	*24*	**–**	18,077	**–**	–
Trade payables and accrued liabilities	*25*	**144,836**	207,874	**5,977**	6,177
Interest-bearing bank borrowings	*26*	**576,999**	514,566	**–**	1,680
Amount due to a related company	*36*	**44**	28	**–**	–
Customer deposits		**38,528**	195,825	**–**	–
Tax payable		**58,126**	70,899	**–**	–
Total current liabilities		**818,533**	1,007,269	**556,892**	618,894
NET CURRENT ASSETS		**417,160**	667,216	**1,512,683**	1,667,994
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,572,721**	4,482,363	**1,514,271**	1,669,959

BALANCE SHEETS *(Continued)*

31 March 2008

		Group		Company	
		2008	2007	**2008**	2007
	Notes	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,572,721**	4,482,363	**1,514,271**	1,669,959
NON-CURRENT LIABILITIES					
Interest-bearing bank borrowings	*26*	**851,267**	1,342,295	**–**	159,660
Convertible bonds	*27*	**279,980**	262,361	**–**	–
Deferred tax liabilities	*28*	**190,879**	147,348	**–**	–
Total non-current liabilities		**1,322,126**	1,752,004	**–**	159,660
Net assets		**3,250,595**	2,730,359	**1,514,271**	1,510,299
EQUITY					
Equity attributable to equity holders of the Company					
Issued capital	*29*	**480,286**	480,286	**480,286**	480,286
Equity component of convertible bonds	*27*	**24,826**	24,826	**–**	–
Reserves	*30*	**2,537,126**	2,033,928	**973,949**	969,977
Proposed final dividend	*12*	**60,036**	60,036	**60,036**	60,036
		3,102,274	2,599,076	**1,514,271**	1,510,299
Minority interests		**148,321**	131,283	**–**	–
Total equity		**3,250,595**	2,730,359	**1,514,271**	1,510,299

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										
	Notes	Issued capital HK$'000 (note 29)	Share premium account HK$'000 (note 29)	Special capital reserve HK$'000	Capital redemption reserve HK$'000	Equity component of convertible bonds HK$'000 (note 27)	Exchange fluctuation reserve HK$'000	Retained profits HK$'000	Proposed final dividend HK$'000	Total HK$'000	Minority interests HK$'000	Total equity HK$'000
At 1 April 2006		400,239	161,410	223,480	10	–	(34,469)	1,260,134	44,026	2,054,830	293,487	2,348,317
Exchange realignment		–	–	–	–	–	86,222	–	–	86,222	9,112	95,334
Total income and expense for the year recognised directly in equity		–	–	–	–	–	86,222	–	–	86,222	9,112	95,334
Profit for the year		–	–	–	–	–	–	101,401	–	101,401	4,036	105,437
Total income and expense for the year		–	–	–	–	–	86,222	101,401	–	187,623	13,148	200,771
Acquisition of minority interests		–	–	–	–	–	–	–	–	–	(101,811)	(101,811)
Release of capital contribution obligated from minority shareholders		–	–	–	–	–	–	–	–	–	(73,541)	(73,541)
Final 2006 dividend declared		–	–	–	–	–	–	–	(44,026)	(44,026)	–	(44,026)
Release of exchange fluctuation reserve upon disposal of business of foreign operations	7	–	–	–	–	–	60,834	–	–	60,834	–	60,834
Issue of shares	29	80,047	244,146	–	–	–	–	–	–	324,193	–	324,193
Share issue expenses	29	–	(9,204)	–	–	–	–	–	–	(9,204)	–	(9,204)
Transfer on issue of shares	29	–	–	(223,480)	–	–	–	223,480	–	–	–	–
Issue of convertible bonds	27	–	–	–	–	24,826	–	–	–	24,826	–	24,826
Proposed final 2007 dividend	12	–	–	–	–	–	–	(60,036)	60,036	–	–	–
At 31 March 2007		480,286	396,352	–	10	24,826	112,587	1,524,979	60,036	2,599,076	131,283	2,730,359

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(Continued)*

Year ended 31 March 2008

		Attributable to equity holders of the Company									
	Notes	Issued capital *HK$'000*	Share premium account *HK$'000*	Capital redemption reserve *HK$'000*	Equity component of convertible bonds *HK$'000*	Exchange fluctuation reserve *HK$'000*	Retained profits *HK$'000*	Proposed final dividend *HK$'000*	Total *HK$'000*	Minority interests *HK$'000*	Total equity *HK$'000*
At 1 April 2007		480,286	396,352	10	24,826	112,587	1,524,979	60,036	2,599,076	131,283	2,730,359
Exchange realignment		–	–	–	–	192,233	–	–	192,233	13,026	205,259
Total income and expense for the year recognised directly in equity		–	–	–	–	192,233	–	–	192,233	13,026	205,259
Profit for the year		–	–	–	–	–	399,516	–	399,516	37,408	436,924
Total income and expense for the year		–	–	–	–	192,233	399,516	–	591,749	50,434	642,183
Acquisition of minority interests		–	–	–	–	–	–	–	–	(213)	(213)
Dividends paid to minority shareholders		–	–	–	–	–	–	–	–	(33,183)	(33,183)
Final 2007 dividend declared		–	–	–	–	–	–	(60,036)	(60,036)	–	(60,036)
Release of exchange fluctuation reserve upon return of investment of a foreign subsidiary		–	–	–	–	(28,515)	–	–	(28,515)	–	(28,515)
Proposed final 2008 dividend	*12*	–	–	–	–	–	(60,036)	60,036	–	–	–
At 31 March 2008		480,286	396,352*	10*	24,826	276,305*	1,864,459*	60,036	3,102,274	148,321	3,250,595

* *These reserve accounts comprise the consolidated reserves of HK$2,537,126,000 (2007: HK$2,033,928,000) 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 before tax		**515,945**	167,150
Adjustments for:			
Finance costs	6	**79,954**	87,816
Share of profits and losses of jointly-controlled entities		**(493)**	(122)
Interest income	7	**(10,750)**	(7,151)
Depreciation	7	**2,993**	2,596
Gain on disposal of investment properties	7	**(15,550)**	(9,443)
Loss on disposal of items of property, plant and equipment	7	**–**	33
Excess over the cost of a business combination on acquisition of minority interests in a subsidiary		**–**	(51,179)
Fair value gains on investment properties, net	7	**(381,004)**	(190,613)
Impairment of other receivable	7	**10,524**	–
Write-down of properties held for sale to net realisable value	7	**–**	7,000
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
		173,104	66,921
Increase in properties under development		**(249,621)**	(209,360)
Decrease in properties held for sale		**914,096**	6,623
Decrease in trade receivables		**20,203**	112,269
Decrease/(increase) in prepayments, deposits and other receivables		**(2,855)**	30,721
Decrease in trade payables and accrued liabilities		**(82,477)**	(21,094)
Increase/(decrease) in an amount due to a related company		**16**	(2,450)
Increase/(decrease) in customer deposits		**(160,346)**	68,957
Cash generated from operations		**612,120**	52,587
Overseas taxes paid		**(65,736)**	(5,126)
Net cash inflow from operating activities		**546,384**	47,461

CONSOLIDATED CASH FLOW STATEMENT *(Continued)*

Year ended 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
Net cash inflow from operating activities		**546,384**	47,461
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**10,750**	7,253
Purchases of items of property, plant and equipment	14	**(1,695)**	(3,475)
Proceeds from disposal of investment properties		**109,545**	163,762
Additions to investment properties	16	**(11,114)**	(7,927)
Decrease/(increase) in investment deposits		**112,638**	(187,847)
Decrease in pledged deposits		**41,400**	–
Increase in amounts due from jointly-controlled entities		**(16,343)**	(10,463)
Acquisition of a jointly-controlled entity		**(4,590)**	–
Acquisition of minority interests		**(213)**	(50,632)
Net cash inflow/(outflow) from investing activities		**240,378**	(89,329)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	29	**–**	324,193
Share issue expenses	29	**–**	(9,204)
Proceeds from issue of convertible bonds	27	**–**	280,000
Convertible bond issue expenses		**–**	(7,405)
Interest paid		**(103,491)**	(111,166)
New bank loans		**431,389**	158,977
Repayment of bank loans		**(932,802)**	(510,200)
Dividend paid		**(60,036)**	(44,026)
Dividends paid to minority shareholders		**(33,183)**	–
Decrease in amounts due to minority shareholders		**(19,937)**	(45,292)
Net cash inflow/(outflow) from financing activities		**(718,060)**	35,877
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**68,702**	(5,991)
Cash and cash equivalents at beginning of year		**417,903**	406,454
Effect of foreign exchange rates changes, net		**32,621**	17,440
CASH AND CASH EQUIVALENTS AT END OF YEAR		**519,226**	417,903

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	23	**403,356**	417,903
Non-pledged time deposits with original maturity of less than three months when acquired	23	**115,870**	–
		519,226	417,903

NOTES TO THE FINANCIAL STATEMENTS

31 March 2008

1. CORPORATE INFORMATION

Hon Kwok Land Investment Company, Limited is a limited liability 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 mainly in property development, property investment and property related activities.

The immediate holding company of the Group is Chinney Investments, Limited ("Chinney Investments"), a company incorporated and listed 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, 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.

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 parent 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.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

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 interpretation 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.

(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 38 to the financial statements.

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

(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.

(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 transactions, the interpretation has had no impact on 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

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 Payment – 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*

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.

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

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 fulfil 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.

The revised HKFRS 3 introduces a number of changes in the accounting for business combinations that will impact 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.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

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

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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

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.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 asset under the equity method of accounting, less any impairment loss. 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.

Goodwill

Goodwill arising on the acquisition of subsidiaries 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 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Goodwill *(Continued)*

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

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 financial assets, properties under development, investment properties and properties held for sale), 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.

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.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

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	5% or over the unexpired terms of the leases
Leasehold improvements	20%
Furniture and equipment	20%
Motor vehicles	20%

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.

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 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.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

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.

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.

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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

Financial liabilities including trade payables, interest-bearing bank borrowings, an amount due to a minority shareholder, an amount due to a related company 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.

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.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

- in respect of taxable temporary differences associated with investments in subsidiaries 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.

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 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 profits 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.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

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) income from the sale of 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 properties sold;

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

(c) property management income, on an accrual basis, in the period in which the relevant services are rendered; and

(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.

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.

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit 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 independently administered funds. 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Employee benefits *(Continued)*

Pension schemes (Continued)

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 percentage of their payroll costs to the central pension scheme. The contributions are charged to the income statement as they become payable in accordance with the rules of the central pension scheme.

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.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

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 and jointly-controlled entities 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.

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 have 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.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

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 15 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 agreed with contractors and suppliers; and (iii) professional estimation on construction and material costs.

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.

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

Estimation uncertainty *(Continued)*

Estimation of fair value of investment properties (Continued)

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 16 to the financial statements.

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 were initially recorded, such differences will impact on the income tax and deferred tax provisions in the periods in which such determination is made.

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 28 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

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 property development segment develops properties for sale;

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

(c) 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.

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.

4. SEGMENT INFORMATION *(Continued)*

(a) Business segments

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

	Property development		Property investment		Others		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:								
Sales to external customers	**1,156,454**	290,545	**58,377**	73,334	**35,914**	28,339	**1,250,745**	392,218
Segment results	**186,873**	49,970	**436,464**	185,923	**6,497**	3,880	**629,834**	239,773
Interest income							**10,750**	7,151
Unallocated gains							**147**	228
Unallocated expenses							**(45,325)**	(43,487)
Finance costs							**(79,954)**	(87,816)
Excess over the cost of a business combination on acquisition of minority interests in a subsidiary							**–**	51,179
Share of profits and losses of jointly-controlled entities	**493**	122	**–**	–	**–**	–	**493**	122
Profit before tax							**515,945**	167,150
Tax							**(79,021)**	(61,713)
Profit for the year							**436,924**	105,437

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

4. SEGMENT INFORMATION *(Continued)*

(a) Business segments *(Continued)*

	Property development		Property investment		Others		Eliminations		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Assets and liabilities										
Segment assets	**2,272,159**	2,807,155	**2,435,050**	2,042,960	**2,287,384**	2,427,062	**(2,338,326)**	(2,422,638)	**4,656,267**	4,854,539
Interests in jointly-controlled entities	**55,880**	34,189	**–**	–	**–**	–	**–**	–	**55,880**	34,189
Amounts due from jointly-controlled entities	**159,417**	141,539	**–**	–	**–**	–	**–**	–	**159,417**	141,539
Unallocated assets									**519,690**	459,365
Total assets									**5,391,254**	5,489,632
Segment liabilities	**1,317,561**	1,725,850	**1,134,520**	1,086,933	**69,653**	13,582	**(2,338,326)**	(2,422,638)	**183,408**	403,727
Unallocated liabilities									**1,957,251**	2,355,546
Total liabilities									**2,140,659**	2,759,273
Other segment information:										
Depreciation	**1,961**	1,865	**116**	122	**916**	609	**–**	–	**2,993**	2,596
Fair value gains on investment properties, net	**–**	–	**381,004**	190,613	**–**	–	**–**	–	**381,004**	190,613
Release of exchange fluctuation reserve upon return of investment of a foreign subsidiary	**28,515**	–	**–**	–	**–**	–	**–**	–	**28,515**	–
Release of exchange fluctuation reserve upon disposal of business of foreign operations	**–**	–	**–**	60,834	**–**	–	**–**	–	**–**	60,834
Capital expenditure	**1,195**	957	**22**	18	**478**	2,500	**–**	–	**1,695**	3,475

4. SEGMENT INFORMATION *(Continued)*

(b) Geographical segments

The following table presents 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		Malaysia		Canada		Eliminations		Consolidated	
	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*
Segment revenue:												
Sales to external customers	**315,058**	103,496	**3,303**	280,055	**–**	8,667	**932,384**	–	**–**	–	**1,250,745**	392,218
Other segment information:												
Segment assets	**3,319,997**	3,233,687	**3,024,721**	2,562,389	**2,720**	3,820	**124,601**	790,357	**(1,080,785)**	(1,100,621)	**5,391,254**	5,489,632
Capital expenditure	**500**	2,518	**1,195**	957	**–**	–	**–**	–	**–**	–	**1,695**	3,475

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

5. REVENUE AND OTHER INCOME

Revenue, which is also the Group's turnover, represents income from the sale of properties, gross rental income and property management income during the year.

An analysis of revenue and other income is as follows:

	Group	
	2008	2007
	HK$'000	*HK$'000*
Revenue		
Sale of properties	**1,156,454**	290,545
Gross rental income	**91,580**	98,902
Property management income	**2,711**	2,771
	1,250,745	392,218
Other income		
Bank interest income	**7,827**	6,952
Interest income from mortgage loans receivable	**136**	199
Other interest income	**2,787**	–
Other property management income	**–**	2,843
Release of exchange fluctuation reserve upon return of investment of a foreign subsidiary	**28,515**	–
Others	**5,323**	2,830
	44,588	12,824

6. FINANCE COSTS

	Group	
	2008	2007
	HK$'000	*HK$'000*
Interest on bank loans, overdrafts and other loans (including convertible bonds) wholly repayable within five years	**120,274**	124,508
Less: Amounts capitalised under property development projects	**(40,320)**	(36,692)
	79,954	87,816

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

7. PROFIT BEFORE TAX

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

	2008	2007
	HK$'000	*HK$'000*
Cost of properties sold	**964,744**	221,894
Depreciation	**2,993**	2,596
Minimum lease payments under operating leases on land and buildings	**2,681**	1,853
Auditors' remuneration	**1,729**	1,586
Employee benefit expense (including directors' remuneration *(note 8)*):		
Wages, salaries, allowances and benefits in kind	**28,811**	25,686
Pension scheme contributions	**1,077**	982
	29,888	26,668
Gross rental income	**(91,580)**	(98,902)
Less: Outgoing expenses*	**44,484**	47,263
	(47,096)	(51,639)
Impairment of other receivable	**10,524**	–
Loss on disposal of items of property, plant and equipment	**–**	33
Interest income	**(10,750)**	(7,151)
Fair value gains on investment properties, net	**(381,004)**	(190,613)
Gain on disposal of investment properties	**(15,550)**	(9,443)
Release of exchange fluctuation reserve upon return of investment of a foreign subsidiary	**(28,515)**	–
Excess over the cost of a business combination on acquisition of minority interests in a subsidiary	**–**	(51,179)
Write-down of properties held for sale to net realisable value	**–**	7,000
Release of exchange fluctuation reserve upon disposal of business of foreign operations	**–**	60,834

At the balance sheet date, the amount of forfeited pension scheme contributions available to the Group for future utilisation was not significant.

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

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

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	**226**	150
Other emoluments:		
Salaries, allowances and benefits in kind	**3,501**	2,252
Discretionary performance related bonuses*	**2,347**	2,000
Pension scheme contributions	**137**	114
	5,985	4,366
	6,211	4,516

* *Certain executive directors of the Company are entitled to bonus payments which are determined based on the individual performance of these directors during the year.*

(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*
Daniel Chi-Wai Tse	**63**	50
Patrick Yen-Tse Tsai	**63**	50
Kenneth Kin-Hing Lam	**63**	50
Hsin-Kang Chang	**37**	–
	226	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	**–**	**–**	**–**	**–**	**–**
Dennis Kwok-Wing Cheung	**–**	**2,070**	**1,500**	**125**	**3,695**
Zuric Yuen-Keung Chan	**–**	**1,431**	**847**	**12**	**2,290**
	–	**3,501**	**2,347**	**137**	**5,985**
Non-executive directors:					
Madeline May-Lung Wong	**–**	**–**	**–**	**–**	**–**
Herman Man-Hei Fung	**–**	**–**	**–**	**–**	**–**
	–	**–**	**–**	**–**	**–**
	–	**3,501**	**2,347**	**137**	**5,985**
2007					
Executive directors:					
James Sai-Wing Wong	–	–	–	–	–
Dennis Kwok-Wing Cheung	–	1,905	1,500	111	3,516
Zuric Yuen-Keung Chan	–	347	500	3	850
	–	2,252	2,000	114	4,366
Non-executive directors:					
Madeline May-Lung Wong	–	–	–	–	–
Herman Man-Hei Fung	–	–	–	–	–
	–	–	–	–	–
	–	2,252	2,000	114	4,366

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

9. FIVE HIGHEST PAID EMPLOYEES

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

	Group	
	2008	2007
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**4,444**	5,071
Pension scheme contributions	**196**	239
	4,640	5,310

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

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

10. TAX

No provision for Hong Kong profits tax has been made as the Group has available tax losses brought forward from prior years to offset the assessable profits generated during the year (2007: Nil). 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.

10. TAX *(Continued)*

	2008	2007
	HK$'000	*HK$'000*
Group:		
Current – Elsewhere	**45,207**	21,748
Deferred *(note 28)*	**33,814**	39,965
Total tax charge for the year	**79,021**	61,713

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

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*
Profit before tax	**515,945**	167,150
Tax at the statutory rate of 17.5% (2007: 17.5%)	**90,290**	29,251
Effect of different rates for companies operating in other jurisdictions	**35,277**	10,505
Effect on opening deferred tax of increase in rates *(note 28)*	**–**	15,311
Adjustments in respect of deferred tax arising from change in tax base of certain investment properties	**(15,981)**	–
Income not subject to tax	**(44,101)**	(13,018)
Expenses not deductible for tax	**14,493**	16,900
Tax losses utilised from previous periods	**(2,116)**	(718)
Tax losses not recognised	**2,841**	8,091
Profits and losses attributable to jointly-controlled entities	**(86)**	(22)
Previously unrecognised tax losses now recognised as deferred tax assets	**(612)**	(3,436)
Others	**(984)**	(1,151)
Tax charge at the Group's effective rate	**79,021**	61,713

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

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

10. TAX *(Continued)*

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 a preferential rate 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.

No share of tax attributable to jointly-controlled entities was included in "Share of profits and losses of jointly-controlled entities" on the face of the consolidated income statement.

11. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The consolidated profit attributable to equity holders of the Company for the year ended 31 March 2008 includes a profit of HK$64,008,000 (2007: HK$62,909,000) which has been dealt with in the financial statements of the Company (note 30(b)).

12. DIVIDEND

	2008	2007
	HK$'000	*HK$'000*
Proposed final – 12.5 HK cents (2007: 12.5 HK cents) per ordinary share	**60,036**	60,036

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

13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

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

The calculation of diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the Company, adjusted to reflect the interest on the convertible bonds, where applicable (see below). The weighted average number of ordinary shares used in the calculation is the weighted average number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued on the deemed conversion of all dilutive potential ordinary shares into ordinary shares.

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

The calculations of basic and diluted earnings per share are based on:

	2008 **HK$'000**	2007 HK$'000
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	**399,516**	101,401
Interest on convertible bonds, net of tax	**22,621**	16,081
Profit attributable to ordinary equity holders of the Company before interest on convertible bonds	**422,137**	117,482*

	Number of shares **2008**	2007
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**480,286,201**	427,213,479
Effect of dilution – weighted average number of ordinary shares:		
Convertible bonds	**70,000,000**	53,315,068
	550,286,201	480,528,547*

* *Last year, because the diluted earnings per share amount was increased when taking convertible bonds into account, the convertible bonds had an anti-dilutive effect on the basic earnings per share for that year. Therefore, no diluted earnings per share amount was disclosed.*

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

14. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold land and buildings *HK$'000*	Leasehold improvements *HK$'000*	Furniture and equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
31 March 2008					
At 31 March 2007 and at 1 April 2007:					
Cost	21,860	2,035	7,596	3,369	34,860
Accumulated depreciation	(2,080)	(487)	(5,365)	(1,438)	(9,370)
Net carrying amount	19,780	1,548	2,231	1,931	25,490
At 1 April 2007, net of accumulated depreciation	19,780	1,548	2,231	1,931	25,490
Additions	–	–	781	914	1,695
Depreciation provided during the year	(1,082)	(347)	(894)	(670)	(2,993)
Exchange realignment	1,978	–	83	142	2,203
At 31 March 2008, net of accumulated depreciation	**20,676**	**1,201**	**2,201**	**2,317**	**26,395**
At 31 March 2008:					
Cost	24,046	2,035	8,449	4,166	38,696
Accumulated depreciation	(3,370)	(834)	(6,248)	(1,849)	(12,301)
Net carrying amount	**20,676**	**1,201**	**2,201**	**2,317**	**26,395**

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

Group

	Leasehold land and buildings HK$'000	Leasehold improvements HK$'000	Furniture and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
31 March 2007					
At 1 April 2006:					
Cost	20,339	5,856	10,740	2,710	39,645
Accumulated depreciation	(879)	(5,660)	(8,639)	(927)	(16,105)
Net carrying amount	19,460	196	2,101	1,783	23,540
At 1 April 2006, net of accumulated depreciation	19,460	196	2,101	1,783	23,540
Additions	493	1,520	917	545	3,475
Disposals	–	–	(33)	–	(33)
Depreciation provided during the year	(1,156)	(168)	(801)	(471)	(2,596)
Exchange realignment	983	–	47	74	1,104
At 31 March 2007, net of accumulated depreciation	19,780	1,548	2,231	1,931	25,490
At 31 March 2007:					
Cost	21,860	2,035	7,596	3,369	34,860
Accumulated depreciation	(2,080)	(487)	(5,365)	(1,438)	(9,370)
Net carrying amount	19,780	1,548	2,231	1,931	25,490

The leasehold land and buildings are situated in Mainland China and are held under long term leases.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

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

Company

	Leasehold improvements *HK$'000*	Furniture and equipment *HK$'000*	Total *HK$'000*
31 March 2008			
At 31 March 2007 and at 1 April 2007:			
Cost	1,520	2,639	4,159
Accumulated depreciation	(126)	(2,069)	(2,195)
Net carrying amount	1,394	570	1,964
At 1 April 2007, net of accumulated depreciation	1,394	570	1,964
Additions	–	75	75
Depreciation provided during the year	(303)	(149)	(452)
At 31 March 2008, net of accumulated depreciation	**1,091**	**496**	**1,587**
At 31 March 2008:			
Cost	1,520	2,714	4,234
Accumulated depreciation	(429)	(2,218)	(2,647)
Net carrying amount	**1,091**	**496**	**1,587**

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

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

Company

	Leasehold improvements HK$'000	Furniture and equipment HK$'000	Total HK$'000
31 March 2007			
At 1 April 2006:			
Cost	5,347	5,866	11,213
Accumulated depreciation	(5,347)	(5,709)	(11,056)
Net carrying amount	–	157	157
At 1 April 2006, net of accumulated depreciation	–	157	157
Additions	1,520	507	2,027
Depreciation provided during the year	(126)	(94)	(220)
At 31 March 2007, net of accumulated depreciation	1,394	570	1,964
At 31 March 2007:			
Cost	1,520	2,639	4,159
Accumulated depreciation	(126)	(2,069)	(2,195)
Net carrying amount	1,394	570	1,964

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

15. 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 expense 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 26(a)(ii) to the financial statements.

Further particulars of the Group's properties under development are included in "Particulars of Properties" on pages 122 to 126.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

16. INVESTMENT PROPERTIES

Group

	2008	2007
	HK$'000	*HK$'000*
Carrying amount at beginning of year	**2,034,341**	1,971,631
Additions, at cost	**11,114**	7,927
Disposals	**(93,995)**	(155,740)
Net gains from a fair value adjustment	**381,004**	190,613
Exchange realignment	**41,414**	19,910
Carrying amount at end of year	**2,373,878**	2,034,341
Analysis 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	**693,100**	554,200
Medium term leasehold land and buildings in Mainland China	**477,778**	414,141
	2,373,878	2,034,341

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, independent professionally qualified valuers. Certain investment properties are leased to third parties under operating leases, further summary details of which are included in note 34(a) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

16. INVESTMENT PROPERTIES *(Continued)*

The Group's investment properties with an aggregate carrying value of HK$2,373,878,000 (2007: HK$2,034,341,000) 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 26(a)(i) to the financial statements. In addition, certain of the Group's bank loans are secured by assignments of rental income from the leases of the Group's investment properties as detailed in note 26(a)(vi).

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 amounted to HK$310,000,000. Further details of this transaction are set out in note 39 to the financial statements.

Further particulars of the Group's investment properties are included in "Particulars of Properties" on pages 122 to 126.

17. INVESTMENT DEPOSITS

Last year, investment deposits were paid by the Group in connection with acquisitions 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.

18. INTERESTS IN SUBSIDIARIES

	Company	
	2008	2007
	HK$'000	*HK$'000*
Unlisted shares, at cost	**1**	1
Due from subsidiaries	**2,766,667**	2,963,680
	2,766,668	2,963,681
Less: Impairment on amounts due from subsidiaries	**(867,931)**	(798,756)
	1,898,737	2,164,925

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.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

18. INTERESTS IN SUBSIDIARIES *(Continued)*

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	Indirect	Principal activities
Billion Capital Development Limited	Hong Kong	HK$2	100	–	Property investment
Chinney Property Management Limited	Hong Kong	HK$100	–	100	Property management
Cosmos Wealth Development Limited	Hong Kong	HK$1,000	–	100	Property development
CP Hotel & Guesthouse Management Limited	Hong Kong	HK$2	–	100	Property letting
CP Parking Limited	Hong Kong	HK$2	–	100	Carpark management
Crown Honour Developments Limited	Hong Kong	HK$2	100	–	Nominee services
Debest Development Limited	Hong Kong	HK$2	–	100	Property development
Full Yip Development Limited	BVI/ Hong Kong	US$1	–	100	Property holding and letting
Global Wealth Development Limited	Hong Kong	HK$1,000	–	100	Property investment
Guangzhou Honkwok Fuqiang Land Development Ltd.*#	People's Republic of China ("PRC")/ Mainland China	Renminbi ("RMB") 185,000,000	–	60	Property development
Guangzhou Honkwok Hengsheng Land Development Ltd.*#	PRC/Mainland China	RMB220,000,000	–	75	Property development
Guangzhou Hua Yin Land Development Co., Ltd.*#	PRC/Mainland China	RMB8,000,000	–	100	Property development
Guangzhou Zhong Lu Da Dao Real Estate Development Co., Ltd.*#	PRC/Mainland China	RMB64,893,250 (2007: RMB60,358,250)	–	100	Property development

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

18. 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	–	100	Property holding and letting
Hon Kwok Land Investment (China) Limited	Hong Kong	HK$2	100	–	Investment holding
Hon Kwok Land Investment (Shenzhen) Co., Ltd.*#	PRC/Mainland China	HK$30,000,000	–	100	Property development
Hon Kwok Land Treasury IV Limited	BVI	US$1	100	–	Financing
Hon Kwok Project Management Limited	Hong Kong	HK$2	100	–	Project management
Hon Kwok Treasury Limited	Hong Kong	HK$2	–	100	Financing
Honour Well Development Limited	Hong Kong	HK$2	–	100	Property holding and letting
Hotfield Land Investment (Chongqing) Co., Ltd.*#	PRC/Mainland China	US$7,550,000	–	100	Property development
Island Parking Limited	BVI/ Hong Kong	US$10	–	100	Property holding and letting
King Capital Development Limited	Hong Kong	HK$2	–	100	Property holding and letting
King Champion Limited	Hong Kong	HK$2	–	100	Property holding and letting

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

18. 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		Principal activities
			Direct	Indirect	
Lido Parking Limited	BVI/ Hong Kong	US$1	–	100	Property holding and letting
One City Hall Place Limited*	Canada	Canadian Dollars ("CAD") 100	–	75	Property development
Shenzhen Guanghai Investment Co., Ltd.*#	PRC/Mainland China	RMB200,000,000	–	100	Property development
Shenzhen Honkwok Huaye Development Co., Ltd.*#	PRC/Mainland China	RMB50,000,000	–	100	Property development
Victory Venture Development Limited	Hong Kong	HK$2	–	100	Property development
Wise Pacific Investment Limited	Hong Kong	HK$10,000	–	60	Money lending

* *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 enterprises with business duration of between 25 and 50 years.*

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.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

19. INTERESTS IN JOINTLY-CONTROLLED ENTITIES

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Unlisted shares, at cost	**–**	–	**–**	–
Share of net assets	**39,594**	17,903	**–**	–
Goodwill on acquisition	**16,286**	16,286	**–**	–
	55,880	34,189	**–**	–

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

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 activities
Foshan Nanhai XinDa Land Development Ltd.	Registered capital of HK$129,480,000	PRC	50	50	50	Property development
Guangzhou Lian Cheng Real Estate Co., Ltd.	Registered capital of RMB95,000,000	PRC	50	50	50	Property development
Hunnewell Limited	Ordinary share capital of HK$1,000,000	Hong Kong	50	50	50	Property development
King Success Limited	Ordinary share capital of HK$10,000	Hong Kong	50	50	50	Property development
Two City Hall Place Limited	Common share capital of CAD100	Canada	50	50	50	Property development
Vast Champ Investment (Chongqing) Co., Ltd.	Registered capital of US$2,000,000	PRC	50	50	50	Property development

All of the above interests 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

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

Last year, the application of 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	**199,459**	163,688
Total current assets	**9,335**	8,214
Total current liabilities	**(169,200)**	(153,998)
Total non-current liabilities	**–**	(1)
Net assets	**39,594**	17,903
Share of the jointly-controlled entities' results:		
Total revenue	**848**	585
Total expenses	**(355)**	(463)
Profit for the year	**493**	122

20. PROPERTIES HELD FOR SALE

Included in the balances are completed properties of HK$192,978,000 (2007: HK$379,092,000) and incomplete properties with established pre-sale programmes of HK$330,252,000 (2007: HK$636,358,000).

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

Certain of the Group's properties held for sale with an aggregate carrying value of HK$363,631,000 (2007: HK$1,005,769,000) at the balance sheet date were pledged to secure the banking facilities granted to the Group as detailed in note 26(a)(iii) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

21. TRADE RECEIVABLES

An aged analysis of the trade 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	**5,393**	25,311
1 to 2 months	**110**	269
2 to 3 months	**47**	46
Over 3 months	**–**	127
	5,550	25,753

Monthly rent in respect of leased properties is payable in advance by the tenants pursuant to the terms of the tenancy agreements. The balance of the consideration in respect of sold properties is payable by the purchasers pursuant to the terms of the sale and purchase agreements. Overdue trade debts are followed up closely by management and are provided for in full in case of non-recoverability. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

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

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

	Group	
	2008	2007
	HK$'000	*HK$'000*
Neither past due nor impaired	**3,940**	22,558
Less than 1 month past due	**1,453**	2,753
1 to 3 months past due	**157**	442
	5,550	25,753

21. TRADE RECEIVABLES *(Continued)*

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

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Prepayments	**1,114**	1,906	**251**	234
Deposits	**15,592**	6,159	**1,178**	1,129
Other receivables	**21,624**	24,313	**20**	26
Impairment	**(10,524)**	–	**–**	–
	27,806	32,378	**1,449**	1,389

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 with a carrying amount of HK$10,524,000. The Group does not hold any collateral or other credit enhancements over this balance.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES *(Continued)*

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.

23. 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	**403,356**	417,903	**149,373**	120,575
Time deposits	**115,870**	41,400	**20,017**	–
	519,226	459,303	**169,390**	120,575
Less: Pledged time deposits pledged for bank loans	**–**	(41,400)	**–**	–
Cash and cash equivalents	**519,226**	417,903	**169,390**	120,575

At the balance sheet date, the cash and bank balances of the Group denominated in RMB amounted to HK$267,191,000 (2007: HK$211,890,000). 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 deposits are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximate to their fair values.

24. AMOUNT DUE TO A MINORITY SHAREHOLDER

As at 31 March 2007, the amount due to the minority shareholder of a subsidiary was unsecured, interest-free and repayable on demand.

The carrying amount of the balance due to the minority shareholder approximated to its fair value.

25. TRADE PAYABLES AND ACCRUED LIABILITIES

Included in the trade payables and accrued liabilities are trade payables of HK$9,211,000 (2007: HK$1,216,000). 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	**9,211**	1,216

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

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

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

26. INTEREST-BEARING BANK BORROWINGS

Group

	2008			2007		
	Effective interest rate (%)	**Maturity**	**2008 HK$'000**	Effective interest rate (%)	Maturity	2007 HK$'000
Current						
Bank loans – unsecured	**3.6**	**2008**	**14,000**	5.9	2007	54,000
Bank loans – secured	**2.3-7.6**	**2008-2009**	**562,999**	4.7-6.3	2007-2008	460,566
			576,999			514,566
Non-current						
Bank loans – unsecured	**3.6**	**2009-2010**	**126,000**	4.7-4.8	2009	150,000
Bank loans – secured	**2.3-7.6**	**2009-2012**	**725,267**	4.7-6.3	2008-2012	1,192,295
			851,267			1,342,295
			1,428,266			1,856,861

Company

	2008			2007		
	Effective interest rate (%)	**Maturity**	**2008 HK$'000**	Effective interest rate (%)	Maturity	2007 HK$'000
Current						
Bank loans – secured	**–**	**–**	**–**	5.2	2007-2008	1,680
			–			1,680
Non-current						
Bank loans – unsecured	**–**	**–**	**–**	4.7-4.8	2009	150,000
Bank loans – secured	**–**	**–**	**–**	5.2	2008	9,660
			–			159,660
			–			161,340

26. INTEREST-BEARING BANK BORROWINGS *(Continued)*

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Analysed into:				
Bank loans repayable:				
Within one year or on demand	**576,999**	514,566	**–**	1,680
In the second year	**317,200**	671,195	**–**	159,660
In the third to fifth years, inclusive	**534,067**	671,100	**–**	–
	1,428,266	1,856,861	**–**	161,340

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$2,034,341,000);

(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$363,631,000 (2007: HK$1,005,769,000);

(iv) pledge of the Group's time deposits in the prior year which had a carrying value of HK$41,400,000 at 31 March 2007;

(v) pledge of cash deposits equivalent to HK$150,000,000 provided by the ultimate holding company of the Group in the prior year; and

(vi) assignments of rental income from the leases of the Group's investment properties.

(b) Irrevocable and unconditional guarantees have been given by the Company in respect of bank borrowings of certain subsidiaries and convertible bonds of a subsidiary. In addition, the Company has subordinated its loans to certain subsidiaries in favour of the relevant lending banks.

(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 denominated in Canadian dollars equivalent to HK$383,631,000, all bank borrowings at the balance sheet date were denominated in Hong Kong dollars.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

26. INTEREST-BEARING BANK BORROWINGS *(Continued)*

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	**–**	**140,000**	–	204,000
Bank loans – secured	**506,744**	**781,522**	333,429	1,319,432

	Company			
	2008		2007	
	Fixed rate	**Floating rate**	Fixed rate	Floating rate
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Bank loans – unsecured	**–**	**–**	–	150,000
Bank loans – secured	**–**	**–**	–	11,340

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

27. CONVERTIBLE BONDS

On 27 June 2006, the Group issued convertible bonds due June 2011 at par for a principal sum of HK$280 million (the "Bonds"). The Bonds are guaranteed by the Company 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 the Company 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 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 the Company. 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.

27. CONVERTIBLE BONDS *(Continued)*

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	**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

28. DEFERRED TAX

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

Group

	2008		
	Depreciation allowance in excess of related depreciation	**Revaluation of properties**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
At 1 April 2007	189	147,159	147,348
Deferred tax charged to the income statement during the year *(note 10)*	–	33,814	33,814
Exchange realignment	–	9,717	9,717
At 31 March 2008	**189**	**190,690**	**190,879**

	2007		
	Depreciation allowance in excess of related depreciation	Revaluation of properties	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 April 2006	1,610	101,836	103,446
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)*	(1,421)	41,386	39,965
Exchange realignment	–	3,937	3,937
At 31 March 2007	189	147,159	147,348

28. DEFERRED TAX *(Continued)*

At the balance sheet date, the Group had unrecognised taxable temporary differences of HK$7,646,000 (2007: HK$716,000) and unrecognised tax losses of HK$1,022,485,000 (2007: HK$916,528,000) available to offset against future profits. The deductible temporary differences and tax losses have not been recognised as it is uncertain that there will be sufficient future taxable profit available against the utilisation of these temporary differences.

At 31 March 2008, there was 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 liabilities 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.

The Company had no significant unrecognised deferred tax liability (2007: Nil).

29. SHARE CAPITAL

	2008	2007
	HK$'000	*HK$'000*
Authorised:		
1,750,000,000 ordinary shares of HK$1.00 each	**1,750,000**	1,750,000
Issued and fully paid:		
480,286,201 ordinary shares of HK$1.00 each	**480,286**	480,286

Pursuant to a court order dated 17 October 2000, the nominal value of the shares of the Company was adjusted from HK$0.50 to HK$0.10 by way of a capital reduction. The authorised share capital of the Company was restored to its original amount of HK$1,750,000,000 by the creation of 14,000,000,000 additional new shares of HK$0.10 each at the same time.

As a result of the capital reduction, a credit of HK$533,658,876 based on the 1,334,147,191 shares of the Company then in issue was transferred from the share capital account to a special capital reserve account. The Company has undertaken that the special capital reserve:

(a) shall not be treated as a realised profit; and

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

29. SHARE CAPITAL *(Continued)*

(b) shall, for so long as the Company remains a listed company (as defined in the Hong Kong Companies Ordinance), be treated as an undistributable reserve of the Company for the purposes of section 79C of the Hong Kong Companies Ordinance or any statutory re-enactment or modification thereof, provided always that the amount standing to the credit of the special capital reserve may be reduced (i) by the aggregate of any increase in the issued share capital or in the share premium account of the Company resulting from an issue of shares for cash or other new consideration; or (ii) upon a capitalisation of distributable reserves after the capital reduction.

In prior years, new shares were issued upon a rights issue and a share placement, which resulted in HK$310,179,000, representing the amount of shares issued together with the corresponding premium, being released from the special capital reserve and credited to retained profits.

On 15 November 2006, the Company entered into a placing arrangement with Chinney Investments and a placing agent pursuant to which the placing agent placed on a fully underwritten basis 80,047,700 existing shares held by Chinney Investments to independent third parties at a price of HK$4.05 per share. Concurrently, Chinney Investments subscribed for 80,047,700 new shares of the Company at the same price of HK$4.05 per share. The subscription was completed on 29 November 2006 and the Company's issued capital and share premium were increased by HK$80,047,000 and HK$234,942,000 (net of share issue expenses), respectively. Accordingly, the remaining special capital reserve, amounting to HK$223,480,000, was released and credited to retained profits in that year.

A summary of the transactions during the prior year with reference to the above movements in the Company's issued share capital is as follows:

	Number of shares in issue	Issued capital	Share premium account	Total
		HK$'000	*HK$'000*	*HK$'000*
At 1 April 2006	400,238,501	400,239	161,410	561,649
Share placement	80,047,700	80,047	244,146	324,193
Share issue expenses	–	–	(9,204)	(9,204)
At 31 March 2007, 1 April 2007 and 31 March 2008	480,286,201	480,286	396,352	876,638

30. 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 pages 42 and 43 of the financial statements.

(b) Company

	Notes	Share premium account HK$'000	Special capital reserve HK$'000	Capital reserve HK$'000	Capital redemption reserve HK$'000	Retained profits HK$'000	Total reserves HK$'000
At 1 April 2006		161,410	223,480	647	10	346,615	732,162
Issue of shares	29	244,146	–	–	–	–	244,146
Share issue expenses	29	(9,204)	–	–	–	–	(9,204)
Transfer on issue of shares	29	–	(223,480)	–	–	223,480	–
Profit for the year		–	–	–	–	62,909	62,909
Proposed final 2007 dividend	12	–	–	–	–	(60,036)	(60,036)
At 31 March 2007		396,352	–	647	10	572,968	969,977
Profit for the year		–	–	–	–	64,008	64,008
Proposed final 2008 dividend	12	–	–	–	–	(60,036)	(60,036)
At 31 March 2008		**396,352**	**–**	**647**	**10**	**576,940**	**973,949**

31. MAJOR NON-CASH TRANSACTIONS

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

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

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

32. CONTINGENT LIABILITIES

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Guarantees given to banks in connection with facilities granted to its subsidiaries	**–**	–	**1,035,529**	978,460

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$1,035,529,000 (2007: HK$978,460,000).

33. PLEDGE OF ASSETS

Details of the Group's bank loans, which are secured by the assets of the Group, are included in note 26 to the financial statements.

34. 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.

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	**13,519**	16,504
In the second to fifth years, inclusive	**7,034**	12,926
	20,553	29,430

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 26(a)(vi).

At the balance sheet date, the Company had no operating lease arrangement as lessor.

34. OPERATING LEASE ARRANGEMENTS *(Continued)*

(b) As lessee

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

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

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Within one year	**16,671**	14,460	**3,482**	3,482
In the second to fifth years, inclusive	**7,543**	10,894	**1,292**	4,778
	24,214	25,354	**4,774**	8,260

35. CAPITAL COMMITMENTS

In addition to the operating lease commitments detailed in note 34(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 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).

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

36. RELATED PARTY TRANSACTIONS

In addition to those transactions and balances disclosed elsewhere in these financial statements, the Group had the following related party transactions during the year.

(a) During the year, the Group had transactions with companies in which James Sai-Wing Wong and Madeline May-Lung Wong, directors of the Company, have beneficial interests. The significant transactions are summarised below:

		Group	
		2008	2007
	Notes	***HK$'000***	*HK$'000*
Commission paid to the ultimate holding company	*(i)*	**2,625**	2,625
Management fees paid to the immediate holding company	*(ii)*	**6,000**	6,000

Notes:

(i) The commission was paid to the ultimate holding company for the provision of cash security for certain bank loans granted to the Company 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.

(ii) The management fees were charged based on the underlying costs incurred by the immediate holding company.

(b) Other transactions with related parties

(i) The Company 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, the Company 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, the Company served notices to early terminate the financing arrangement and cancelled the bank loan facilities on 31 March 2008. Please refer to paragraph (a)(i) above for the commission paid during the year.

36. RELATED PARTY TRANSACTIONS *(Continued)*

(b) Other transactions with related parties *(Continued)*

(ii) On 11 May 2007, a wholly-owned 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 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 related shareholder's loan to the Group at an aggregate cash consideration of HK$12 million. The considerations of the transactions were mutually agreed among the parties. Enhancement Investments Limited is controlled by James Sai-Wing Wong, director and substantial shareholder of the Company. These two acquisitions were completed on 4 July 2007.

(c) Outstanding balances with related parties

As disclosed in the balance sheets, the Group and the Company had outstanding balances with its subsidiaries, jointly-controlled entities, a minority shareholder and a related company on which the Company's immediate holding company has significant influence. Particulars of the terms of balances with the subsidiaries, jointly-controlled entities and the minority shareholder are set out in the respective notes to the financial statements. The balance with the related company is unsecured, interest-free, and has no fixed terms of repayment. The carrying amounts of the balances with these related parties approximate to their fair value.

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

	2008	2007
	HK$'000	*HK$'000*
Short term employee benefits	**15,892**	13,095
Post-employment benefits	**615**	582
	16,507	13,677

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

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

37. FINANCIAL INSTRUMENTS BY CATEGORY

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

Financial assets

	Group	
	Loans and receivables	
	2008	2007
	HK$'000	*HK$'000*
Amounts due from jointly-controlled entities	**159,417**	141,539
Trade receivables	**5,550**	25,753
Financial assets included in prepayments, deposits and other receivables *(note 22)*	**26,692**	30,472
Pledged deposits	**–**	41,400
Cash and cash equivalents	**519,226**	417,903
	710,885	657,067

Financial liabilities

	Financial liabilities at amortised cost	
	2008	2007
	HK$'000	*HK$'000*
Amount due to a minority shareholder	**–**	18,077
Financial liabilities included in trade payables and accrued liabilities	**117,080**	197,671
Interest-bearing bank borrowings	**1,428,266**	1,856,861
Amount due to a related company	**44**	28
Financial liabilities included in customer deposits	**4,843**	7,819
Convertible bonds	**279,980**	262,361
	1,830,213	2,342,817

37. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

Financial assets

	Company	
	Loans and receivables	
	2008	2007
	HK$'000	*HK$'000*
Amounts due from subsidiaries	**1,898,736**	2,164,924
Financial assets included in prepayments, deposits and other receivables *(note 22)*	**1,198**	1,155
Cash and cash equivalents	**169,390**	120,575
	2,069,324	2,286,654

Financial liabilities

	Financial liabilities at amortised cost	
	2008	2007
	HK$'000	*HK$'000*
Amounts due to subsidiaries	**550,915**	611,037
Financial liabilities included in trade payables and accrued liabilities	**5,171**	5,460
Interest-bearing bank borrowings	**–**	161,340
	556,086	777,837

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank loans and overdrafts, convertible bonds and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from operations.

It is, and has been, throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are foreign currency risk, interest rate risk, credit risk and liquidity risk. The management reviews and agrees policies for managing each of these risks and they are summarised below.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

38. 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 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 75% (2007: 74%) of the Group's sales are denominated in foreign currencies.

The following table demonstrates the sensitivity to a reasonably possible change in the RMB and CAD exchange rates 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 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 RMB	**5%**	**–**	**99,616**
If Hong Kong dollar strengthens against RMB	**(5%)**	**–**	**(99,616)**
If Hong Kong dollar weakens against CAD	**5%**	**5,416**	**10,101**
If Hong Kong dollar strengthens against CAD	**(5%)**	**(5,416)**	**(10,101)**
2007			
If Hong Kong dollar weakens against RMB	10%	–	172,068
If Hong Kong dollar strengthens against RMB	(10%)	–	(172,068)
If Hong Kong dollar weakens against CAD	10%	–	15,026
If Hong Kong dollar strengthens against CAD	(10%)	–	(15,026)

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

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 26 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.

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**	**(7,339)**	**(7,339)**
RMB	**50**	**670**	**670**
Hong Kong dollar	**(100)**	**7,339**	**7,339**
RMB	**(50)**	**(670)**	**(670)**
2007			
Hong Kong dollar	100	(10,093)	(10,093)
RMB	100	1,394	1,394
Hong Kong dollar	(100)	10,093	10,093
RMB	(100)	(1,394)	(1,394)

38. 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 due from jointly-controlled entities, other receivables, pledged deposits, and cash and cash equivalents, 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 21 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. 34% of the Group's debts, which comprise interest-bearing bank borrowings and convertible bonds, would mature in less than one year as at 31 March 2008 (2007: 24%) based on the carrying value of borrowings reflected in the financial statements.

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

Liquidity risk *(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, is 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	47,981	69,099	–	–	117,080
Interest-bearing bank borrowings	–	576,999	317,200	534,067	1,428,266
Amount due to a related company	44	–	–	–	44
Financial liabilities included in customer deposits	4,843	–	–	–	4,843
Convertible bonds	–	–	–	279,980	279,980
	52,868	646,098	317,200	814,047	1,830,213

	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*
Amount due to a minority shareholder	18,077	–	–	–	18,077
Financial liabilities included in trade payables and accrued liabilities	39,341	141,360	16,970	–	197,671
Interest-bearing bank borrowings	–	514,566	671,195	671,100	1,856,861
Amount due to a related company	28	–	–	–	28
Financial liabilities included in customer deposits	7,819	–	–	–	7,819
Convertible bonds	–	–	–	262,361	262,361
	65,265	655,926	688,165	933,461	2,342,817

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

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

Liquidity risk *(Continued)*

Company

	2008				
	On demand	**Less than 12 months**	**1 to 2 years**	**Over 2 years**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Amounts due to subsidiaries	**550,915**	**–**	**–**	**–**	**550,915**
Financial liabilities included in trade payables and accrued liabilities	**882**	**4,289**	**–**	**–**	**5,171**
	551,797	**4,289**	**–**	**–**	**556,086**

	2007				
	On demand	Less than 12 months	1 to 2 years	Over 2 years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Amounts due to subsidiaries	611,037	–	–	–	611,037
Financial liabilities included in trade payables and accrued liabilities	856	4,604	–	–	5,460
Interest-bearing bank borrowings	–	1,680	159,660	–	161,340
	611,893	6,284	159,660	–	777,837

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.

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

Capital management *(Continued)*

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. Net interest-bearing debts include interest-bearing bank 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*
Interest-bearing bank borrowings	**1,428,266**	1,856,861
Convertible bonds, the liability component	**279,980**	262,361
Less: Cash and cash equivalents and pledged deposits	**(519,226)**	(459,303)
Net interest-bearing debts	**1,189,020**	1,659,919
Equity attributable to equity holders of the Company	**3,102,274**	2,599,076
Gearing ratio	**38%**	64%

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31 March 2008

39. 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 Investments, the holding company of the Company, in lieu of holding a general meeting of the Company.

40. 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*
RESULTS					
REVENUE	**1,250,745**	392,218	1,059,427	176,212	330,727
PROFIT FOR THE YEAR	**436,924**	105,437	584,646	230,300	134,467
Profit attributable to:					
Equity holders of the Company	**399,516**	101,401	519,754	229,616	134,415
Minority interests	**37,408**	4,036	64,892	684	52
	436,924	105,437	584,646	230,300	134,467

	As at 31 March				
	2008	2007	2006	2005	2004
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS AND LIABILITIES					
TOTAL ASSETS	**5,391,254**	5,489,632	5,076,311	3,577,967	3,048,978
TOTAL LIABILITIES	**(2,140,659)**	(2,759,273)	(2,727,994)	(1,881,829)	(1,762,563)
NET ASSETS	**3,250,595**	2,730,359	2,348,317	1,696,138	1,286,415
MINORITY INTERESTS	**(148,321)**	(131,283)	(293,487)	(153,961)	(22,682)
SHAREHOLDERS' FUNDS	**3,102,274**	2,599,076	2,054,830	1,542,177	1,263,733

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	– –	50 50
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	–	50
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	–	75
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 –	60 60
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	100
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	–	100
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	–	100

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	–	100
9.	Cha's Centre (査氏中心) 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	100
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	–	50
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	–	50
HONG KONG							
12.	Lot 716 & Others in DD111, Yuen Long New Territories	–	35,386 sq.ft.	–	Temporary open storage	–	100

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.)	–	100
HONG KONG						
14.	Le Village (駿愉居) 49 Village Road Happy Valley Hong Kong	Residential	2 units	2,246 sq.ft.	2	50
15.	Kensington Plaza (金威廣場) 98 Parkes Street Jordan Kowloon	Commercial	9 ground floor shops*	6,649 sq.ft.	–	100
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	100

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	100
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	100
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	100
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	100
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	100

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	100
23.	Lido Garden (麗都花園) 41-63 Castle Peak Road Sham Tseng Tsuen Wan New Territories	115	Medium term lease	100
24.	Shining Court (順寧居) 439 Shun Ning Road Cheung Sha Wan Kowloon	26	Medium term lease	100

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Hon Kwok Land Investment Company, 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 3:30 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$1.00 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) the exercise of conversion rights attaching to the existing convertible guaranteed bonds; or (e) 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.