THE HONG KONG PARKVIEW GROUP LTD.

僑福建設企業機構*

ANNUAL REPORT 2008-2009　　二零零八年至二零零九年度年報

Stock Code 股份代號: 207

* *For identification purposes only*　僅供識別

公司資料 Corporate Information

執行董事
黃健華－主席
黃又華
黃幼華
黃德華

Executive Directors
Wong Kin Wah, George – Chairman
Hwang Yiou Hwa, Victor
Hwang Yiu Hwa, Richard
Hwang Teh Hwa, Tony

獨立非執行董事
劉漢銓金紫荊星章，太平紳士
林建明
胡國祥榮譽勳章

Independent Non-executive Directors
Lau Hon Chuen, Ambrose, G.B.S., J.P.
Lam Kin Ming, Lawrence
Wu Kwok Cheung, MH

公司秘書
蘇兆佳

Company Secretary
So Siu Kai

法定代表
黃健華
黃又華

Authorised Representatives
Wong Kin Wah, George
Hwang Yiou Hwa, Victor

註冊辦事處
Clarendon House, Church Street
Hamilton HM11, Bermuda

Registered Office
Clarendon House, Church Street
Hamilton HM11, Bermuda

香港總辦事處
香港大潭水塘道88號

Principal Office in Hong Kong
88 Tai Tam Reservoir Road
Hong Kong

核數師
德勤 • 關黃陳方會計師行

Auditors
Deloitte Touche Tohmatsu

主要往來銀行
中國銀行(香港)有限公司
中國工商銀行(亞洲)有限公司

Principal Bankers
Bank of China (Hong Kong) Limited
Industrial and Commercial Bank of China (Asia) Limited, Hong Kong

股份登記及過戶處
卓佳廣進有限公司
香港灣仔
皇后大道東二十八號
金鐘匯中心二十六樓

Registrars and Share Transfer Office
Tricor Progressive Limited
26th Floor
Tesbury Centre
28 Queen's Road East
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股份代號
207

Stock Code
207

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On behalf of the Board of Directors, I present the 2008/09 Annual Report to the Shareholders.

RESULTS

The Group's audited results for the financial year ended 31 March 2009 was a loss of HK$39,115,039 attributed to equity holders of the Company compared to a loss of HK$16,837,193 for the previous year.

REVIEW & OUTLOOK

The global financial turmoil triggered by the US subprime crisis and credit crunch continued to cast difficulties and uncertainties for businesses in 2008 and early 2009. During the year ended 31 March 2009, the Group continued to concentrate on its main investments in property development and hotel operations in China. The hotel operation was unable to generate positive result for the financial year.

After the completion and sales of the second phase of the property development project in Shanghai by a jointly controlled company in the last financial year, the Group has been continually looking for further development opportunities in that market. During the financial year 2009 however, conditions in China's real estate market deteriorated. This was largely due to the macroeconomic policies and measures implemented by the Government on the real estate market in the first half year of 2008, together with a significant downturn in the global financial market in the last quarter of 2008 and first quarter of 2009. Therefore, the Group has and will continue to exercise caution in its search for investment opportunities in the mainland property market.

The Group's interest in the Nanjing hotel project, Nanjing Dingshan Garden Hotel, reported a loss for the financial year. The outbreak of financial tsunami in the second half of 2008 brought unprecedented challenges to the hotel industry. Leisure and business travel, as well as consumer spending in the regions have been significantly reduced, thereby adversely affecting Dingshan Garden Hotel's operating results. As a result of uncertain economic outlook thereby rendering a significant decline in the valuation of the hotel, the management had to set aside provision for the impairment in value of this investment.

Meanwhile, the Group is still in discussions with its China partner over the shareholding issue and the completion of the second phase of the hotel. Once completed, the addition of 309 rooms is expected to improve the potential of the hotel and generate promising results for the Group in the long run.

The Group's strictly implemented cost control measures achieve some savings in administrative expenses during the year. The economic downturn will help us to refocus on streamlining our internal operations and reduce costs. It may also create opportunities for us to further develop our business.

APPRECIATION

Lastly, I would like to express my sincere thanks to all our staff for their hard work and loyalty and to our shareholders for their continued support.

Wong Kin Wah, George
Chairman

Hong Kong, 21 July 2009

OPERATING RESULTS

Turnover of the Group for the financial year ended 31 March 2009 amounted to HK$2,316,785. Loss attributable to shareholders for the year totaled HK$39,115,039.

PROPERTY & HOSPITALITY DIVISION

Nanjing Dingshan Garden Hotel, Nanjing, China

Only partially completed and not operating at full capacity, the 5-star hotel, not surprisingly, operated at a loss and could not generate a positive contribution for the financial year under the current economic condition. The management has made impairment of HK$16,500,000 in value of this investment taking into account the uncertain market environment.

The Group is continually engaging its China partner in active discussions to re-start the stalled work on the second phase as well as resolve the shareholding issue. These discussions have made some progress during the year towards a satisfactory resolution.

Shanghai Garden City, Shanghai, China

As all the residential units and a large number of shops were successfully sold in previous years, this segment did not bring much contribution to the Group for the current financial year. Nevertheless, a positive result is generated from the jointly controlled company in the current financial year. The Group is currently in the process of concluding the affairs of the Shanghai Joint Venture Company in order to further reduce operating costs.

The economic situations in which the global economy is not expected to recover significantly have shed reservations on the property market in the near term. The conservative approach adopted by the Group during the year under review proved to be successful as the property market in China showed further signs of slowing down in the second half of 2008 following macroeconomic adjustments introduced by the mainland government and the global economic decline.

TRADING SALES AND CONTRACT WORKS

The project-based sales remained weak and only a few small projects were undertaken during the financial year. This sector only recorded modest revenue. The small sales volume, coupled with thin profit margins, was inadequate to cover operating costs. In order to mitigate the impact of negative contribution, the Group continued to adopt measures in this sector which included stringent cost saving methods to cut down overheads and actively searching for new project opportunities.

FINANCIAL POSITION

Apart from the HK$4.0 million in bank overdrafts (2008: HK$4.1 million), the Group had a minimal amount of trade liabilities and commitments. The gearing ratio, representing the ratio of total bank borrowings to total assets, was 2.37% (2008: 2.16%).

The majority of income and expenses of the Group are dominated either in Yuan or Hong Kong Dollar. Hence the Group's exposure to fluctuations in the exchange rate is considered to be minimal and there is no need to make use of financial instruments for hedging purposes.

At 31 March 2009, the Group had HK$51.5 million net current liabilities (2008: HK$11.2 million net current liabilities).

CHARGES ON ASSETS

The Group did not have any charge on its assets as at 31 March 2009 (2008: nil).

CONTINGENT LIABILITIES

At the balance sheet date, the Group did not have any contingent liabilities.

EMPLOYEES AND REMUNERATION POLICIES

Total number of employees in the Group (excluding those under the payroll of the associates and a jointly controlled entity) at 31 March 2009 was 11 compared with 13 at 31 March 2008. Their remuneration, promotion and salary increments were assessed according to individual performance, as well as professional and working experience, and in accordance with prevailing industry practices.

The Group reviews remuneration packages from time to time and special adjustments are also made when required. Aside from salary payments other staff benefits include contributions to a retirement benefit scheme and medical insurance scheme.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance within a sensible framework with an emphasis on the principles of transparency, accountability and independence. The Board of Directors of the Company (the "Board") believes that good corporate governance is essential to the success of the Company and the enhancement of shareholders' value.

The Board considers that the Company has complied with the code provisions as set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing" Rules") on The Stock Exchange of Hong Kong Limited throughout the year ended 31 March 2009.

Key corporate governance principles and practices of the Company are summarized below.

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 to the Listing Rules as its code of conduct regarding Directors' securities transaction. Having made specific enquiry with all Directors, the Directors have confirmed compliance with the required standard set out in the Model Code throughout the year ended 31 March 2009.

THE BOARD COMPOSITION AND BOARD PRACTICES

The Board is responsible for overseeing the management of the Company's business and affairs with the objective of enhancing shareholders' value including setting and approving the Company's strategic direction and planning and all other important matters such as interim and annual results, dividends, annual financial budget, business and operation plan etc., while delegating day-to-day operations of the Group to the management. Besides, each member of the Board is expected to make a full and active contribution to the Board's affairs and ensure that the Board acts in the best interests of the Company and its shareholders as a whole.

The Board currently comprises a total of 7 Directors, including 4 Executive Directors and 3 Independent Non-executive Directors. The biographies of the current Directors are set out on pages 12 to 13 of this annual report.

All Directors are kept abreast of their collective responsibility. The Group provides briefings and other training to develop and refresh the Directors' knowledge and skills. The Group continuously updates all Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements so as to enhance their awareness of regulatory compliance and good corporate governance practices.

Every Director is aware that he should give sufficient time and attention to the affairs of the Group. The Directors have satisfactory attendance rates at both board meeting and committee meetings, including Audit Committee meeting.

Full board meeting are held formally at least 4 times a year and involve the active participation, either in person or through other electronic means of communication, of a majority of Directors.

THE BOARD COMPOSITION AND BOARD PRACTICES (Continued)

During the year, the Board had held 4 full board meetings. Attendance of individual Directors is as follows:

	Attendance
Executive Directors	
– Mr. Wong Kin Wah, George *(Chairman)*	4/4
– Mr. Hwang Yiou Hwa, Victor	3/4
– Mr. Hwang Yiu Hwa, Richard	3/4
– Mr. Hwang Teh Hwa, Tony	3/4
Independent Non-executive Directors	
– Mr. Lau Hon Chuen, Ambrose, G.B.S., J.P.	4/4
– Mr. Lam Kin Ming, Lawrence	4/4
– Mr. Wu Kwok Cheung, MH	4/4

Save that the 4 Executive Directors are brothers of one another, none of the Directors has any relationship with the others.

The Company has received annual confirmation of independence from the 3 Independent Non-executive Directors in accordance with Rule 3.13 of the Listing Rules. The Board has assessed their independence and concluded that all the Independent Non-executive Directors are independent within the definition of the Listing Rules.

At the meeting, the Directors discussed and formulated overall strategies for the Group, monitor financial performance, discuss the annual and interim results, as well as consider other significant matters.

At least 14 days notice of the board meetings is given to all Directors, and all Directors are given an opportunity to include matters for discussion in the agenda.

An agenda and accompanying board papers are sent in full to all Directors in a timely manner and at least 3 days before the intended date of a full Board meeting. They also have unrestricted access to the advice and service of the Company Secretary, who is responsible for providing Directors with boards papers and related materials, assisting the Chairman in preparing the agenda for meetings and ensuring that Board procedures and all applicable rules and regulations are followed.

The Audit Committee and Remuneration Committee also follow the applicable practices and procedures used in board meetings for committee meetings.

The Company Secretary keeps detailed minutes of each meeting, which are available to all Directors. A draft of the minutes is circulated to all Directors for comment and approval as soon as practicable after the meeting.

CHAIRMAN AND CHIEF EXECUTIVE OFFICERS

The Board has appointed a Chairman, Mr. Wong Kin Wah, George, who ensures that the Board works effectively and that all important issues are discussed in a timely manner. The positions of the Chairman and Chief Executive Officer are held by separate individuals as to maintain an effective segregation of duties. None of the Directors is related to the Chief Executive Officer.

The Chief Executive Officer, Mr. Sin Kit Leung, Peter, is responsible for the day-to-day management of the Group's operations and conducts regular meetings with the Executive Directors and Senior Management, at which operational issues and financial performance are evaluated.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Since the full Board is involved in the appointment of new Directors, the Company has not established a Nomination Committee. The Board will take into consideration criteria such as expertise, experience, integrity and commitment when considering new Director appointments.

According to the Bye-laws of the Company, one third of the directors for the time being (or, if their numbers is not a multiple of three, the number nearest to but not less than one third) should retire from office by rotation at each annual general meeting of the Company provided that every director shall be subject to retirement by rotation at least once every three years. Furthermore, any director appointed to fill a casual vacancy or as an addition to the existing Board should hold office only until next general meeting (in the case of filling a casual vacancy) or until the next following annual general meeting (in the case of an addition to the Board), and would then be eligible for re-election at that meeting. All the Independent Non-executive Directors are appointed for a specific term which complied with the Code.

REMUNERATION OF DIRECTORS

The Company has on 9 June 2006 established a Remuneration Committee, chaired by Mr. Wong Kin Wah, George, Executive Director, with committee members comprising Mr. Lau Hon Chuen, Ambrose G.B.S., J.P. and Mr. Lam Kin Ming, Lawrence, both of whom are Independent Non-executive Directors.

The principal responsibilities of Remuneration Committee are to formulate the remuneration policy, review and recommend to the Board the annual remuneration policy, and determine the remuneration of the Executive Directors and members of the Senior Management. The objective of the remuneration policy is to ensure that the Group is able to attract, retain, and motivate a high calibre team which is essential to the success of the Group. Details of the Group's emolument policy are set out on page 16 of this annual report.

REMUNERATION OF DIRECTORS (Continued)

The Remuneration Committee will meet at least once a year. During the year, one committee meeting was held to review and discuss the remuneration of Directors and Senior Management and the attendance of each member is set out as follows:

	Attendance
Committee members	
Mr. Wong Kin Wah, George *(Chairman)*	1/1
Mr. Lau Hon Chuen, Ambrose G.B.S., J.P.	1/1
Mr. Lam Kin Ming, Lawrence	1/1

The functions specified in paragraphs B1.3 (a) to (f) of the CG Code had been included in the terms of reference of the Remuneration Committee, which also explain the role and the authority delegated by the Board.

AUDIT COMMITTEE

The Audit Committee currently consists of three members, all of whom are Independent Non-executive Directors and not involved in the day-to-day management of the Company. The Company has adopted a written terms of reference substantially the same as those contained in paragraph C.3.3. of the CG Code and the terms of reference was aligned with the latest updates of the CG Code during the year. The terms of reference are available on the website of the Company.

The Audit Committee is responsible for the following:

1. making recommendations on the appointment, reappointment and removal of external auditors and considering the terms of such appointment;

2. developing and implementing policies on the engagement of external auditors for non-audit services;

3. monitoring the integrity of the financial statements, annual and interim reports and the auditors' report to ensure that the information presents a true and balance assessment of the Group's financial position;

4. ensuring that management has fulfilled its duty to maintain an effective internal control system.

During the year, the Audit Committee held 1 meeting with external auditors to discuss any areas of concerns during the audits and approve the audited financial statements and 1 meeting to approve the interim financial statements. The Audit Committee focuses not only on the impact of the changes in accounting policies and practices but also on the compliance with accounting standards. Attendance of individual member is as follows:

	Attendance
Committee members	
Mr. Lau Hon Chuen, Ambrose G.B.S., J.P.	2/2
Mr. Lam Kin Ming, Lawrence	2/2
Mr. Wu Kwok Cheung, MH	2/2

FINANCIAL REPORTING

The Board, supported by the accounts department, is responsible for keeping proper accounting records and the preparation of the financial statements of the Company and the Group. In preparing the financial statements, the Hong Kong Financial Reporting Standards have been adopted and the financial statements comply with accounting standards issued by the Hong Kong Institute of Certified Public Accountants. Appropriate accounting policies have also been used and applied consistently.

The Directors acknowledge their responsibility to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and in presenting the interim and annual financial statements, and announcements to shareholders. The Board is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern, the Board therefore continues to adopt the going concern approach in preparing the accounts.

The reporting responsibilities of Directors and external auditors are further set out in the Independent Auditor's Report on page 18 to 19.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board is responsible for the effectiveness of the Group's internal control system. The internal control systems are designed to meet the Group's particular needs and the risks to which it is exposed, and by their nature can only provide reasonable, but not absolute assurance against misstatement or loss.

Procedures have been set up for safeguarding assets against unauthorized use or disposition, controlling over capital expenditure, maintaining proper accounting records and ensuring the reliability of financial information used for business and publication. Qualified management throughout the Group maintains and monitors the internal control system on an ongoing basis.

The Board monitors and has conducted a review of the effectiveness of its internal control systems through a programme of internal audit and consider the internal control system effective and adequate. The internal audit function is set up by the Company to review the major operational and financial control of the Group in compliance with the established processes and standards on a continuing basis and aims to cover all major operations of the Group on a rotational basis. The internal audit team reports directly to the Chairman of the Board and the Audit Committee

AUDITORS' REMUNERATION

During fiscal year 2008/09, fees payable for audit and audit related services to Deloitte Touche Tohmatsu and other auditors were HK$738,000 and HK$16,000 respectively.

COMMUNICATION WITH SHAREHOLDERS

The Company encourages two-way communications with its shareholders. Extensive information about the Company's activities is provided in its annual reports and interim reports, which are sent to shareholders of the Company. The annual general meeting (the "AGM") provides a forum for direct communication between the Board and the Company's shareholders. The Chairman actively participates in the AGM and personally chairs the meeting to answer any questions from the shareholders. The Chairmen of the Audit and Remuneration Committees or in their absence, other members of the respective committees, are also available to answer questions at the AGM. The Company maintains regular communication with media to disseminate financial and other information relating to the Group and its business to the public in order to foster effective communication.

On behalf of the Board

Wong Kin Wah, George
Chairman

Hong Kong, 21 July 2009

The directors present their annual report and the audited consolidated financial statements for the year ended 31 March 2009.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of corporate management services. The activities of its principal subsidiaries, associates and a jointly controlled entity are set out in notes 32, 17 and 18 to the consolidated financial statements respectively.

RESULTS

The results of the Group for the year ended 31 March 2009 are set out in the consolidated income statement on page 20.

The directors do not recommend the payment of any dividend during the year.

SHARE CAPITAL

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

RESERVES

As at 31 March 2009, the Company does not have reserves available for distribution in accordance with the Bermuda Companies Act. There is reserves and deficit amounting to HK$399,199,697 and HK$429,270,392 respectively.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements during the year in the property, plant and equipment of the Group are set out in note 16 to the consolidated financial statements.

DIRECTORS

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

Executive Directors

Mr. Wong Kin Wah, George
Mr. Hwang Yiou Hwa, Victor
Mr. Hwang Yiu Hwa, Richard
Mr. Hwang Teh Hwa, Tony

Independent Non-executive Directors

Mr. Lau Hon Chuen, Ambrose, G.B.S., J.P.
Mr. Lam Kin Ming, Lawrence
Mr. Wu Kwok Cheung, MH

DIRECTORS (Continued)

In accordance with the Company's Bye-laws, Messrs. Wong Kin Wah, George, Hwang Teh Hwa, Tony and Wu Kwok Cheung, MH shall retire from the board at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

All the three Independent Non-executive Directors of the Company have a specific term of office, nevertheless they are subject to retirement by rotation in accordance with the Bye-laws of the Company.

DIRECTORS' INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS

During the year, the Group had the following transactions with Parkview (Suites) Limited of which two children of Mr. Wong Kin Wah, George are directors and have beneficial interests:

(i) Building management fee of HK$132,780 was paid for office management services provided to the Group.

(ii) General expenses of HK$648,583 were paid for daily operating activities provided to the Group.

The Independent Non-executive Directors confirm that the transactions set out above have been entered into by the Group in the ordinary course of its business, on normal commercial terms and are fair and reasonable and in the interests of the shareholder of the Group as a whole.

Other than as disclosed above, no contracts of significance to which the Company, its ultimate holding company or any subsidiaries of its ultimate holding company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

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

MANAGEMENT PROFILES

A. Executive Directors

Mr. Wong Kin Wah, George, aged 57 is Chairman of the Group. He has been engaged in construction and real estate business in Taiwan and Hong Kong since graduating in building construction design in 1973. He was appointed as Director in 1992. He is a director of several member companies of the Group.

Mr. Hwang Yiou Hwa, Victor, aged 55 held a Bachelor Degree in Administration and Finance. He has been involved in the Group's overseas business developments. He was appointed as Director in 1992. He is a director of a member company in the Group.

Mr. Hwang Yiu Hwa, Richard, aged 54 held a Bachelor Degree of Science in Civil Engineering. He has been involved in construction field since 1982. He was appointed as Director in 1993.

MANAGEMENT PROFILES (Continued)

A. Executive Directors (Continued)

Mr. Hwang Teh Hwa, Tony, aged 53 held a Master Degree in Management and Organisational Development. He is responsible for the development of business in mainland China. He was appointed as Director in 1992.

Mr. Wong Kin Wah, George, Mr. Hwang Yiou Hwa, Victor, Mr. Hwang Yiu Hwa, Richard and Mr. Hwang Teh Hwa, Tony are brothers.

B. Independent Non-executive Directors

Mr. Lau Hon Chuen, Ambrose, G.B.S., J.P., aged 62 is the Senior Partner of Messrs. Chu & Lau, Solicitors and Notaries. He obtained a Bachelor of Laws Degree from the University of London and is a Solicitor of the High Court of the HKSAR, a China-Appointed Attesting Officer and a Notary Public. In 2001, Mr. Lau was awarded the "Gold Bauhinia Star" by the HKSAR Government. He is also a Standing Committee Member of the National Committee of Chinese People's Political Consultative Conference and a Non-executive Director of several listed companies. He was appointed as an Independent Non-executive Director in 1995.

Mr. Lam Kin Ming, Lawrence, aged 54, is the Senior Vice President of PCCW, a company whose principal business is to provide telecom equipment and related services. He has been serving PCCW since 2006. Prior to that, Mr. Lam was a senior executive of a company that involved in property management and investment. Mr. Lam graduated from the University of Toronto in 1978. He was appointed as Independent Non-executive Director of the Company in 2004.

Mr. Wu Kwok Cheung, MH, aged 77, has served as a Director and Chief Executive Officer of several companies in Hong Kong and the PRC, and has also been appointed to several public offices. He was appointed as Independent Non-executive Director in 2006.

C. Senior Management Staff

Mr. Sin Kit Leung, Peter, aged 69, is the Chief Executive Officer of the Group. He held a diploma in Business Management. Mr. Sin has extensive experience in investment and real estate development. Mr. Sin joined the Group in 1990 and is responsible for business development and overall management of the Group. He is a Director of several member companies of the Group.

Mr. Chan Chi Fai, Brian, aged 54 is a fellow member of The Association of Chartered Certified Accountants of the United Kingdom and the Hong Kong Institute of Certified Public Accountants. He has over 20 years of experience in banking and commercial sectors. Mr. Chan joined the Group in 1990 and is now responsible for the overall management of the Group. He is a Director of several member companies of the Group.

Mr. Ng Chan Shing, Lawrence, aged 65 has 30 years of experience in government and commercial sectors. Before joining the Group in 1997, Mr. Ng was a Director of a diversified public company. Mr. Ng is responsible for the Group's household equipment trading activities. He is a Director of a member company of the Group.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or existed during the year.

DIRECTORS AND CHIEF EXECUTIVES' INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

At 31 March 2009, the interests of the directors and the chief executives and their associates in the shares, underlying shares and convertible bonds of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Long Positions – ordinary shares of HK$0.10 each of the Company

Name of director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Mr. Wong Kin Wah, George	Beneficial owner	2,000,000	0.4%
	Held by controlled corporation *(Notes 1 & 2)*	391,674,138	73.2%
		393,674,138	73.6%
Mr. Hwang Yiou Hwa, Victor	Held by controlled corporation *(Note 2)*	293,674,138	54.9%
Mr. Hwang Yiu Hwa, Richard	Held by controlled corporation *(Note 2)*	293,674,138	54.9%
Mr. Hwang Teh Hwa, Tony	Held by controlled corporation *(Note 2)*	293,674,138	54.9%

Notes:

1. 98,000,000 shares were held by High Return Trading Limited and in which Mr. Wong Kin Wah, George was deemed to have interests since he was entitled to exercise more than one-third of the voting power at the general meetings of High Return Trading Limited. This interest has also been disclosed under the section headed "SUBSTANTIAL SHAREHOLDERS".

2. Messrs. Wong Kin Wah, George, Hwang Yiou Hwa, Victor, Hwang Yiu Hwa, Richard and Hwang Teh Hwa, Tony are directors and shareholders of Kompass International Limited which owned 293,674,138 shares in the Company. This interest has also been disclosed under the section headed "SUBSTANTIAL SHAREHOLDERS".

DIRECTORS AND CHIEF EXECUTIVES' INTERESTS IN THE SHARE CAPITAL OF THE COMPANY (Continued)

Other than as disclosed above, none of the directors, chief executives, nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 31 March 2009.

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

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2009, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the Securities and Future Ordinance shows that other than the interests disclosed above in respect of certain directors and chief executives, the following shareholders had an interest in 5% or more of the issued share capital of the Company.

Long Positions – ordinary shares of HK$0.10 each of the Company

Name of shareholder	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Kompass International Limited	Beneficial owner	293,674,138 *(Note)*	54.9%
High Return Trading Limited	Beneficial owner	98,000,000 *(Note)*	18.3%
Multi-Power International Limited	Beneficial owner	40,000,000	7.47%
Mr. Huang Jianquan	Beneficial owner	40,000,000	7.47%

Note: These shares represented the same parcel of shares as disclosed above under "DIRECTORS AND CHIEF EXECUTIVES' INTERESTS IN THE SHARE CAPITAL OF THE COMPANY".

Other than as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 31 March 2009.

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of purchases attributable to the Group's largest supplier and the five largest suppliers during the year was 55.5% and 100.0%, respectively.

The percentage of sales attributable to the Group's largest customer and the five largest customers during the year was 95.9% and 99.1%, respectively.

None of the directors, their associates or any shareholder (which to the knowledge of the directors owned more than 5% of the Company's share capital) were interested at any time during the year in the above suppliers or customers.

CONVERTIBLE SECURITIES, WARRANTS OR OPTIONS

There are no convertible securities, warrants or options issued by the Company or its subsidiaries during the year.

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

During the year, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed securities.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance within a sensible framework with an emphasis on the principles of transparency, accountability and independence. The Board of Directors of the Company (the "Board") considers that the Company has complied with the code provisions as set out in the Code of Corporate Governance Practices (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 March 2009.

Further information is set out in the Corporate Governance Report on page 5 to 10 of this annual report.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its code of conduct regarding directors' securities transactions. Having made specific enquiry of all Directors, the Directors have confirmed compliance with the required standard set out in the Model Code as provided in Appendix 10 to the Listing Rules for the year ended 31 March 2009.

AUDIT COMMITTEE

The Audit Committee, comprising of three Independent Non-executive Directors, has reviewed with management the accounting principles and standard practices adopted by the Group and discussed auditing, internal control and financial reporting matters including review of the audited consolidated financial statements for the year ended 31 March 2009 of the Group.

PRE-EMPTIVE RIGHTS

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

EMOLUMENT POLICY

The emolument policy of the Senior Management of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emoluments of the Directors of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the Independent Non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the Independent Non-executive Directors are independent.

SUFFICIENCY OF PUBLIC FLOAT

The Company maintained a sufficient public float throughout the year ended 31 March 2009.

FINANCIAL ASSISTANCE GIVEN TO AFFILIATED COMPANIES AMOUNTING TO MORE THAN 8% OF THE ASSETS RATIO

As at 31 March 2009, the Group granted an advance to Nanjing Dingshan Garden Hotel Company Ltd., an associate of the Group, with a carrying amount before share of loss of this associate and impairment loss recognised on amount due from this associate of HK$119,008,909. The summarised financial position of Nanjing Dingshan Garden Hotel Company Ltd. as at 31 March 2009 is set out below:

	HK$
Non-current assets	394,083,191
Current assets	16,262,493
Current liabilities	(177,379,130)
Non-current liabilities	(247,315,588)
Net liabilities	(14,349,034)

Details of Nanjing Dingshan Garden Hotel Company Ltd. are set out in note 17 to the consolidated financial statements.

AUDITOR

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

Wong Kin Wah, George
Chairman

Hong Kong, 21 July 2009

Deloitte.
德勤

TO THE MEMBERS OF
THE HONG KONG PARKVIEW GROUP LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of The Hong Kong Parkview Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 20 to 61, which comprise the consolidated balance sheet as at 31 March 2009 and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of Group's affairs as at 31 March 2009 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
21 July 2009

Consolidated Income Statement

FOR THE YEAR ENDED 31 MARCH 2009

	Notes	2009 HK$	2008 HK$
Revenue	8	**2,316,785**	6,247,246
Cost of sales		**(1,931,645)**	(4,600,614)
Gross profit		**385,140**	1,646,632
Other income, gains and losses		**1,704,714**	8,696,219
Administrative expenses		**(7,530,647)**	(10,960,579)
Net change in fair value of investments held for trading		**(186,000)**	351,000
Finance costs	10	**(2,735,480)**	(3,859,314)
Impairment loss recognised in respect of available-for-sale investments	19	**–**	(2,112,700)
Impairment loss recognised in respect of amounts due from associates		**(16,500,000)**	(487,564)
Gain on derecognition of advance from an investee company		**–**	3,460,560
Share of losses of associates		**(15,427,950)**	(9,031,178)
Share of profit (loss) of a jointly controlled entity		**1,175,184**	(4,540,269)
Loss before taxation	11	**(39,115,039)**	(16,837,193)
Taxation	14	**–**	–
Loss for the year		**(39,115,039)**	(16,837,193)
Loss per share – basic	15	**HK(7.31 cents)**	HK(3.15 cents)

Consolidated Balance Sheet

AT 31 MARCH 2009

	Notes	**2009** **HK$**	2008 *HK$*
NON-CURRENT ASSETS			
Property, plant and equipment	*16*	**8,505,979**	8,728,354
Interests in associates	*17*	**–**	7,505,014
Amount due from an associate	*17*	**94,791,097**	106,764,554
Interest in a jointly controlled entity	*18*	**57,013,714**	54,587,985
Available-for-sale investments	*19*	**2,236,300**	2,236,300
Other receivable	*20*	**1,170,956**	1,104,677
		163,718,046	180,926,884
CURRENT ASSETS			
Amounts due from customers for contract work	*26*	**–**	1,943
Accounts and other receivables and prepayments	*21*	**240,345**	1,978,912
Investments held for trading	*22*	**435,000**	621,000
Bank balances and cash	*23*	**3,066,146**	3,747,823
		3,741,491	6,349,678
CURRENT LIABILITIES			
Accounts and other payables and accrued charges	*24*	**6,754,571**	2,585,236
Amount due to a jointly controlled entity	*29*	**23,052,410**	–
Amounts due to related companies	*27*	**20,562,062**	9,962,060
Tax payable		**59,215**	59,215
Dividend payable	*25*	**885,225**	885,225
Bank overdrafts	*25*	**3,962,425**	4,052,693
		55,275,908	17,544,429
Net current liabilities		**(51,534,417)**	(11,194,751)
Total assets less current liabilities		**112,183,629**	169,732,133

Consolidated Balance Sheet

AT 31 MARCH 2009

	Notes	2009 HK$	2008 HK$
CAPITAL AND RESERVES			
Share capital	*28*	**53,535,926**	53,535,926
Reserves		**30,694,053**	68,188,263
Equity attributable to equity holders of the Company		**84,229,979**	121,724,189
NON-CURRENT LIABILITIES			
Amount due to a jointly controlled entity	*29*	**–**	25,773,883
Amounts due to related companies	*27*	**27,953,650**	22,234,061
		27,953,650	48,007,944
		112,183,629	169,732,133

The financial statements on pages 20 to 61 were approved and authorised for issue by the Board of Directors on 21 July 2009 and are signed on its behalf by:

Wong Kin Wah, George
DIRECTOR

Hwang Yiou Hwa, Victor
DIRECTOR

	Share capital	Capital redemption reserve	Capital reduction reserve	Property revaluation surplus	Contributed surplus	Exchange reserve	Accumulated deficit	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
At 1 April 2007	53,535,926	2,382,000	85,844,959	5,650,394	329,928,202	3,887,182	(349,676,687)	131,551,976
Exchange difference arising on translation of foreign operation	–	–	–	–	–	661,916	–	661,916
Share of exchange reserve of associates	–	–	–	–	–	1,160,700	–	1,160,700
Share of exchange reserve of a jointly controlled entity	–	–	–	–	–	5,186,790	–	5,186,790
Net gain recognised directly in equity	–	–	–	–	–	7,009,406	–	7,009,406
Loss for the year	–	–	–	–	–	–	(16,837,193)	(16,837,193)
Total recognised income for the year	–	–	–	–	–	7,009,406	(16,837,193)	(9,827,787)
At 31 March 2008	53,535,926	2,382,000	85,844,959	5,650,394	329,928,202	10,896,588	(366,513,880)	121,724,189
Exchange difference arising on translation of foreign operation	–	–	–	–	–	165,160	–	165,160
Share of exchange reserve of associates	–	–	–	–	–	205,124	–	205,124
Share of exchange reserve of a jointly controlled entity	–	–	–	–	–	1,250,545	–	1,250,545
Net gain recognised directly in equity	–	–	–	–	–	1,620,829	–	1,620,829
Loss for the year	–	–	–	–	–	–	(39,115,039)	(39,115,039)
Total recognised income for the year	–	–	–	–	–	1,620,829	(39,115,039)	(37,494,210)
At 31 March 2009	53,535,926	2,382,000	85,844,959	5,650,394	329,928,202	12,517,417	(405,628,919)	84,229,979

The contributed surplus represented HK$1,200,422,356 from the elimination of the entire share premium account and reduction of par value of the issued capital from HK$1 to HK$0.10 of the Company at the time of the capital restructuring of the Group as at 7 November 2001, less HK$870,494,154 distributed out of the contributed surplus during the year ended 31 March 2002.

Consolidated Cash Flow Statement

FOR THE YEAR ENDED 31 MARCH 2009

	2009	2008
	HK$	*HK$*
OPERATING ACTIVITIES		
Loss before taxation	**(39,115,039)**	(16,837,193)
Adjustments for:		
Bad debts written off for other receivables	**337,445**	16,478
Interest earned on bank deposits	**(12,566)**	(91,653)
Interest income from interest-bearing amount due from an associate	**(391,885)**	–
Fair value adjustment of non-current interest-free other receivable	**(66,279)**	51,744
Fair value adjustment of non-current interest-free amounts due to related companies	**(1,114,307)**	(1,166,396)
Interest expense	**215,955**	225,088
Imputed interest expense on amount due to a jointly controlled entity	**1,353,129**	2,883,584
Imputed interest expense on amounts due to related companies	**1,166,396**	750,642
Depreciation of property, plant and equipment	**243,634**	297,517
(Write back of allowance) allowances for bad and doubtful debts, net	**(8,131)**	770,581
Imputed interest income on non-current interest-free amounts due from associates	**–**	(6,689,115)
Impairment loss recognised in respect of available-for-sale investments	**–**	2,112,700
Impairment loss recognised in respect of amounts due from associates	**16,500,000**	487,564
Share of losses of associates	**15,427,950**	9,031,178
Share of (profit) loss of a jointly controlled entity	**(1,175,184)**	4,540,269
(Gain) loss on disposal of property, plant and equipment	**(8,612)**	3,099
Gain on derecognition of advance from an investee company	**–**	(3,460,560)
Allowance (reversal of allowance) for inventories	**266,827**	(549,815)
Operating cash flows before movements in working capital	**(6,380,667)**	(7,624,288)
(Increase) decrease in inventories	**(266,827)**	676,319
Decrease in accounts and other receivables and prepayments	**1,409,253**	2,406,229
Decrease (increase) in investments held for trading	**186,000**	(351,000)
Decrease (increase) in amounts due from customers for contract work	**1,943**	(1,943)
Decrease in accounts and other payable and accrued charges	**(364,665)**	(1,049,239)
Decrease in amounts due to customers for contract work	**–**	(97,868)
Decrease in bills payable	**–**	(1,103,916)
NET CASH USED IN OPERATING ACTIVITIES	**(5,414,963)**	(7,145,706)

	2009 HK$	2008 HK$
INVESTING ACTIVITIES		
Interest received on bank deposits	**12,566**	91,653
Interest received from an associate	**391,885**	–
Increase in amounts due from associates	**(22,445,855)**	(751,835)
Repayments of amount due from an associate	**10,201,500**	–
Purchase of property, plant and equipment	**(24,019)**	(9,890)
Proceeds on disposal of property, plant and equipment	**12,000**	–
NET CASH USED IN INVESTING ACTIVITIES	**(11,851,923)**	(670,072)
FINANCING ACTIVITIES		
Advances from third parties	**4,534,000**	–
Repayment to a jointly controlled entity	**(4,074,602)**	(12,964,106)
Advances from related companies	**16,267,502**	14,425,420
Interest paid	**(215,955)**	(225,088)
(Decrease) increase in bank overdrafts	**(90,268)**	1,350,250
NET CASH FROM FINANCING ACTIVITIES	**16,420,677**	2,586,476
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(846,209)**	(5,229,302)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**3,747,823**	8,318,939
EFFECT ON FOREIGN EXCHANGE RATE CHANGES	**164,532**	658,186
CASH AND CASH EQUIVALENTS, END OF YEAR, represented by bank balances and cash	**3,066,146**	3,747,823

1. GENERAL

The Company was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its immediate and ultimate holding company is Kompass International Limited, a company incorporated in the British Virgin Islands. The address of the registered office and principal place of business of the Company are disclosed in "Corporate Information" section of the annual report.

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

The Company is an investment holding company and the principal activities of its principal subsidiaries are decoration contractor and trading of furniture, provision of corporate management services and investment holding.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the Group's net current liabilities position of HK$51,534,417 as at 31 March 2009. Since the balance sheet date, the directors of the Company have taken various active steps to obtain additional funding to the Group. The additional funding can be secured from its related company, which is controlled by close members of the family of a director of the Company. The related company has agreed to provide adequate funds to enable the Group to meet in full its financial obligations as they fall due for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

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

In the current year, the Company has applied the following amendments and interpretations ("New HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of financial assets
HK(IFRIC) – INT 12	Service concession arrangements
HK(IFRIC) – INT 14	HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction

The adoption of these New HKFRSs had no material effect on how the results and financial position of the Company for the current or prior accounting years have been prepared and presented. Accordingly, no prior year adjustment has been required.

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

The Company has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 1 (Revised)	Presentation of financial statements[3]
HKAS 23 (Revised)	Borrowing costs[3]
HKAS 27 (Revised)	Consolidated and separate financial statements[4]
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation[3]
HKAS 39 (Amendment)	Eligible hedged items[4]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate[3]
HKFRS 2 (Amendment)	Vesting conditions and cancellations[3]
HKFRS 3 (Revised)	Business combinations[4]
HKFRS 7 (Amendment)	Improving disclosures about financial instruments[3]
HKFRS 8	Operating segments[3]
HK(IFRIC) – INT 9 & HKAS 39 (Amendments)	Embedded derivatives[5]
HK(IFRIC) – INT 13	Customer loyalty programmes[6]
HK(IFRIC) – INT 15	Agreements for the construction of real estate[3]
HK(IFRIC) – INT 16	Hedges of a net investment in a foreign operation[7]
HK(IFRIC) – INT 17	Distribution of non-cash assets to owners[4]
HK(IFRIC) – INT 18	Transfer of assets from customers[8]

1 Effective for accounting periods beginning on or after 1 January 2009 except for the amendments to HKFRS 5, effective for accounting periods beginning on or after 1 July 2009.
2 Effective for accounting periods beginning on or after 1 January 2009, 1 July 2009 and 1 January 2010, as appropriate.
3 Effective for accounting periods beginning on or after 1 January 2009.
4 Effective for accounting periods beginning on or after 1 July 2009.
5 Effective for accounting periods ending on or after 30 June 2009.
6 Effective for accounting periods beginning on or after 1 July 2008.
7 Effective for accounting periods beginning on or after 1 October 2008.
8 Effective for transfers on or after 1 July 2009.

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 April 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Company.

4. SIGNIFICANT ACCOUNTING POLICIES

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

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

Basis of consolidation

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

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

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

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

Revenue recognition

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

Sales of goods are recognised when the goods are delivered and title has passed.

Revenue from fixed price supply and installation contracts is recognised on the percentage of completion method, measured by reference to the value of work certified during the year. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customers.

Management fee income is recognised when the relevant services are rendered.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment

Property, plant and equipment are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

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

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

Investments in associates

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

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

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

Jointly controlled entities

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Jointly controlled entities (Continued)

The results and assets and liabilities of jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in jointly controlled entities are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the profit or loss and of changes in equity of the jointly controlled entities, less any identified impairment loss. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

When a group entity transacts with a jointly controlled entity of the Group, unrealised profits or losses are eliminated to the extent of the Group's interest in the jointly controlled entity, except to the extent that unrealised losses provide evidence of an impairment of the asset transferred, in which case, the full amount of losses is recognised.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

Construction contracts

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date, as measured by the proportion that contract costs incurred for work performed to date bear to estimated total contract costs. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract works. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract works. Amounts received before the related work is performed are included in the balance sheet, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customers are included in the balance sheet under accounts receivable and prepayments.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of tangible assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Taxation

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

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

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, an associate and a jointly controlled entity, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

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

Retirement benefits costs

Payments to the retirement contribution schemes are charged as expenses when employees have rendered service entitling them to the contributions.

Financial instruments

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

Financial assets

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

4. **SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Effective interest method

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

Interest income is recognised on an effective interest basis for debt instruments.

Financial assets held for trading

A financial asset is classified as held for trading if it has been acquired principally for the purpose of selling in the near future.

At each balance sheet date subsequent to initial recognition, financial assets held for trading are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise.

Loans and receivables

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

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as any of financial assets held for trading, loans and receivables or held-to-maturity investments. At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss (see accounting policy on impairment loss on financial assets below).

If a reliable measure of fair value of the available-for-sale financial asset is no longer available, the Group carries the available-for-sale financial asset at cost rather than at fair value, the fair value carrying amount of the available-for-sale financial asset on that date becomes its new cost.

4. **SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Available-for-sale financial assets (Continued)

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

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

For an available-for sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

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

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

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

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

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

4. **SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Financial instruments (Continued)

Impairment of financial assets (Continued)

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

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

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in equity.

Financial liabilities and equity

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

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

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities including accounts and other payables, bank overdrafts, amount due to a jointly controlled entity, amounts due to related companies and dividend payable are subsequently measured at amortised cost, using the effective interest method.

4. **SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Equity instruments

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

Derecognition

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

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

5. **KEY SOURCE OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGEMENT**

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgement, estimate and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimate and associated assumption are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgement in applying the Group's accounting policies

Below is the critical judgement, apart from involving estimation (see below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Basis of preparation of management accounts of a jointly controlled entity

As described in note 18, a jointly controlled entity of the Group commenced the liquidation while the process is still in progress. The directors of the Company considered the liquidation is going to complete before 31 March 2010. Accordingly, the management accounts of this jointly controlled entity are not prepared on the going concern basis.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key source of estimation uncertainty

Below is the key assumption concerning the future, and other key source of estimation uncertainty at the balance sheet date, that has significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financing year.

Estimated impairment of amount due from an associate

Having applied the equity method of accounting pursuant to Hong Kong Accounting Standard 28 "Investments in Associates", the directors of the Company assessed the impairment of the Group's interest in an associate, namely Nanjing Dingshan Garden Hotel Co., Ltd ("NJ Dingshan") and the amount due from NJ Dingshan by reference to its recoverable amount. The recoverable amount of the associate at 31 March 2009 was determined based on a valuation carried out on 31 March 2009 by Vigers Appraisal and Consulting Limited, independent qualified professional valuers not connected with the Group. Such valuation was determined based on a value in use calculation which uses cash flow projection based on management's best estimation of the results most likely to be achieved by NJ Dingshan which covers for a five-year period and cash flows beyond the five-year period are extrapolated at zero growth rate. The discount rate used is 14.1%. As the estimated recoverable amount below its carrying amount, impairment loss of HK$16,500,000 is recognised.

6. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of debts, comprising bank overdrafts, amount due to a jointly controlled entity and amounts due to related companies, and equity attributable to equity holders of the Company, comprising issued share capital and reserves.

The directors of the Group review the capital structure on a continuous basis. As part of this review, the directors consider the cost of capital and the risks associates with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through issue of new shares as well as the issue of new debts or the repayment of existing debt.

7. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2009	2008
	HK$	*HK$*
Financial assets		
Held for trading investments	**435,000**	621,000
Available-for-sale investments	**2,236,300**	2,236,300
Loans and receivables (including cash and cash equivalents)	**99,149,059**	113,441,346
Financial liabilities		
Amortised cost	**81,698,660**	63,877,156

7. **FINANCIAL INSTRUMENTS** (Continued)

Financial risk management objectives and policies

The Group's financial instruments include accounts receivable, other receivable, amount due from an associate bank balances and cash, accounts and other payables, amounts due to a jointly controlled entity and related companies, bank overdrafts and dividend payable. Details of these financial instruments are disclosed in respective notes. The risk associated with these financial instruments and the polices on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

The Group has minimal exposure on foreign currency risk as most of the Group's transactions are denominated in the functional currency of each individual group entity.

The directors consider that the sensitivity of the Group's exposure towards the change in foreign exchange rates is minimal as none of the assets and liabilities of the group denominated in currency other than functional currency of a particular group entity as at each of the balance sheet dates.

Interest rate risk

The Group has exposure to cash flow interest rate risk through the impact of the rate changes on bank overdrafts which are carried at variable interest rate. The Group currently does not have any interest rate hedging policy. However, the management monitors the interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

Sensitivity analysis

The analysis is prepared assuming the amount of bank overdrafts outstanding at the balance sheet date were outstanding for the whole year. After considering the financial market conditions and the interest rates prevailing as at 31 March 2009, the management adjusted the sensitivity rate from 50 basis points to 100 basis points for assessing interest rate risk as at 31 March 2009. A 100 basis point (2008: 50 basis point) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points (2008: 50 basis points) higher/lower and all other variables were held constant, the Group's loss for the year ended 31 March 2009 would increase/decrease by approximately HK$40,000 (2008: HK$20,000). This is mainly attributable to the Group's exposure to interest rates on its bank overdrafts.

7. **FINANCIAL INSTRUMENTS** (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Other price risk

The Group is exposed to equity securities price risk through its held for trading investment and available-for-sale investments. The management would manage this exposure by closely monitoring the performance of the investments and market conditions. The management will consider diversifying the portfolio of investments as they consider appropriate.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity securities price risks on held-for-trading investments and available-for-sale investments at the reporting date. For sensitivity analysis purpose, the sensitivity rate is increased to 10% in the current year as a result of the volatile financial market. If the prices of the held-for-trading investments had been 10% (2008: 5%) higher, loss for the year would decrease by approximately HK$43,000 (2008: HK$31,000) for the Group, and vice versa. If the prices of the available-for-sale investments had been 5% higher, investment revaluation reserve for the year ended 31 March 2008 would increase by approximately HK$112,000 for the Group. If the prices of the available-for-sale investments had been 5% lower, loss for the year ended 31 March 2008 would increase by approximately HK$112,000 for the Group. The available-for-sale investments were measured at cost less impairment at 31 March 2009 due to the change as described in note 19. So no sensitivity analysis on the available-for-sale at 31 March 2009 is presented.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 31 March 2009 in relation to each class of recognised financial assets is the carrying amount of those asset as stated in the consolidated balance sheet.

In order to minimise the credit risk, the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. The Group closely monitors the collectibility of trade debtors at each balance sheet date to ensure the amounts are recoverable. Further, the management closely monitors the subsequent settlement of the customers and does not grant long credit period to customers. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. Other than the concentration of credit risk on bank balances and non-current other receivable from a third party, the Group has no significant concentration of credit risk with exposure spread over a number of customer parties and customers.

7. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk

The Group had net current liabilities of HK$51,534,417 (2008: HK$11,194,751) as at 31 March 2009, which is exposed to liquidity risk. In order to mitigate the liquidity risk, the management obtained a financial support from its related company who has agreed to provide adequate funds to enable the Group to meet in full its financial obligations as they fall due for the foreseeable future.

In the management of the liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Company's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

Liquidity and interest risk tables

	Weighted average effective interest rate	Repayable on demand or less than 3 months	3–6 months	6 months to 1 year	Over 1 year	Total undiscounted cash flows	Carrying amount at 31.03.2009
		HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
2009							
Non-derivative financial liabilities							
Accounts and other payable	–	5,282,888	–	–	–	5,282,888	5,282,888
Amounts due to related companies	7.75%	20,607,062	–	428,463	29,266,341	50,301,866	48,515,712
Dividend payable	–	885,225	–	–	–	885,225	885,225
Bank overdrafts	5.75%	3,962,425	–	–	–	3,962,425	3,962,425
Amount due to a jointly controlled entity	–	23,052,410	–	–	–	23,052,410	23,052,410
		53,790,010	–	428,463	29,266,341	83,484,814	81,698,660

7. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Liquidity and interest risk tables (Continued)

	Weighted average effective interest rate	Repayable on demand or less than 3 months	3–6 months	6 months to 1 year	Over 1 year	Total undiscounted cash flows	Carrying amount at 31.03.2008
		HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
2008							
Non-derivative financial liabilities							
Accounts and other payable	–	969,234	–	–	–	969,234	969,234
Amounts due to related companies	7.75%	9,962,060	–	–	23,400,457	33,362,517	32,196,121
Dividend payable	–	885,225	–	–	–	885,225	885,225
Bank overdrafts	7.75%	4,052,693	–	–	–	4,052,693	4,052,693
Amount due to a jointly controlled entity	5.25%	–	–	–	27,127,012	27,127,012	25,773,883
		15,869,212	–	–	50,527,469	66,396,681	63,877,156

Fair value

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

- the fair values of financial assets with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices; and
- the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

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

8. REVENUE

Revenue, which is also turnover of the Group, represents the amounts received and receivable for income from decoration contracts less discounts, management fee income and trading of furniture by the Group during the year as follows:

	2009	2008
	HK$	*HK$*
Income from decoration contracts	**48,070**	879,264
Management fee income	**2,241,840**	3,322,157
Trading of furniture	**26,875**	2,045,825
	2,316,785	6,247,246

9. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

For management purposes, the Group is currently organised into four operating divisions – decoration contractor, trading of furniture, management services and investment holding. These divisions are the basis on which the Group reports its primary segment information.

Segment information about these businesses is presented below:

2009

	Decoration contractor	**Trading of furniture**	**Management services**	**Investment holding**	**Consolidated**
	HK$	***HK$***	***HK$***	***HK$***	***HK$***
REVENUE	**48,070**	**26,875**	**2,241,840**	**–**	**2,316,785**
RESULT					
Segment result	**(353,718)**	**(158,644)**	**307,862**	**(186,000)**	**(390,500)**
Unallocated other income, gains and losses					**1,704,714**
Unallocated corporate expenses					**(6,941,007)**
Impairment loss recognised in respect of amount due from an associate					**(16,500,000)**
Finance costs					**(2,735,480)**
Share of losses of associates					**(15,427,950)**
Share of profit of a jointly controlled entity					**1,175,184**
Loss before taxation					**(39,115,039)**
Taxation					**–**
Loss for the year					**(39,115,039)**

9. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

Business segments (Continued)

2009 (Continued)

BALANCE SHEET

	Decoration contractor *HK$*	Trading of furniture *HK$*	Management services *HK$*	Investment holding *HK$*	Consolidated *HK$*
ASSETS					
Segment assets	7,598	317	–	2,671,300	2,679,215
Interest in a jointly controlled entity					57,013,714
Unallocated assets					107,766,608
Consolidated total assets					167,459,537
LIABILITIES					
Segment liabilities	86,386	3,599	22,000	25,500	137,485
Unallocated liabilities					83,092,073
Consolidated total liabilities					83,229,558

	Decoration contractor *HK$*	Trading of furniture *HK$*	Management services *HK$*	Investment holding *HK$*	Unallocated *HK$*	Consolidated *HK$*
OTHER INFORMATION						
Additions to property, plant and equipment	–	–	–	–	24,019	24,019
Allowance for (write back of allowance for) bad and doubtful debts, net	500	(8,631)	–	–	–	(8,131)
Bad debts written off for other receivables	337,445	–	–	–	–	337,445
Depreciation on property, plant and equipment	12,170	507	–	–	230,957	243,634
Gain on disposal of property, plant and equipment	(8,268)	(344)	–	–	–	(8,612)
Allowance for inventories	–	266,827	–	–	–	266,827

9. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

Business segments (Continued)

2008

	Decoration contractor HK$	Trading of furniture HK$	Management services HK$	Investment holding HK$	Consolidated HK$
REVENUE	879,264	2,045,825	3,322,157	–	6,247,246
RESULT					
Segment result	(1,988,043)	17,877	553,447	1,698,860	282,141
Unallocated other income, gains and losses					8,696,219
Unallocated corporate expenses					(7,897,228)
Impairment loss recognised in respect of amounts due from associates					(487,564)
Finance costs					(3,859,314)
Share of losses of associates					(9,031,178)
Share of loss of a jointly controlled entity					(4,540,269)
Loss before taxation					(16,837,193)
Taxation					–
Loss for the year					(16,837,193)

9. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

Business segments (Continued)

2008 (Continued)

BALANCE SHEET

	Decoration contractor	Trading of furniture	Management services	Investment holding	Consolidated
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
ASSETS					
Segment assets	1,665,093	96,173	–	2,857,300	4,618,566
Interests in associates					7,505,014
Interest in a jointly controlled entity					54,587,985
Unallocated assets					120,564,997
Consolidated total assets					187,276,562
LIABILITIES					
Segment liabilities	382,155	15,923	36,820	15,500	450,398
Unallocated liabilities					65,101,975
Consolidated total liabilities					65,552,373

	Decoration contractor	Trading of furniture	Management services	Investment holding	Unallocated	Consolidated
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
OTHER INFORMATION						
Additions to property, plant and equipment	–	–	–	–	9,890	9,890
Allowance for bad and doubtful debts	765,546	5,035	–	–	–	770,581
Bad debts written off for other receivables	–	–	–	–	16,478	16,478
Depreciation on property, plant and equipment	65,939	2,747	–	–	228,831	297,517
Loss on disposal of property, plant and equipment	2,976	123	–	–	–	3,099
Reversal of allowance for inventories	–	(549,815)	–	–	–	(549,815)

9. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

Geographical segments

The Group's operations are located in Hong Kong and The People's Republic of China (the "PRC").

The following table provides an analysis of the Group's revenue by geographical market, irrespective of the origin of the goods/services:

	2009	2008
	HK$	*HK$*
Hong Kong	**62,505**	912,774
The PRC	**2,254,280**	5,334,472
	2,316,785	6,247,246

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment, analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		**Additions to property, plant and equipment**	
	2009	2008	**2009**	2008
	HK$	*HK$*	***HK$***	*HK$*
Hong Kong	**2,679,027**	3,526,486	**24,019**	9,890
The PRC	**188**	1,092,080	**–**	–
	2,679,215	4,618,566	**24,019**	9,890

10. FINANCE COSTS

	2009	2008
	HK$	*HK$*
Interest on bank overdrafts	**215,955**	225,088
Imputed interest expense on amount due to a jointly controlled entity	**1,353,129**	2,883,584
Imputed interest expense on amounts due to related companies	**1,166,396**	750,642
	2,735,480	3,859,314

11. LOSS BEFORE TAXATION

	2009	2008
	HK$	*HK$*
Loss before taxation has been arrived at after charging (crediting):		
Auditor's remuneration	**720,000**	826,750
(Write back of allowance) allowance for bad and doubtful debts, net	**(8,131)**	770,581
Bad debts written off for other receivables	**337,445**	16,478
Depreciation on property, plant and equipment	**243,634**	297,517
Fair value adjustment of non-current interest-free other receivable	**(66,279)**	51,744
Fair value adjustment of non-current interest-free amounts due to related companies	**(1,114,307)**	(1,166,396)
Interest earned on bank deposits	**(12,566)**	(91,653)
Interest income from interest-bearing amount due from an associate	**(391,885)**	–
(Gain) loss on disposal of property, plant and equipment	**(8,612)**	3,099
Cost of inventories recognised as an expense	**275,832**	1,924,228
Net exchange loss	**111,726**	405,015
Staff costs:		
– Salaries and other benefits	**5,581,344**	8,308,056
– Retirement benefits scheme contributions	**85,149**	119,719
	5,666,493	8,427,775
Share of tax of a jointly controlled entity	**401,612**	4,704,948

Note: Allowance for inventories of HK$266,827 (2008: reversal of allowance for inventories of HK$549,815) is included in cost of inventories recognised as an expense. Reversal of allowance for inventories was made when the sales of those inventories incurred during the year.

12. EMOLUMENTS OF DIRECTORS

During the years ended 31 March 2009 and 31 March 2008, no emoluments were paid to the directors.

13. EMOLUMENTS OF HIGHEST EMPLOYEES

Five highest paid employees

	2009	2008
	HK$	*HK$*
Salaries and other emoluments	**2,829,382**	2,956,135
Retirement benefits costs	**17,000**	32,000
	2,846,382	2,988,135

	2009	2008
	Number of employees	
HK$1,000,000 or below	**5**	5

14. TAXATION

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. Therefore, Hong Kong Profits Tax is calculated at 16.5% (2008: 17.5%) of the estimated assessable profit for the year. No provision for Hong Kong Profits Tax had been made as the Group did not have any assessable profit for both years.

The taxation for the year can be reconciled to the loss before taxation per the consolidated income statement as follows:

	2009	2008
	HK$	*HK$*
Loss before taxation	**(39,115,039)**	(16,837,193)
Taxation at Hong Kong Profits Tax rate of 16.5% (2008: 17.5%)	**(6,453,981)**	(2,946,509)
Tax effect of expenses not deductible for tax purpose	**3,555,266**	1,911,686
Tax effect of income not taxable for tax purpose	**(446,882)**	(2,571,613)
Tax effect of share of losses of associates	**2,545,611**	1,580,456
Tax effect of share of (profit) loss of a jointly controlled entity	**(193,905)**	794,547
Tax effect of tax loss not recognised	**1,029,836**	1,264,112
Others	**(35,945)**	(32,679)
Taxation charge for the year	**–**	–

14. TAXATION (Continued)

At 31 March 2009, the Group had estimated unused tax losses of approximately HK$206,696,000 (2008: HK$200,455,000) available for offset against future profits. No deferred tax asset in respect of the estimated tax losses has been recognised due to the unpredictability of future profit streams. The estimated tax losses may be carried forward indefinitely.

At the balance sheet date, the Group had deductible temporary differences of approximately HK$2,517,000 (2008: HK$2,735,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Under the Law of the PRC on Enterprise Income Tax promulgated on 16 March 2007, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries, associate and jointly controlled entity from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to share of accumulated profits of the PRC jointly controlled entity as the deferred taxation is insignificant. As the PRC subsidiaries and associate incurred losses since 1 January 2008, no deferred taxation has been provided accordingly.

Except for the above, there was no other significant unprovided deferred taxation for the year or at the balance sheet date.

15. LOSS PER SHARE

The calculation of basic loss per share attributable to equity holders of the Company is based on the consolidated loss for the year attributable to equity holders of the Company of HK$39,115,039 (2008: HK$16,837,193) and on 535,359,258 (2008: 535,359,258) ordinary shares in issue during the year.

No diluted loss per share has been presented as there was no potential ordinary share in issue in both years.

16. PROPERTY, PLANT AND EQUIPMENT

	Machinery, equipment and motor vehicles	Furniture and fixtures	Art work	Leasehold improvements	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
COST					
At 1 April 2007	5,175,141	1,600,186	11,000,000	8,374,061	26,149,388
Exchange adjustment	6,620	1,917	–	–	8,537
Additions	9,890	–	–	–	9,890
Disposals	(87,014)	–	–	–	(87,014)
At 31 March 2008	5,104,637	1,602,103	11,000,000	8,374,061	26,080,801
Exchange adjustment	1,664	481	–	–	2,145
Additions	24,019	–	–	–	24,019
Disposals	(175,387)	–	–	–	(175,387)
At 31 March 2009	4,954,933	1,602,584	11,000,000	8,374,061	25,931,578
ACCUMULATED DEPRECIATION					
At 1 April 2007	5,044,042	1,552,602	2,163,333	8,374,061	17,134,038
Exchange adjustment	2,955	1,852	–	–	4,807
Charge for the year	61,847	15,670	220,000	–	297,517
Eliminated on disposals	(83,915)	–	–	–	(83,915)
At 31 March 2008	5,024,929	1,570,124	2,383,333	8,374,061	17,352,447
Exchange adjustment	1,036	481	–	–	1,517
Charge for the year	25,169	(1,535)	220,000	–	243,634
Eliminated on disposals	(171,999)	–	–	–	(171,999)
At 31 March 2009	4,879,135	1,569,070	2,603,333	8,374,061	17,425,599
CARRYING VALUES					
At 31 March 2009	**75,798**	**33,514**	**8,396,667**	**–**	**8,505,979**
At 31 March 2008	79,708	31,979	8,616,667	–	8,728,354

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Machinery, equipment and motor vehicles	20%
Furniture and fixtures	20%
Art work	2%
Leasehold improvements	20% or over the life of the lease, if shorter

17. INTERESTS IN ASSOCIATES

	2009 HK$	2008 HK$
Cost of unlisted investments in associates	**89,549,045**	89,549,045
Share of post-acquisition losses	**(96,668,122)**	(88,957,984)
Share of exchange reserve	**7,119,077**	6,913,953
	–	7,505,014
Amount due from an associate	**119,008,909**	106,764,554
Less: Loss allocated in excess of cost of investment in an associate	**(7,717,812)**	–
Less: Impairment loss recognised in respect of amount due from an associate	**(16,500,000)**	–
	94,791,097	106,764,554

During the year ended 31 March 2008, the Group and other shareholder of NJ Dingshan agreed to capitalise the interest-free loan to NJ Dingshan as additional registered capital to NJ Dingshan. During the year ended 31 March 2009, the other shareholder, which is a state-owned enterprise, advised the Group's management that the application submitted is under reviewed by the relevant authority of the PRC government. The registration of these additional capital to NJ Dingshan was in progress as at 31 March 2009 and the directors of the Company believe that the registration would be completed in the financial year 2010. As the carrying amount of interest-free amount due from the associate of HK$94,791,097 (2008: HK$106,764,554) is going to be capitalised as additional registered capital to NJ Dingshan, it has formed as part of the net investment in NJ Dingshan and the Group to continue recognise the share of further losses.

The directors of the Company assessed the recoverable amount of interest in an associate and the amount due from that associate as at 31 March 2009. Based on the valuation by Vigers Appraisal and Consulting Limited, independent qualified professional valuers not connected with the Group. Vigers Appraisal and Consulting Limited are members of The Hong Kong Institute of Surveyors and/or The Royal Institution of Chartered Surveyors and have appropriate qualifications and recent experience in the valuation. The directors determine an impairment loss of HK$16,500,000 is recognised for the year. The basis of calculating the recoverable amount of the interest in the associate and amount due from that associate at 31 March 2009 is described in note 5.

The following table lists only the particulars of the Group's associate at 31 March 2009 and 2008 which principally affects the results or assets of the Group as the directors are of the opinion that a complete list of all the associates will be of excessive length.

Name of associate	Form of business structure	Country of registration and operation	Nominal value of capital contribution	Proportion of nominal value of registered capital held by the Group	Principal activity
NJ Dingshan	Sino-foreign equity joint venture	The PRC	US$25,600,000	45%	Hotel business

17. INTERESTS IN ASSOCIATES (Continued)

The summarised financial information in respect of the Group's associates is set out below:

	2009	2008
	HK$	*HK$*
Total assets	**410,350,752**	437,873,418
Total liabilities	**(428,184,936)**	(421,848,171)
Net (liabilities) assets	**(17,834,184)**	16,025,247
Group's share of net assets of associates	**–**	7,505,014
Revenue	**88,444,771**	86,588,049
Loss for the year	**(34,315,261)**	(20,098,973)
Group's shares of losses of associates for the year	**(15,427,950)**	(9,031,178)

The Group has discontinued recognition of its share of losses of certain associates. The amounts of unrecognised share of those associates, extracted from the relevant management accounts of associates, both for the year and cumulatively, are as follows:

	2009	2008
	HK$	*HK$*
Unrecognised share of losses of associates for the year	**(15,458)**	(14,852)
Accumulated unrecognised share of losses of associates	**(80,209)**	(65,357)

18. INTEREST IN A JOINTLY CONTROLLED ENTITY

	2009	2008
	HK$	*HK$*
Cost of unlisted investment in a jointly controlled entity	**1,465,479**	1,465,479
Deemed distribution to a jointly controlled entity	**(4,236,713)**	(4,236,713)
Share of post-acquisition profits	**41,711,933**	40,536,749
Share of exchange reserve	**12,422,621**	11,172,076
Share of property revaluation reserve	**5,650,394**	5,650,394
	57,013,714	54,587,985

18. INTEREST IN A JOINTLY CONTROLLED ENTITY (Continued)

As at 31 March 2009 and 2008, the Group had interest in the following jointly controlled entity:

Name of entity	Form of business structure	Country of registration and operation	Proportion of nominal value of registered capital held by the Group	Principal activity
Shanghai Qiao-Yi Real Estate Co., Ltd. ("Qiao-Yi") *(note)*	Sino-foreign equity joint venture	The PRC	80%	Property development

Note:

Qiao-Yi is held by the Group and a PRC minority shareholder ("Party A") at 80% and 20% respectively. In previous years, Qiao-Yi was undergoing voluntary dissolution. On further negotiation, an agreement was reached on 24 June 2003 between the two parties to continue the joint venture. Both parties agreed:

(i) To rescind the voluntary dissolution;

(ii) To relinquish their respective claims in the dispute;

(iii) To jointly hold the remaining parcel of land equally and share the profit/loss arising from the development of the aforesaid land on a 50:50 basis in which the development was completed during the year ended 31 March 2007;

(iv) To jointly hold the club house, retail shops and carports equally and share the profit/loss arising from these assets on a 50:50 basis;

(v) Other than items (iii) and (iv) mentioned above, the remaining net assets and the profit/loss will be distributed among the shareholders according to the revised ratios of 63.4% for the Group and 36.6% for Party A;

Pursuant to shareholders' agreements and the revised joint venture contract, revised articles of the joint venture as well as the supplementary documents, which are effective from 1 April 2004, Qiao-Yi became jointly controlled by the Group and the other shareholder. Therefore, Qiao-Yi was reclassified as a jointly controlled entity of the Group since 1 April 2004.

Pursuant to directors' and shareholders' meetings on 24 December 2008, the directors and shareholders of Qiao-Yi agreed to undergo winding up of Qiao-Yi and ceased operation from 1 January 2009. Qiao-Yi set up a team to follow up all procedures for liquidation. The liquidation is still in progress.

18. INTEREST IN A JOINTLY CONTROLLED ENTITY (Continued)

The summarised financial information in respect of the Group's jointly controlled entity which is accounted for using the equity method is set out below:

	2009	2008
	HK$	*HK$*
Current assets	**67,852,352**	66,169,405
Non-current assets	**–**	1,286,012
Current liabilities	**6,601,925**	6,535,609
Non-current liabilities	**–**	2,095,110
Income	**4,474,256**	3,077,573
Expenses	**3,299,072**	7,617,842

19. AVAILABLE-FOR-SALE INVESTMENTS

	2009	2008
	HK$	*HK$*
Unlisted equity securities	**4,349,000**	4,349,000
Less: Impairment loss	**(2,112,700)**	(2,112,700)
	2,236,300	2,236,300

The available-for-sale investments represents equity interest in an unlisted entity incorporated in Hong Kong engaged in trading of investments. At 31 March 2008, the underlying assets in the unlisted entity which was classified as available-for-sale investments were only equity securities listed in Hong Kong. Therefore, the directors of the Company assessed the fair value of this unlisted entity by referencing the market value of those shares held by the unlisted entity. The directors of the Company considered the prolonged decline in fair value below its cost as an objective evidence of impairment of the investment. An impairment loss of HK$2,112,700 was recognised in the consolidated income statement.

During the year ended 31 March 2009, the unlisted entity disposed of a substantial portion of its listed equity securities. Remaining assets of the unlisted entity mainly comprise of bank balances and cash and unlisted available-for-sale investments which are equity securities. A reliable measure becomes unavailable for the available-for-sale investments as the range of reasonable fair value estimates based on the assets and liabilities of the unlisted entity is so significant. The directors of the Company are of the opinion that their fair values cannot be measured reliably. Accordingly, the available-for-sale investments were measured at cost less impairment at 31 March 2009.

20. OTHER RECEIVABLE

Other receivable represents an interest-free loan granted to a third party with a face value of HK$1,500,000 and is repayable in year 2013. At 31 March 2009, the amortised cost of the other receivable was HK$1,170,956 (2008: HK$1,104,677) using effective interest method at an effective interest rate of 6.00% (2008: 6.00%) per annum. The imputed interest income credited to the consolidated income statement during the year is HK$66,279 (2008: imputed interest expense charged to the consolidated income statement of HK$51,744).

21. ACCOUNTS AND OTHER RECEIVABLES AND PREPAYMENTS

	2009	2008
	HK$	*HK$*
Accounts receivables	**857,844**	2,522,769
Less: Allowance for doubtful debts	**(857,844)**	(865,975)
	–	1,656,794
Other current receivables and prepayments	**240,345**	322,118
Total accounts and other receivables and prepayments	**240,345**	1,978,912

The Group allows an average credit period of 90 days to trade debtors. The aged analysis of trade debtors is as follows:

	2009	2008
	HK$	*HK$*
Aged:		
0 to 60 days	**–**	1,467,768
More than 90 days	**–**	189,026
	–	1,656,794

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed on a continuous basis.

As at 31 March 2008, included in the Group's account receivable balance were debtors with aggregate carrying amount of HK$189,026 which were past due for which the Group had not provided for impairment loss as there had not been significant change in credit quality and the Group believed the amounts were still recoverable.

21. ACCOUNTS AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)

Ageing of accounts receivables which are past due but not impaired

	2009	2008
	HK$	*HK$*
Over 180 days	**–**	189,026

The Group has policy of allowance for bad and doubtful debts which is based on the evaluation of collectibility and on management's judgement including credit worthiness and past collection history of each client.

Movement in the allowance for doubtful debts

	2009	2008
	HK$	*HK$*
Balance at beginning of the year	**865,975**	95,394
Impairment loss recognised	**500**	770,581
Write back of impairment loss upon recovery of debts	**(8,631)**	–
Balance at end of the year	**857,844**	865,975

Included in the allowance for doubtful debts are individually impaired accounts receivables with an aggregate balance of HK$857,844 (2008: HK$865,975) which have been in severe financial difficulties. The Group does not hold any collateral over these balances.

In determining the recoverability of accounts receivables, the Group considers any changes in the credit quality of the trade receivables from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for bad and doubtful debts.

22. INVESTMENTS HELD FOR TRADING

	2009	2008
	HK$	*HK$*
Equity securities listed in Hong Kong and stated at fair value	**435,000**	621,000

23. BANK BALANCES AND CASH

Bank balances have an original maturity of less than three months and carry an average market rate of 0.05% (2008: 0.6%) per annum.

24. ACCOUNTS AND OTHER PAYABLE AND ACCRUED CHARGES

Accounts and other payable and accrued charges principally comprise amounts outstanding for trade purpose and ongoing costs.

An aged analysis of accounts payable is as follows:

	2009 HK$	2008 HK$
0 to 60 days	–	240,674
60 to 90 days	–	2,730
More than 90 days	2,730	–
Total accounts payable	2,730	243,404
Other payables and accrued charges	6,751,841	2,341,832
	6,754,571	2,585,236

25. OTHER CURRENT FINANCIAL LIABILITIES

Dividend payable is unsecured, interest-free and repayable on demand.

Bank overdrafts are repayable on demand and carry variable interest rate at 0.5% per annum over Hong Kong dollars best lending rate. The effective interest rate is 5.75% (2008: 7.75%) per annum.

26. AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORK

	2009 HK$	2008 HK$
Cost incurred to date plus estimated attributable profits less foreseeable losses	–	423,353
Less: Progress payments received and receivable	–	(421,410)
	–	1,943
Represented by:		
Due from customers for contract work included in current assets	–	1,943

27. AMOUNTS DUE TO RELATED COMPANIES

Amounts due to related companies analysed for reporting purposes as:

	2009	2008
	HK$	*HK$*
Current *(note 2)*	**20,562,062**	9,962,060
Non-current *(note 3)*	**27,953,650**	22,234,061
	48,515,712	32,196,121

Notes:

(1) The related companies are companies which are controlled by close members of the family of a director of the Company.

(2) The amounts are unsecured, interest-free and repayable on demand.

(3) Amount of HK$5,667,500 (2008: nil) represents balance with interest charged at 7.56% per annum which is repayable on 18 June 2010. The remaining balances represent an interest-free balance with a principal amount of HK$23,400,457 (2008: HK$23,400,457). At 31 March 2009, the related companies extended the repayment of the advances to 1 May 2010. Accordingly, the balances are classified as non-current. The interest-free non-current amounts due to related companies are adjusted to its fair value. The fair value adjustments of HK$1,114,307 (2008: HK$1,166,396) is recognised in the consolidated income statement. At 31 March 2009, the fair value of the amounts was HK$22,286,150 (2008: HK$22,234,061) on an effective interest method with an effective interest rate of 7.75% (2008: 7.75%).

28. SHARE CAPITAL

	Number of shares	*HK$*
Ordinary shares of HK$0.10 each		
Authorised:		
At 1 April 2007, 31 March 2008 and 31 March 2009	8,500,000,000	850,000,000
Issued and fully paid:		
At 1 April 2007, 31 March 2008 and 31 March 2009	535,359,258	53,535,926

There was no movement in the Company's share capital for both years.

29. AMOUNT DUE TO A JOINTLY CONTROLLED ENTITY

Amount represents an interest-free loan granted with a principal amount of HK$23,052,410 (2008: HK$27,127,012). As at 31 March 2009, the shareholders and directors of the jointly controlled entity decided to wind up the company. Accordingly, the balance was classified from non-current to current at 31 March 2009.

At 31 March 2008, the jointly controlled entity extended the repayment of the advance for one year. Accordingly, the balance was classified as non-current. The effective interest is at 5.25% per annum. The deemed distribution of HK$1,353,129, represents the fair value adjustment at the initial recognition, was included in interest in a jointly controlled entity.

30. RETIREMENT BENEFITS SCHEMES

Effective from 1 December 2000, the Group has joined a Mandatory Provident Fund Scheme ("MPF Scheme") for all employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rule of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rate specified in the rules. The only obligation of the Group with respect to MPF Scheme is to make the required contributions under the scheme. The Group contributes the lower of HK$1,000 or 5% of relevant payroll costs to the MPF scheme. The total amount contributed by the Group to the MPF Scheme and charged to the consolidated income statement was HK$85,149 (2008: HK$119,719).

31. RELATED PARTY TRANSACTIONS

Apart from the amounts due from and to related companies as disclosed in the balance sheet set out in pages 51 to 52 and 58 to 59 and notes 17, 27 and 29 respectively during the year, the Group entered into the following transactions with an associate and related companies:

	An associate		**Related companies**	
	2009	2008	**2009**	2008
	HK$	*HK$*	***HK$***	*HK$*
Management fee income received from	**2,241,840**	3,322,157	**–**	–
Building management fee paid to	**–**	–	**132,780**	125,256
General expenses paid to	**–**	–	**648,583**	505,544
Interest income received from	**391,885**	–	**–**	–

A related company, a company significantly influenced by the directors of the Company who are the family members of directors of the related company, provided certain area for the Group to use as the Group's office premises at no cost.

31. RELATED PARTY TRANSACTIONS (Continued)

Certain directors of the related companies are also the Company's directors and two directors of a related company are children of one of the Company's directors.

Compensation of key management personnel

The remuneration of members of key management of the Group during the year as follows:

	2009	2008
	HK$	*HK$*
Salaries and other short-term employee benefits	**996,000**	996,000

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trend.

32. PARTICULARS OF PRINCIPAL SUBSIDIARIES

The following list contains only the particulars of the Company's subsidiaries at 31 March 2009 and 2008 which principally affect the results or assets of the Group as the directors are of the opinion that a complete list of all the subsidiaries will be of excessive length. All the following subsidiaries are operating principally in Hong Kong except otherwise indicated.

Name of subsidiary	Country/ place of incorporation	Class of shares held	Paid up issued share capital/ capital contribution	Proportion of nominal value of issued capital/ registered capital held by the Company Directly %	Indirectly %	Principal activities
Dragon Spirit Limited	British Virgin Islands	Ordinary	US$1	–	100	Investment holding
Gallaria Furnishings International Limited	Hong Kong	Ordinary	HK$2,000,020	–	100	Decoration contractor and trading of furniture
Hebo Urge Company Limited	Hong Kong	Ordinary	HK$2	100	–	Holding of a painting
Hong Kong Parkview (China) Limited	Hong Kong	Ordinary	HK$10,000,000	–	100	Investment holding
Hong Kong Parkview International Limited	Hong Kong	Ordinary	HK$2	–	100	Investment holding

32. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Country/ place of incorporation	Class of shares held	Paid up issued share capital/ capital contribution	Proportion of nominal value of issued capital/ registered capital held by the Company Directly %	Indirectly %	Principal activities
Hong Kong Parkview International Management Limited	Hong Kong	Ordinary	HK$2	–	100	Personnel management
Newmeadow Limited	British Virgin Islands	Ordinary	US$1	–	100	Investment holding
Parkview Management Services Limited	British Virgin Islands	Ordinary	US$4	100	–	Investment holding
Parkview Property Development Limited	Hong Kong	Ordinary	HK$1,000	100	–	Investment holding
張家港保稅區港麗國際貿易有限公司 *(note)*	The PRC	Registered Capital	US$200,000	–	100	Decoration contractor and trading of furniture

Note: Wholly foreign owned enterprise and operating in the PRC.

None of the subsidiaries had issued any debt securities during the year or at 31 March 2009.

Five Years Financial Summary

FOR THE YEAR ENDED 31 MARCH 2009

	2005 *HK$*	2006 *HK$*	2007 *HK$*	2008 *HK$*	**2009** ***HK$***
CONSOLIDATED RESULTS					
Revenue	9,491,207	18,220,724	22,371,767	6,247,246	**2,316,785**
(Loss) profit for the year attributable to equity holders of the Company	(21,642,239)	(22,647,558)	7,932,541	(16,837,193)	**(39,115,039)**
Basic (loss) earnings per share	(4.04 cents)	(4.23 cents)	1.48 cents	(3.15 cents)	**(7.31 cents)**
CONSOLIDATED ASSETS AND LIABILITIES					
Total assets	181,878,861	150,456,377	198,889,667	187,276,562	**167,459,537**
Total liabilities	(46,532,281)	(40,782,939)	(67,337,691)	(65,552,373)	**(83,229,558)**
	135,346,580	109,673,438	131,551,976	121,724,189	**84,229,979**
Equity attributable to equity holders of the Company	133,678,479	109,673,438	131,551,976	121,724,189	**84,229,979**
Minority interests	1,668,101	–	–	–	**–**
	135,346,580	109,673,438	131,551,976	121,724,189	**84,229,979**

僑福建設企業機構

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