Strategic Investment
Prudent Management

HON KWOK LAND INVESTMENT COMPANY, LIMITED

Stock Code: 160

2008-09

Annual Report

CONTENTS

Cover Photo :
Partial view of Botanica Phase 1 flats (total 8 blocks), Tian He District, Guangzhou

CORPORATE INFORMATION

DIRECTORS

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

* *Independent non-executive directors*

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

SECRETARY

Wendy Yuk-Ying Chan

PRINCIPAL BANKERS

Bank of Communications Co., Ltd.
The Bank of East Asia, Limited
DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
Industrial and Commercial Bank of China Limited
Industrial and Commercial Bank of China (Asia) Limited
Nanyang Commercial Bank, Limited
Shanghai Commercial Bank Limited

AUDITORS

Ernst & Young

REGISTRARS

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

REGISTERED OFFICE

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

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STOCK CODE

SEHK 160

WEBSITE

http://www.honkwok.com.hk

BUSINESS HIGHLIGHTS

- In Guangzhou, pre-sale of Botanica Phase 1, Tian He District, launched in November 2008 and No. 5 Residence at Beijing Road, Yue Xiu District, in April 2009. Over 95% and 94% of the respective residential units pre-sold up to mid July 2009. Total proceeds exceeding RMB504 million (approximately HK$573 million) and completion of these two projects is expected to be around the end of 2009. Pre-sale of about 400 residential units of Botanica Phase 2 is planned to commence in late 2009.

- Disposal of the Yien Yieh Commercial Building site and sale of 9 ground floor shops at Kensington Plaza in Jordan completed in July 2008. Together with sale of our Toronto Phase 2 project site (50% share) in March 2009 and other property stocks in Hong Kong, total proceeds of over HK$526 million received during the 2008-09 financial year.

- Construction works for our 108,000 sq.m. twin-tower commercial/residential complex in Chongqing completed in March 2009, now known as "Chongqing Hon Kwok Centre". Interior fitting-out works scheduled for completion by the third quarter of 2009 and leasing plan in progress.

- Acquired from a joint venture partner the remaining 50% interest in another Chongqing vacant site at a consideration of HK$40 million in January 2009.

- Construction and renovation works for 2 boutique hotels in Hong Kong, 1 in Shenzhen and 1 in Guangzhou in progress. All scheduled for completion in late 2009 or early 2010. Coupled with our existing serviced apartments in Hong Kong and in Shenzhen, the Group will be operating over 660 guest rooms which will strengthen our future recurrent income base.

Financial Highlights

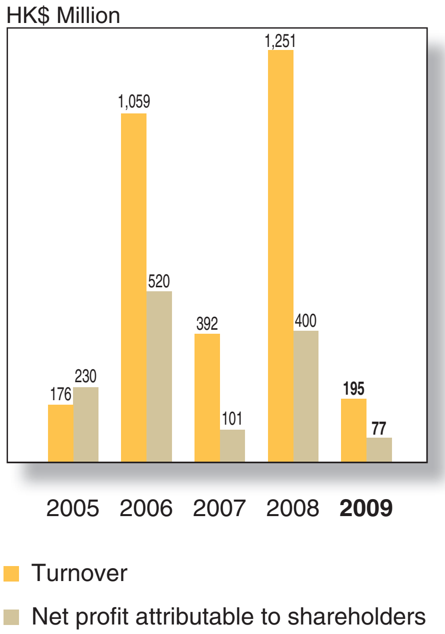
	2009	2008	*Increase/Decrease*	
	HK$'M	*HK$'M*	*HK$'M*	*+/-*
For the year ended 31 March				
Turnover	**195**	1,251	*(1,056)*	*-84%*
Profit attributable to shareholders after revaluation on investment properties *(Note 1)*	**77**	400	*(323)*	*-81%*
Basic earnings per share *(in HK cents)*	**16**	83	*(67)*	*-81%*
Proposed final dividend per share *(in HK cents)*	**12.5**	12.5		*No change*
At 31 March				
Bank borrowings less bank balances	**927**	909	*18*	*+2%*
Shareholders' funds	**3,150**	3,102	*48*	*+2%*
Gearing ratio *(Note 2)*	**37%**	37%		*No change*
Net assets per share attributable to shareholders *(in HK$)*	**6.56**	6.46	*0.10*	*+2%*

Notes:

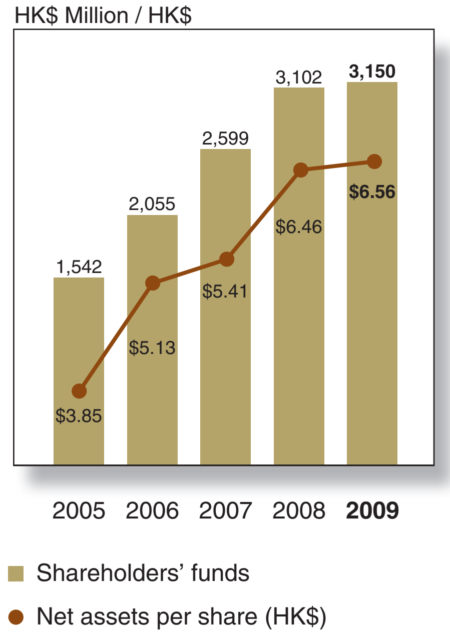
1. *Drop in profit mainly due to reduction in net revaluation gain on investment properties and decrease in property sales. Details shown in the financial statements.*
2. *Representing ratio of "bank borrowings + convertible bonds – bank balances" to "shareholders' funds + minority interests".*

BUSINESS HIGHLIGHTS *(Continued)*

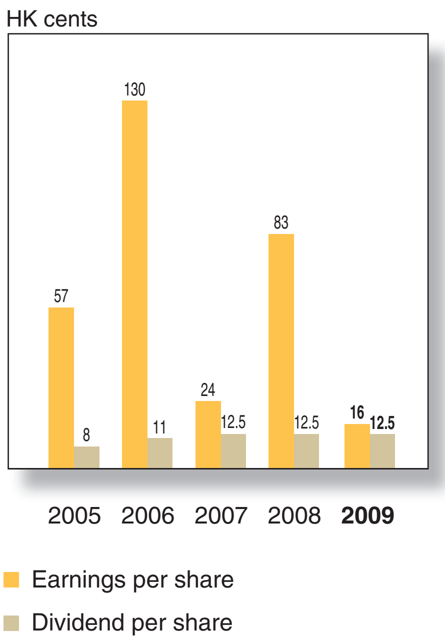
Turnover / Net Profit



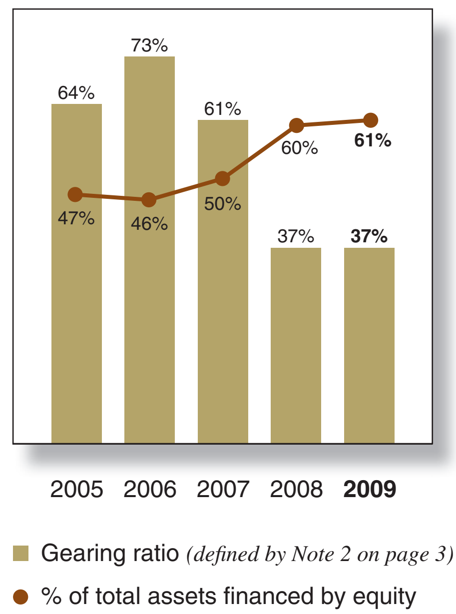
Shareholders' Funds / Net Assets per Share



Earnings / Dividend per Share



Gearing / Equity Funding



SHAREHOLDERS' CALENDAR

Interim results announcement	18 December 2008 (Thursday)
Annual results announcement	16 July 2009 (Thursday)
Proposed final dividend	12.5 Hong Kong cents per share
Despatch of annual report to shareholders	30 July 2009 (Thursday)
Closure of register of members for the proposed final dividend entitlement and to determine the entitlement to attend and vote at the annual general meeting	7 September 2009 (Monday) to 10 September 2009 (Thursday) (both days inclusive)
Latest share transfer for final dividend entitlement	not later than 4:30 pm on 4 September 2009 (Friday)
Annual General Meeting	10 September 2009 (Thursday)
Payment of final dividend	on or before 6 October 2009 (Tuesday)

LOCATION OF PROPERTY PROJECTS IN MAINLAND CHINA

Projects under Development

1 Botanica（寶翠園）
2 No. 5 Residence（北京路5號公館）
3 Adjacent site to No. 5 Residence
4 Second adjacent site to No. 5 Residence
5 Li Wan（荔灣）project
6 Dong Guan Zhuan（東莞莊）project
7 Yayao Oasis（雅瑤綠洲）, Nanhai (not shown above)
8 Hon Kwok City Commercial Centre（漢國城市商業中心）
9 Adjacent site to Chongqing Hon Kwok Centre（重慶漢國中心）

Completed Projects

10 Millennium Oasis（城市綠洲花園）Phase I [2001], Phases II & III [2002]
11 City Square（城市天地廣場）[2005]
12 Chongqing Hon Kwok Centre（重慶漢國中心）[2009], now held as investment property

Hotel/Serviced Apartments

13 City Suites（寶軒公寓）
14 City Square Hotel (tentative name)
15 The Bauhinia Guangzhou (tentative name)

FINANCIAL RESULTS

For the year ended 31 March 2009, the Group's consolidated turnover and net profit attributable to shareholders amounted to HK$195 million (2008: HK$1,251 million) and HK$77 million (2008: HK$400 million), respectively. Basic earnings per share were 16 Hong Kong cents (2008: 83 Hong Kong cents). The shareholders' equity amounted to HK$3,150 million (2008: HK$3,102 million). Net assets per share attributable to shareholders were HK$6.56 (2008: HK$6.46).

DIVIDEND

The Directors recommend the payment of a final dividend of 12.5 Hong Kong cents per ordinary share for the year ended 31 March 2009 (2008: 12.5 Hong Kong cents) to shareholders whose names appear on the Company's register of members on 10 September 2009. Subject to the approval by the shareholders at the forthcoming annual general meeting, the dividend cheques are expected to be despatched to shareholders on or before 6 October 2009.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from 7 September 2009 to 10 September 2009 (both days inclusive), during which period no share transfers will be registered. In order to qualify for the proposed final dividend and to determine the entitlement to attend and vote at the annual general meeting, all transfer forms accompanied by relevant share certificates must be lodged with Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on 4 September 2009.

BUSINESS REVIEW

1. Property Development and Sales

Guangzhou, PRC

Situated in a greenery zone of Guangzhou with exceptional refreshing and pleasant environment and coupled with the benefits from economic and property stimulus measures of Central and Municipal Governments since late 2008, the pre-sale of our **Botanica Phase 1** (**寶翠園一期**) in the northern part of Tian He District launched in November 2008 has been satisfactory.

Part of Botanica Phase 1 flats (total 8 blocks), Tian He District, Guangzhou

BUSINESS REVIEW *(Continued)*

1. Property Development and Sales *(Continued)*

Of the 311 residential units offered to the market, over 95% have been pre-sold with total proceeds exceeding RMB306 million. Renovation works of these eight mid-rise blocks and construction of a club house are in progress. Delivery of the residential units to purchasers will commence in the last quarter of 2009. Building plans of **Botanica Phase 2** (寶翠園二期), which also comprises eight blocks of approximately 400 residential units, have been approved. Construction works are in progress and scheduled for completion in mid 2010. Subject to market conditions, pre-sale is expected to be commenced in late 2009.

Botanica development project, Guangzhou - Architect perspective

The Group saw the latent demand and an encouraging property market sentiment for residential flats since March this year. Pre-sale of 143 residential units of **No. 5 Residence** (北京路5號公館) at Beijing Road in the heart of Yue Xiu District has been well received. In the proximity of Pearl River, certain mid to upper floor residence can enjoy a delightful river view. Almost 80% of the units were pre-sold within one month of pre-sale since mid April 2009. Up to mid July 2009, over 94% pre-sold with total sales proceeds of approximately RMB198 million. Building plans for an **adjacent development project** of a residential tower atop a retail podium with a total gross floor area of about 27,180 sq.m. are being finalized.

Pre-sale of the above two projects has generated total sales proceeds of over RMB504 million (approximately HK$573 million).

BUSINESS REVIEW *(Continued)*

1. Property Development and Sales *(Continued)*

No. 5 Residence at Beijing Road, Yue Xiu District, Guangzhou (Near Tian Zi Pier, Pearl River)

Chongqing, PRC

In January 2009, the Group acquired the remaining 50% interest in the **Phase 2 project** in Bei Bu Xin Qu, Chongqing, from our joint venture partner at a consideration of HK$40 million. Plans have been submitted to local authorities for development of a grade A office tower and a 5-star hotel and serviced apartments with a total gross floor area of about 134,000 sq.m.

Shenzhen, PRC

Detailed construction plans of our 128,000 sq.m. development project "**Hon Kwok City Commercial Centre 漢國城市商業中心**" on Shen Nan Zhong Road, Fu Tian District, are expected to be finalized by the end of 2009. Facing the Shenzhen Central Park and adjacent to Hua Qiang Bei Commercial/ Retail Zone, this signature building will comprise 75 floors of grade A offices, commercial apartments and luxury serviced apartments atop a 5 level retail and carpark podium.

Toronto, Canada

Our **Phase 2** project site was disposed of in March 2009. Our 50% share of the sales proceeds of approximately CAD9 million (currently about HK$61 million) plus our 75% share of the proceeds from sale of several remaining **Phase 1** (known as One City Hall) residential units of about CAD2 million (currently about HK$14 million) are retained in Canada for other investment opportunities.

BUSINESS REVIEW *(Continued)*

1. Property Development and Sales *(Continued)*

Development Land Bank

Including jointly-owned entities and after the completion of the 108,000 sq.m. Chongqing Phase 1 project as investment property during the financial year, the Group has nine projects under development in the Mainland China with a total gross floor area of approximately 1,124,110 sq.m., details as follows:

	Projects as of 31 March 2009	Approximate Gross Floor Area *sq.m.*
1.	Shenzhen, Hon Kwok City Commercial Centre	128,000
2.	Guangzhou, Botanica	228,650
3.	Guangzhou, No. 5 Residence	20,340
4.	Guangzhou, 45-65 Beijing Nan Road	27,180
5.	Guangzhou, 67-107 Beijing Nan Road	38,570
6.	Guangzhou, Li Wan project	40,410
7.	Guangzhou, Dong Guan Zhuan project	234,670
8.	Nanhai, Yayao Oasis	272,790
9.	Chongqing, Phase 2 project	133,500
		1,124,110

Chongqing Hon Kwok Centre, Chongqing (Construction works completed in March 2009)

BUSINESS REVIEW *(Continued)*

2. Investment Properties in the PRC

In addition to the investment property portfolio in Hong Kong, the Group is strategically retaining properties in the PRC at prime locations and with immense potential for capital appreciation. These properties, currently with approximate gross floor area of 135,000 sq.m., are to be held for long term investment purposes.

Chongqing, PRC

Construction works for our 108,000 sq.m. twin-tower commercial/residential complex, now known as "**Chongqing Hon Kwok Centre 重慶漢國中心**", were completed in March 2009. Interior fitting-out works are scheduled for completion by the third quarter of this year and leasing of the office, commercial apartment and retail areas is in good progress.

Skylight lounge in City Square Hotel, Shenzhen - Designer's impression

BUSINESS REVIEW *(Continued)*

2. Investment Properties in the PRC *(Continued)*

Shenzhen, PRC

To leverage on the market and business opportunities associated with opening of a new luxury shopping mall located opposite to our **City Square** (城市天地廣場) with hotel, serviced apartments and office facilities early next year, the Group is converting levels 3 to 5 of podium floors at **City Square** to a 176 room hotel to be tentatively named as "**City Square Hotel**". Same as the tenants of our 64 serviced apartments at "**City Suites 寶軒公寓**", hotel guests will be entitled to use the club house facilities at **City Square**. To further facilitate our apartment and hotel guests, the entire level 2 at **City Square** has been leased to a restaurant operator and leasing for retail shops on level 1 is in progress. The hotel is planned for soft opening in late 2009. Total gross floor area of the serviced apartments, hotel and retail podium at **City Square** to be retained for long term rental investment is approximately 27,000 sq.m.

Guangzhou, PRC

The Group also intends to hold for long term investment purposes the retail podium floors of our **No. 5 Residence** at Beijing Road and the two adjoining projects under development. Total retail gross floor area is planned to be exceeding 22,000 sq.m.

3. "The Bauhinia" Hotels and Serviced Apartments

Based on the expertise gained in running successfully our serviced apartments of **The Bauhinia** (寶軒) at Des Voeux Road Central, Hong Kong and **City Suites** (寶軒公寓) in Luo Hu District, Shenzhen, the Group is expanding the "**The Bauhinia 寶軒**" brand to cover hotel accommodation for short stay tourists and business travelers in Hong Kong, Shenzhen and Guangzhou. The Group's additional investment and operating costs for the hotel operations will be relatively low as they share the benefits of synergy and economy of scale from our existing management, logistics and club facilities in addition to nearby entertainment and shopping arcades.

Hong Kong

Alteration and renovation works to convert four office podium floors of **The Bauhinia/ Honwell Commercial Centre** (寶軒及漢貿商業中心) at Des Voeux Road Central to a 42 room up-market boutique hotel and nine upper office floors at **Hon Kwok TST Centre** (漢國尖沙咀中心), to be renamed as "**Knutsford Place 諾士佛廣場**", in Tsimshatsui to a 44 room stylish boutique hotel are in good progress. The two new hotels are to be named as "**The Bauhinia (Central) Hotel 寶軒(中環)酒店**" and "**The Bauhinia (TST) Hotel 寶軒(尖沙咀)酒店**". Their soft openings are respectively scheduled for the first quarter of 2010 and late 2009.

Hon Kwok Jordan Centre, Hillwood Road, Kowloon (One of the Group's investment properties in Hong Kong)

BUSINESS REVIEW *(Continued)*

3. **"The Bauhinia" Hotels and Serviced Apartments** *(Continued)*

Shenzhen, PRC

As mentioned under "Investment Properties in the PRC" above, the soft opening of our 176 room **City Square Hotel** is expected to be around late 2009.

Guangzhou, PRC

The Group has acquired management rights to operate a hotel on Jie Fang Nan Road, Yue Xiu District. Upon completion of our upgrade and refurbishment program, a new hotel to be tentatively renamed "**The Bauhinia Guangzhou**" with 166 guest rooms is planned for soft opening in the fourth quarter of 2009.

In summary, excluding the 5-star hotel and serviced apartments to be developed in Chongqing, the Group will be operating a total of 663 guest rooms in Hong Kong and the Mainland China.

	Serviced Apartment Rooms	Hotel Rooms	Total
Hong Kong	171	86	257
Shenzhen	64	176	240
Guangzhou	–	166	166
	235	428	663

4. **Disposal of Investment Property and Property Stocks**

As reported in our Interim Report, the disposal of our investment property **Yien Yieh Commercial Building** (鹽業商業大廈) ("**Yien Yieh**") as a vacant site and the remaining stock of 9 ground floor shops at **Kensington Plaza** (金威廣場) in Jordan were completed in July 2008. Together with sale of other property stocks in Hong Kong during the financial year under review, total cash proceeds amounted to over HK$459 million.

Though **Yien Yieh** was a fairly old commercial/office building, it was very well located right opposite to our serviced apartments at **The Bauhinia/Honwell Commercial Centre** at the junction of Des Voeux Road Central and Man Wa Lane. **Yien Yieh** was acquired by the Group through public tender for HK$68 million in 2002 when the building was mostly tenanted except the portion originally occupied by a bank. Through efforts of our leasing agents, the occupancy rate of initially 34% was increased to over 80% within months after our acquisition. **Yien Yieh** was sold for HK$335 million in 2008. Its valuation amounted to HK$310 million as of the previous financial year end on 31 March 2008. Intention of the Group to acquire **Yien Yieh** was to hold it as long term investment for recurrent rental income. This was in line with our corporate strategy as specified in our 2005-06 Annual

BUSINESS REVIEW *(Continued)*

4. Disposal of Investment Property and Property Stocks *(Continued)*

Report that the Group has decided not to engage in further property development in Hong Kong but only intended to enlarge our investment property portfolio to enhance recurrent rental income and concentrate management efforts for all property development activities in the Mainland China.

OUTLOOK

Almost 10 months after the outbreak of the global financial tsunami since September 2008, loss of confidence on the financial systems seems to be restored as a result of massive injection of liquidity by central banks all over the world in a concerted effort to avert major banking crisis. Yet, for the general economy, fundamentals are still weak showing no sign of any recovery in the short and medium terms. US unemployment rate in June 2009 soared to a 26-year record high of 9.5% with unemployed numbered in excess of 14,700,000. In 2007, consumer spending constituted 72% of US annual GDP. With saving rate grew from 0.2% in March 2008 to 7% in May 2009, US consumers are no longer spending as in the past, resulting in large number of corporate failures. In April 2009 alone, over 8,000 US companies filed for Chapter 11 protection. The Mainland China exports plunged for seven consecutive months to 26.4% in May against last year and Hong Kong retail sales tumbled 6.2% year-on-year in May 2009. All these data reveal that the results of economic stimulus measures launched by various governments are yet to be seen. Undoubtedly, the US economy remains sluggish and may continue for a prolonged period.

However, in Hong Kong and the Mainland China, both the stock and property markets have surged since March this year. The rally is likely due to the result of massive influx of liquidity or hot money (including that from relaxation of bank lending policy and overseas hedge funds), near-zero interest rate, fear of deflation in dollar notes (with which Hong Kong dollars are pegged) and acquisition for higher yield assets to hedge against future inflation. Hong Kong property prices have been up by over 15% generally since the beginning of 2009. For the first five months, property sales by value doubled in Beijing, soared 61.9% in Shanghai and jumped 52.5% in Guangdong from a year ago.

It is difficult to determine when this liquidity-induced wealth effect will be channeled out of the property and stock markets. If that happens, the rally inevitably can no longer be sustained and both stock and property prices will be prone to adjustments and consolidation.

The sphere and depth of adverse impact to Hong Kong under the financial tsunami as well as the recent swine flu are apparently much less severe than the 1997 Asian financial turmoil and the 2003 SARS. Business affected most is largely associated with US exports and manufacturing sectors, related logistics chain, certain investment bankers and retailers. Both Hong Kong and the Mainland China seem to be relatively more resilient to the current financial crisis than overseas countries. The Central Government's economic stimulus measures to encourage domestic consumption and large scale infrastructure projects have effectively stabilized local economy.

OUTLOOK *(Continued)*

While the PRC property market continues its recovery, the Group will expedite our development projects and realize our property stocks. Towards the end of the year, our investment property in Chongqing and the hotels in Hong Kong, Shenzhen and Guangzhou will commence operations to generate stable recurrent income for the Group in the years ahead. The sales proceeds from pre-sale of the two Guangzhou projects together with that from disposal of the Hong Kong properties and the two Toronto projects since April 2008 amounted to over HK$1,113 million. Not only enabling the Group to further reduce its gearing level, such proceeds will equip the Group with adequate liquidity to replenish our investment and development land bank as soon as suitable opportunities arise, both in Hong Kong and the Mainland China. Given a steady environment for economic recovery, the directors are confident that your Group will continue to perform well in the coming years.

Finally, I would like to take this opportunity to thank my fellow directors and all staff for their contributions and hard work during the past year.

James Sai-Wing Wong
Chairman

Hong Kong, 16 July 2009

DIRECTORS

James Sai-Wing Wong

Aged 71, was appointed as the Managing Director of the Company in 1985 and became the Chairman in 1990. He is the chairman of Chinney Investments, Limited ("Chinney Investments"), a director of Chinney Holdings Limited ("Chinney Holdings") and Lucky Year Finance Limited ("Lucky Year"), all being substantial shareholders of the Company. He is also the chairman of Chinney Alliance Group Limited ("Chinney Alliance"). Except Chinney Holdings and Lucky Year, all the other companies are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). He was appointed a Justice of the Peace for Hong Kong in 1987.

Madeline May-Lung Wong

Aged 69, was appointed as a director of the Company in 1985. She is a director of Chinney Investments, Chinney Holdings and Lucky Year, all being substantial shareholders of the Company. She is also a director of HKR International Limited. Chinney Investments and HKR International Limited are both listed on the Stock Exchange.

Herman Man-Hei Fung

Aged 71, was appointed as the General Manager of the Company in 1986, a director of the Company in 1988 and Managing Director in 1991. Mr. Fung stepped down from the executive post of Managing Director on 31 October 2002 and became the Vice-Chairman since 1 November 2002. He is the managing director of Chinney Investments and a director of Chinney Holdings and Lucky Year, all being substantial shareholders of the Company. He is also a non-executive director of Chinney Alliance. Both Chinney Investments and Chinney Alliance are listed on the Stock Exchange. He has actively participated in the property investment and development business for the past 38 years and has extensive experience in finance, marketing, construction and general administration of the real estate business.

Dennis Kwok-Wing Cheung

Aged 58, joined the Company in 1995 and was appointed as an Executive Director of the Company in January 2006. He has over 21 years of experience in property development in The People's Republic of China ("PRC"). He holds a Master's degree in Business Administration and a Diploma in Chinese Law from the University of East Asia, Macau and is a member of the Certified General Accountants Association of Ontario, Canada.

Zuric Yuen-Keung Chan

Aged 54, was appointed as a director of the Company in December 2003 and re-designated as an Executive Director of the Company in January 2007. He is also a director of Chinney Alliance, which is listed on the Stock Exchange. He has 35 years of experience in the construction industry. He is a member of the Chartered Institute of Building and the Hong Kong Institute of Construction Managers.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Daniel Chi-Wai Tse

Aged 74, was appointed as an independent non-executive director of the Company in 1993. He is the Council Chairman of the University of Macau and the President Emeritus of the Hong Kong Baptist University. He was the President and Vice-Chancellor of the Hong Kong Baptist University for 30 years and retired in June 2001. He holds a Ph.D. in Physics from the University of Pittsburgh, USA. He was appointed a Justice of the Peace for Hong Kong in 1977 and was awarded a Gold Bauhinia Star in 1998.

Kenneth Kin-Hing Lam

Aged 55, was appointed as an independent non-executive director of the Company in 2004. He is the deputy chairman and director of Quam Limited, which is listed on the Stock Exchange, and also the managing director of Quam Capital (Holdings) Limited. He is a director of Seamico Securities Public Company Limited, a publicly listed company in Thailand, and has previously held directorship in other publicly listed company in Thailand. He is also the chairman of The Institute of Securities Dealers Limited. He had worked for a Dutch international bank for 10 years as the head of its PRC and corporate banking operations. He has more than 27 years of experience in corporate finance and banking. Mr. Lam holds a Bachelor's Degree in Economics and Computer Science from the University of Western Ontario, Canada and a Master's Degree in Business Administration from the Chinese University of Hong Kong.

Hsin-Kang Chang

Aged 69, was appointed as an independent non-executive director of the Company in 2007. He is also an independent non-executive director of Brightoil Petroleum (Holdings) Limited and PCCW Limited, which are both listed on the Stock Exchange. He became an Honorary Professor of Tsinghua University and Wei Lun Senior Visiting Scholar in September 2007 and Yeh-Lu Xun Chair Professor in Social Sciences at Peking University in November 2007. He was the President and University Professor of City University of Hong Kong from 1996 to 2007. Prior to that, he served as Dean of the School of Engineering of the University of Pittsburgh, USA, Founding Dean of the School of Engineering of the Hong Kong University of Science and Technology and the chairman of Department of Biomedical Engineering of University of Southern California, USA. Professor Chang taught at several major universities in North America and served in a number of science and technology organisations and public advisory bodies in the United States and Hong Kong.

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

SENIOR MANAGEMENT

Louis Woon-Chang Pang

Aged 51, is the Director – Finance of the Company. Mr. Pang joined the Company in May 2008. He has over 23 years of experience in finance and business management. He had served as senior executive in several listed companies in Hong Kong. Mr. Pang holds a Master's Degree in Business Administration from Warwick University, UK. He is also a fellow of the Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants.

Jason Chi-Kit Tso

Aged 44, joined the Company in 1998 and is the Deputy General Manager of Hon Kwok Land Investment (China) Limited. He has 21 years of experience in the field of architecture, project management and property development. He is an Authorised Person under the list of architects. He holds a Bachelor's Degree in Architecture from The University of Hong Kong and is a member of the Hong Kong Institute of Architects.

Chi-Kin Lam

Aged 54, joined the Company in 2003 and is the Assistant General Manager – Asset Management of the Company. He has 24 years of experience in large scale parking facilities and property services management. He is a chartered member of the Chartered Institute of Logistics and Transport.

Thomas Hang-Cheong Ma

Aged 43, joined the Company in 1994 and is the Financial Controller of the Company. He has 20 years of experience in the accounting field. He holds a Bachelor's Degree in Accountancy from the City University of Hong Kong and is a fellow of the Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants.

Stephen Chun-Piu Lee

Aged 42, joined the Company in 1990 and is the Senior Property Manager of the Company in charge of investment properties in Hong Kong. He has 19 years of experience in property investment and development.

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

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

DIRECTORS' SECURITIES TRANSACTIONS

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

BOARD OF DIRECTORS

The directors of the Company during the year ended 31 March 2009 were:

Executive Directors

James Sai-Wing Wong *(Chairman)*
Dennis Kwok-Wing Cheung
Zuric Yuen-Keung Chan

Non-Executive Directors

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

Independent Non-Executive Directors

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

Details of background and qualifications of each director are set out in the section headed "Biographical Details of Directors and Senior Management" on pages 16 to 18 of this annual report.

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

BOARD OF DIRECTORS *(Continued)*

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

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

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

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

During the year under review, two full board meetings were held. As business operations were under the management and supervision of the executive directors of the Company, who had from time to time held meetings to resolve all material business or management issues, thus only two full board meetings were held for the year ended 31 March 2009.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

NON-EXECUTIVE DIRECTORS

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

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

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

At the forthcoming annual general meeting, in accordance with article 104 of the Articles of Association, Herman Man-Hei Fung and Dennis Kwok-Wing Cheung shall retire by rotation and, being eligible, offer themselves for re-election.

REMUNERATION OF DIRECTORS

The Remuneration Committee was established in December 2005. The Remuneration Committee currently comprises three members, namely Herman Man-Hei Fung, Daniel Chi-Wai Tse and Kenneth Kin-Hing Lam. The Chairman of the Remuneration Committee is Herman Man-Hei Fung.

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

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

AUDIT COMMITTEE

The Audit Committee was established in 2001. The Audit Committee currently comprises three members, namely Kenneth Kin-Hing Lam, Daniel Chi-Wai Tse and Hsin-Kang Chang and they are all independent non-executive directors of the Company. The Chairman of the Audit Committee is Kenneth Kin-Hing Lam. The Board considers that each Audit Committee member has broad commercial experience and there is a suitable mix of expertise in business, accounting and financial management in the Audit Committee.

The Audit Committee's functions include:

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

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

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed with management and the external auditors the financial reporting matters, both for the annual results for the year ended 31 March 2008 and the interim results for the six months ended 30 September 2008.

ATTENDANCE AT MEETINGS OF THE BOARD, REMUNERATION AND AUDIT COMMITTEES

	Number of meetings attended For the year ended 31 March 2009		
	Board meetings	Remuneration Committee meeting	Audit Committee meetings
Number of meetings held for the year ended 31 March 2009	2	1	2
James Sai-Wing Wong	2	N/A	N/A
Madeline May-Lung Wong	0	N/A	N/A
Herman Man-Hei Fung	2	1	2
Dennis Kwok-Wing Cheung	1	N/A	2
Zuric Yuen-Keung Chan	2	N/A	2
Daniel Chi-Wai Tse	1	1	2
Kenneth Kin-Hing Lam	2	1	2
Hsin-Kang Chang	2	N/A	2

NOMINATION OF DIRECTORS

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

AUDITORS' REMUNERATION

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

	Fees paid/payable *HK$'000*
Types of services	
Audit services	1,908
Non-audit services (tax compliance services and other services)	349
	2,257

DIRECTORS' AND AUDITORS' RESPONSIBILITIES FOR ACCOUNTS

The directors' responsibilities for the accounts and the responsibilities of the external auditors to the shareholders are set out in the Independent Auditors' Report on pages 35 and 36 of this annual report.

INTERNAL CONTROLS

The Board is responsible for ensuring that the Group maintains sound and effective internal controls to safeguard the assets of the Group and protect the interests of its shareholders.

The Board has conducted a review of the effectiveness of the internal control system of the Group and the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting functions. The review covered relevant financial, operational and compliance controls as well as risk management functions. The Board has concluded that the Group's overall system of internal control has effectively exercised its functions and that the Group's accounting staff are adequate to manage the accounting and financial reporting functions properly during the year.

COMMUNICATIONS WITH SHAREHOLDERS

The Board recognises the importance of good communications with all shareholders and is committed to maintaining a policy of open and timely disclosure of relevant information on its attributes to shareholders and other stakeholders through the publication of interim and annual reports, public announcements and other public circulars, all of which are available on the Company's website. The terms of reference of the Remuneration Committee and Audit Committee are available from the Company Secretary on request but not yet ready in the Company's website as stipulated in CG Code Provision B.1.4 and C.3.4.

The annual general meeting provides a useful forum for shareholders to exchange views with the Board. Shareholders are encouraged to attend the annual general meeting for which at least 21 days prior notice is given. The Chairman of the Board as well as Chairmen of the Board Committees (or in their absence, other members of the Committees) together with the external auditors are available to answer shareholders' questions at the meeting. At the general meeting, each substantially separate issue will be considered by a separate resolution, including the election of individual directors, and the poll procedures will be clearly explained.

The directors herein present their report and the audited financial statements of the Company and the Group for the year ended 31 March 2009.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company and provides management services to its subsidiaries. Its subsidiaries are mainly engaged in property development, property investment and property related activities. There have been no changes in the nature of the Group's principal activities during the year. Further details of the Company's principal subsidiaries are set out in note 17 to the financial statements.

FINANCIAL RESULTS

The Group's profit for the year ended 31 March 2009 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 37 to 93.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and financial resources

The total interest-bearing debts of the Group amounted to HK$1,551 million as at 31 March 2009 (2008: HK$1,708 million), of which approximately 24% of the debts were due and repayable within one year.

Total cash and bank balances including time deposits were HK$324 million as at 31 March 2009 (2008: HK$519 million). The Group had a total of HK$109 million committed but undrawn banking facilities at year end available for its working capital purpose. One of the Group's investment properties which was not subject to any mortgage as at 31 March 2009, has been refinanced subsequent to the balance sheet date and thus, has further enhanced the financial position of the Group.

Total shareholders' funds as at 31 March 2009 was approximately HK$3,150 million (2008: HK$3,102 million). The increase was mainly due to current year's profit attributable to shareholders.

The gearing ratio of the Group, as measured by the net interest-bearing debts of approximately HK$1,227 million (2008: HK$1,189 million) over the shareholders' funds plus minority interests totalling of approximately HK$3,294 million (2008: HK$3,251 million), was 37% as at 31 March 2009 (2008: 37%).

Use of proceeds from share placement

In November 2006, the Group issued 80 million new shares at a price of HK$4.05 per share and generated net cash proceeds of HK$315 million for general working capital of the Group, including acquisition of landbank. During the years ended 31 March 2007 and 2008, the Group utilised HK$65 million and HK$141 million respectively for general working capital. During the year under review, the Group have applied the remaining balance of HK$109 million for general working capital.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Funding and treasury policies

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

Acquisition and development of properties are financed partly by internal resources and partly by borrowings including secured bank loans and convertible bonds. Repayments of bank loans are scheduled to match asset lives and project completion dates. Borrowings are mainly denominated in Hong Kong dollars and Renminbi and bear interest at floating rates, except for the convertible bonds.

Foreign currency exposure is monitored closely by the management and hedged to the extent desirable. As at 31 March 2009, the Group had no material exposure under foreign exchange contracts or any other hedging instruments.

Pledge of assets

Properties with an aggregate carrying value of HK$2,584 million as at 31 March 2009 were pledged to secure certain banking facilities of the Group.

Contingent liabilities

Particulars of the contingent liabilities of the Group are set out in note 31 to the financial statements.

Employees and remuneration policies

The Group, not including its jointly-controlled entities, employed approximately 300 employees as at 31 March 2009. Remuneration is determined by reference to market terms and the qualifications and experience of the staff concerned. Salaries are reviewed annually with discretionary bonuses being paid depending on individual performance. The Group also provides other benefits including medical cover, provident fund, personal accident insurance and educational subsidies to all eligible staff.

DIVIDEND

The directors recommend the payment of a final dividend of 12.5 Hong Kong cents per ordinary share for the year ended 31 March 2009 (2008: 12.5 Hong Kong cents) to shareholders whose names appear on the Company's register of members on 10 September 2009.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from 7 September 2009 to 10 September 2009 (both days inclusive), during which period no share transfers will be registered. In order to qualify for the proposed final dividend and to determine the entitlement to attend and vote at the annual general meeting, all transfer forms accompanied by relevant share certificates must be lodged with Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on 4 September 2009.

SUMMARY FINANCIAL INFORMATION

A summary of the results and of the assets, liabilities and minority interests of the Group for the last five financial years, as extracted from the published audited financial statements and restated/reclassified as appropriate, is set out on page 94. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Company and the Group during the year are set out in note 14 to the financial statements.

PROPERTIES UNDER DEVELOPMENT

Details of movements in the properties under development of the Group during the year are set out in note 15 to the financial statements.

INVESTMENT PROPERTIES

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

PARTICULARS OF PROPERTIES

Particulars of the major properties held by the Group are set out on pages 95 to 98, which do not form part of the audited financial statements.

SHARE CAPITAL AND CONVERTIBLE BONDS

There were no movements in either the Company's authorised or issued share capital during the year. Details of movements in the convertible bonds issued by a subsidiary of the Company during the year are set out in note 26 to the financial statements.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 29(b) to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 March 2009, the Company's reserves available for distribution, calculated in accordance with the provisions of Section 79B of the Hong Kong Companies Ordinance, amounted to HK$640,523,000, of which HK$60,036,000 has been proposed as a final dividend for the year. In addition, the Company's share premium account, in the amount of HK$396,352,000, may be distributed in the form of fully paid bonus shares.

CHARITABLE CONTRIBUTIONS

During the year, the Group made charitable contributions totalling HK$815,455.

DIRECTORS

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

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

* *Independent non-executive directors*

In accordance with article 104 of the Articles of Association, Herman Man-Hei Fung and Dennis Kwok-Wing Cheung will retire by rotation at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

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

DETAILS OF RETIRING DIRECTORS TO BE RE-ELECTED

(a) Herman Man-Hei Fung

Aged 71, was appointed as a director of the Company in 1988 and is currently the Vice-Chairman of the Company. Mr. Fung was not appointed for a specific term but is subject to retirement by rotation and re-election at the Company's annual general meeting.

Mr. Fung has actively participated in the property investment and development business for the past 38 years and has extensive experience in finance, marketing, construction and general administration of the real estate business. Mr. Fung is the managing director of Chinney Investments and a director of Chinney Holdings and Lucky Year, all being substantial shareholders of the Company. He is also a non-executive director of Chinney Alliance. Both Chinney Investments and Chinney Alliance are listed on the Stock Exchange.

At the date of this report, Mr. Fung was interested in 300,000 shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"). He also acts as director of various subsidiaries and associates of the Company and Chinney Investments. Save as disclosed above, Mr. Fung does not have any other business relationship with any directors, senior management or substantial or controlling shareholders of the Company.

No service contract has been signed between the Company and Mr. Fung and no remuneration has been paid to Mr. Fung during the year.

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

(a) Herman Man-Hei Fung

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

(b) Dennis Kwok-Wing Cheung

Aged 58, was appointed as an executive director of the Company in 2006. Mr. Cheung was not appointed for a specific term but is subject to retirement by rotation and re-election at the Company's annual general meeting.

Mr. Cheung has over 21 years of experience in property development in the PRC. He holds a Master's degree in Business Administration and a Diploma in Chinese Law from the University of East Asia, Macau and is a member of the Certified General Accountants Association of Ontario, Canada. Mr. Cheung did not hold any directorship in other listed companies in the last three years.

At the date of this report, Mr. Cheung did not have any interests in the shares of the Company within the meaning of Part XV of the SFO. He also acts as director of the Company and various subsidiaries and associates of the Company. Save as disclosed above, Mr. Cheung does not have any other business relationship with any directors, senior management or substantial or controlling shareholders of the Company.

No service contract has been signed between the Company and Mr. Cheung. However, Mr. Cheung has an employment contract with the Company. He is currently entitled to an annual salary of HK$1,950,000 plus discretionary bonus to be determined by the Board.

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

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 16 to 18 of the annual report.

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 31 March 2009, the interests and short positions of the directors of the Company in the share, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

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

Name of director	*Notes*	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital
James Sai-Wing Wong	*1 & 2*	Through controlled corporation	261,112,553	54.37
Madeline May-Lung Wong	*1 & 2*	Through controlled corporation	261,112,553	54.37
Herman Man-Hei Fung	*1*	Beneficially owned	300,000	0.06

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

Name of director	*Notes*	Name of associated corporation	Capacity and nature of interest	Number of ordinary shares/ amount of paid up registered capital held	Percentage of the associated corporation's issued share capital/paid up registered capital
James Sai-Wing Wong	*1 & 3*	Chinney Investments	Through controlled corporation	318,535,324	57.77
	1 & 4	Chinney Holdings	Through controlled corporation	9,900,000	99.00
	1	Chinney Holdings	Beneficially owned	100,000	1.00
	1	Lucky Year	Beneficially owned	10,000	50.00
	1 & 5	Guangzhou Honkwok Fuqiang Land Development Ltd.	Through controlled corporation	RMB185,000,000	100.00
Madeline May-Lung Wong	*1 & 3*	Chinney Investments	Through controlled corporation	318,535,324	57.77
	1 & 4	Chinney Holdings	Through controlled corporation	9,900,000	99.00
	1	Lucky Year	Beneficially owned	10,000	50.00

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

Notes:

1. *All the interests stated above represent long positions.*
2. *These shares are beneficially held by Chinney Investments, which is a subsidiary of Chinney Holdings. More than one-third of the equity capital of Chinney Holdings is owned by Lucky Year of which James Sai-Wing Wong and Madeline May-Lung Wong are also directors and have beneficial interests therein.*
3. *These shares are beneficially held by Chinney Holdings. By virtue of note 2, James Sai-Wing Wong and Madeline May-Lung Wong are deemed to be interested in these shares.*
4. *These shares are beneficially held by Lucky Year. By virtue of note 2, James Sai-Wing Wong and Madeline May-Lung Wong are deemed to be interested in these shares.*
5. *Out of the RMB185,000,000 paid up registered capital, RMB111,000,000 is held by a wholly-owned subsidiary of the Company and RMB74,000,000 is held by a company controlled by James Sai-Wing Wong. By virtue of note 2, James Sai-Wing Wong is deemed to be interested in this company.*

Save as disclosed herein, as at 31 March 2009, none of the directors of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be recorded in the register kept by the Company under Section 352 of the SFO, or which was required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouses or minor children, or were any such rights exercised by them; or was the Company, or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS

Except as disclosed in note 35 to the financial statements, none of the directors had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, or any of its holding companies, subsidiaries or fellow subsidiaries was a party during the year.

DIRECTORS' REMUNERATION

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

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

MANAGEMENT CONTRACTS

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

During the year, the Company paid a management fee of HK$6,000,000 to Chinney Investments (2008: HK$6,000,000). James Sai-Wing Wong, Madeline May-Lung Wong and Herman Man-Hei Fung, the directors of the Company, are also the directors of Chinney Investments.

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

As at 31 March 2009, so far as is known to the directors of the Company, the following substantial shareholders and other persons (other than the directors of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Name	*Notes*	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital
Chinney Investments	*1 & 2*	Directly beneficially owned	261,112,553	54.37
Chinney Holdings	*1 & 2*	Through controlled corporation	261,112,553	54.37
Lucky Year	*1 & 2*	Through controlled corporation	261,112,553	54.37
Morgan Stanley	*1 & 3*	Directly beneficially owned	37,179,494	7.74

Notes:

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

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

3. *In June 2006, a wholly-owned subsidiary of the Company issued 3.5% convertible guaranteed bonds due 2011 (the "Bonds") with a principal sum of HK$280 million. The bondholders have the right to convert the Bonds into shares of the Company at a conversion price, subject to adjustment in certain events, of HK$4.00 per share. Morgan Stanley subscribed for a principal sum of HK$145 million of the Bonds and was regarded to be interested in 36,250,000 shares of the Company at the issue date of the Bonds. The Bonds are freely transferable and there has been no conversion of the Bonds since issuance. With effect from 3 October 2008, the conversion price of the Bonds has been adjusted from HK$4.00 per share to HK$3.90 per share.*

   Based on the corporate substantial shareholder notice, Morgan Stanley disclosed it held a long position of 37,179,494 shares of the Company as at 23 September 2008.

Save as disclosed herein, as at 31 March 2009, none of the substantial shareholders or other persons (other than the directors of the Company) had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

There were no purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries during the year ended 31 March 2009.

CONNECTED TRANSACTION

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

On 17 September 2008, a wholly-owned subsidiary of the Group, Join Ally Limited, as purchaser, entered into a sale and purchase agreement with Enhancement Investments Limited, as vendor, for the acquisition of the entire issued share capital of Guru Star Investments Limited and the assignment of related shareholders' loans to the Group at an aggregate cash consideration of HK$135,000,000 (the "Acquisition"). The Acquisition constituted a discloseable and connected transaction to the Company under the Listing Rules as Enhancement Investments Limited is a company controlled by James Sai-Wing Wong, the Chairman and substantial shareholder of the Company. At the extraordinary general meeting of the Company held on 20 October 2008, the Acquisition was not passed by the independent shareholders of the Company and thus the sale and purchase agreement for the Acquisition ceased to take effect and was terminated.

DISCLOSURE PURSUANT TO RULE 13.18 OF THE LISTING RULES

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

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

DISCLOSURE PURSUANT TO RULE 13.18 OF THE LISTING RULES *(Continued)*

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

SUFFICIENCY OF PUBLIC FLOAT

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

MAJOR CUSTOMERS AND SUPPLIERS

During the year under review, purchases from the Group's five largest suppliers accounted for 52% of the total purchases for the year. Purchases from the Group's largest supplier included therein totalled 14%. Sales to the Group's five largest customers accounted for 45% of the total sales for the year. Sales to the Group's largest customer included therein totalled 37%.

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

AUDITORS

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

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

Hong Kong, 16 July 2009

ERNST & YOUNG
安 永

To the shareholders of Hon Kwok Land Investment Company, Limited
(Incorporated in Hong Kong with limited liability)

We have audited the financial statements of Hon Kwok Land Investment Company, Limited set out on pages 37 to 93, which comprise the consolidated and company balance sheets 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 FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

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

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

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

OPINION

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

Ernst & Young
Certified Public Accountants

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

16 July 2009

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
REVENUE	5	**194,858**	1,250,745
Cost of sales		**(152,909)**	(1,009,228)
Gross profit		**41,949**	241,517
Other income	5	**7,609**	44,588
Fair value gains/(losses) on investment properties, net		**(251,189)**	381,004
Fair value gain on a completed property transferred to investment property		**315,625**	–
Fair value gains on properties held for sale transferred to investment properties		**38,188**	–
Gain on disposal of investment properties		**22,252**	15,550
Administrative expenses		**(49,513)**	(65,731)
Other operating expenses, net		**(9,743)**	(21,522)
Finance costs	6	**(28,619)**	(79,954)
Share of profits and losses of jointly-controlled entities		**25,239**	493
PROFIT BEFORE TAX	7	**111,798**	515,945
Tax	10	**(38,678)**	(79,021)
PROFIT FOR THE YEAR		**73,120**	436,924
Attributable to:			
Equity holders of the Company	11	**76,500**	399,516
Minority interests		**(3,380)**	37,408
		73,120	436,924
DIVIDEND – proposed final	12	**60,036**	60,036
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	13		
Basic		**16 HK cents**	83 HK cents
Diluted		**15 HK cents**	77 HK cents

BALANCE SHEETS

31 March 2009

		Group		Company	
		2009	2008	**2009**	2008
	Notes	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
NON-CURRENT ASSETS					
Property, plant and equipment	*14*	**26,340**	26,395	**1,170**	1,587
Properties under development	*15*	**1,712,258**	1,699,408	**–**	–
Investment properties	*16*	**2,558,115**	2,373,878	**–**	–
Interests in subsidiaries	*17*	**–**	–	**1**	1
Interests in jointly-controlled entities	*18*	**24,848**	55,880	**–**	–
Total non-current assets		**4,321,561**	4,155,561	**1,171**	1,588
CURRENT ASSETS					
Amounts due from subsidiaries	*17*	**–**	–	**2,494,368**	1,898,736
Amounts due from jointly-controlled entities	*18*	**178,837**	159,417	**–**	–
Tax recoverable		**191**	464	**–**	–
Properties held for sale	*19*	**533,608**	523,230	**–**	–
Trade receivables	*20*	**1,479**	5,550	**–**	–
Prepayments, deposits and other receivables	*21*	**26,320**	27,806	**2,965**	1,449
Cash and cash equivalents	*22*	**324,455**	519,226	**66,574**	169,390
Total current assets		**1,064,890**	1,235,693	**2,563,907**	2,069,575
CURRENT LIABILITIES					
Amounts due to subsidiaries	*17*	**–**	–	**1,041,109**	550,915
Trade payables and accrued liabilities	*23*	**154,242**	144,836	**6,151**	5,977
Interest-bearing bank borrowings	*24*	**379,091**	576,999	**–**	–
Amount due to a related company	*35(c)*	**–**	44	**–**	–
Customer deposits		**76,191**	38,528	**–**	–
Tax payable		**60,393**	58,126	**–**	–
Total current liabilities		**669,917**	818,533	**1,047,260**	556,892
NET CURRENT ASSETS		**394,973**	417,160	**1,516,647**	1,512,683
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,716,534**	4,572,721	**1,517,818**	1,514,271

		Group		Company	
		2009	2008	**2009**	2008
	Notes	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
NON-CURRENT LIABILITIES					
Interest-bearing bank borrowings	*24*	**872,227**	851,267	**–**	–
Promissory note payable	*25*	**20,000**	–	**–**	–
Convertible bonds	*26*	**299,475**	279,980	**–**	–
Deferred tax liabilities	*27*	**230,544**	190,879	**–**	–
Total non-current liabilities		**1,422,246**	1,322,126	**–**	–
Net assets		**3,294,288**	3,250,595	**1,517,818**	1,514,271
EQUITY					
Equity attributable to equity holders of the Company					
Issued capital	*28*	**480,286**	480,286	**480,286**	480,286
Equity component of convertible bonds	*26*	**24,826**	24,826	**–**	–
Reserves	*29*	**2,585,037**	2,537,126	**977,496**	973,949
Proposed final dividend	*12*	**60,036**	60,036	**60,036**	60,036
		3,150,185	3,102,274	**1,517,818**	1,514,271
Minority interests		**144,103**	148,321	**–**	–
Total equity		**3,294,288**	3,250,595	**1,517,818**	1,514,271

James Sai-Wing Wong
Director

Herman Man-Hei Fung
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2009

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

		Attributable to equity holders of the Company									
	Note	Issued capital HK$'000	Share premium account HK$'000	Capital redemption reserve HK$'000	Equity component of convertible bonds HK$'000	Exchange fluctuation reserve HK$'000	Retained profits HK$'000	Proposed final dividend HK$'000	Total HK$'000	Minority interests HK$'000	Total equity HK$'000
At 1 April 2008		480,286	396,352*	10*	24,826	276,305*	1,864,459*	60,036	3,102,274	148,321	3,250,595
Exchange realignment		–	–	–	–	31,447	–	–	31,447	2,248	33,695
Total income and expense for the year recognised directly in equity		–	–	–	–	31,447	–	–	31,447	2,248	33,695
Profit for the year		–	–	–	–	–	76,500	–	76,500	(3,380)	73,120
Total income and expense for the year		–	–	–	–	31,447	76,500	–	107,947	(1,132)	106,815
Acquisition of minority interests		–	–	–	–	–	–	–	–	(4)	(4)
Dividends paid to minority shareholders		–	–	–	–	–	–	–	–	(3,082)	(3,082)
Final 2008 dividend declared		–	–	–	–	–	–	(60,036)	(60,036)	–	(60,036)
Proposed final 2009 dividend	12	–	–	–	–	–	(60,036)	60,036	–	–	–
At 31 March 2009		**480,286**	**396,352***	**10***	**24,826**	**307,752***	**1,880,923***	**60,036**	**3,150,185**	**144,103**	**3,294,288**

* *These reserve accounts comprise the consolidated reserves of HK$2,585,037,000 (2008: HK$2,537,126,000) in the consolidated balance sheet.*

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**111,798**	515,945
Adjustments for:			
Finance costs	6	**28,619**	79,954
Share of profits and losses of jointly-controlled entities		**(25,239)**	(493)
Interest income	7	**(2,741)**	(10,750)
Depreciation	7	**3,092**	2,993
Gain on disposal of investment properties	7	**(22,252)**	(15,550)
Gain on disposal of items of property, plant and equipment	7	**(124)**	–
Fair value losses/(gains) on investment properties, net	7	**251,189**	(381,004)
Fair value gains on properties held for sale transferred to investment properties	7	**(38,188)**	–
Fair value gain on a completed property transferred to investment property	7	**(315,625)**	–
Impairment of other receivable	7	**–**	10,524
Release of exchange fluctuation reserve upon return of investment of a foreign subsidiary	7	**–**	(28,515)
		(9,471)	173,104
Increase in properties under development		**(175,617)**	(249,621)
Decrease/(increase) in properties held for sale		**(30,768)**	914,096
Decrease in trade receivables		**4,071**	20,203
Decrease/(increase) in prepayments, deposits and other receivables		**6,482**	(2,855)
Decrease in trade payables and accrued liabilities		**(72,581)**	(82,477)
Increase/(decrease) in an amount due to a related company		**(44)**	16
Increase/(decrease) in customer deposits		**37,663**	(160,346)
Cash generated from/(used in) operations		**(240,265)**	612,120
Overseas taxes paid		**(8,087)**	(65,736)
Net cash inflow/(outflow) from operating activities		**(248,352)**	546,384
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**2,741**	10,750
Purchases of items of property, plant and equipment	14	**(2,652)**	(1,695)
Proceeds from disposals of items of property, plant and equipment		**272**	–
Proceeds from disposal of investment properties		**344,996**	109,545
Additions to investment properties	16	**(14,356)**	(11,114)
Decrease in investment deposits		**–**	112,638
Decrease in pledged deposits		**–**	41,400
Dividends received from a jointly-controlled entity		**45,654**	–
Increase in amounts due from jointly-controlled entities		**(15,696)**	(16,343)
Acquisition of a jointly-controlled entity		**–**	(4,590)
Acquisition of minority interests		**(4)**	(213)
Net cash inflow from investing activities		**360,955**	240,378

	Notes	2009 HK$'000	2008 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		**(49,046)**	(103,491)
New bank loans		**443,636**	431,389
Repayment of bank loans		**(631,091)**	(932,802)
Dividend paid		**(60,036)**	(60,036)
Dividends paid to minority shareholders		**(3,082)**	(33,183)
Decrease in amounts due to minority shareholders		**–**	(19,937)
Net cash outflow from financing activities		**(299,619)**	(718,060)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(187,016)**	68,702
Cash and cash equivalents at beginning of year		**519,226**	417,903
Effect of foreign exchange rates changes, net		**(7,755)**	32,621
CASH AND CASH EQUIVALENTS AT END OF YEAR		**324,455**	519,226
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	22	**216,940**	403,356
Non-pledged time deposits with original maturity of less than three months when acquired	22	**107,515**	115,870
		324,455	519,226

1. CORPORATE INFORMATION

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

During the year, the Group was involved mainly in property development, property investment and property related activities.

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

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

2.1 BASIS OF PREPARATION

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2009. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All income, expenses and unrealised gains and losses resulting from intercompany transactions and intercompany balances within the Group are eliminated on consolidation in full.

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

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted the following new interpretations and amendments to HKFRSs for the first time for the current year's financial statements.

HKAS 39 and HKFRS 7 Amendments	Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement* and HKFRS 7 *Financial Instruments: Disclosures – 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 interpretations and amendments has had no significant financial effect on these financial statements and there have been no significant changes to the accounting policies applied in these financial statements.

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

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

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 *First-time Adoption of HKFRSs* and HKAS 27 *Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*[1]
HKFRS 1 (Revised)	*First-time Adoption of HKFRSs*[2]
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Vesting Conditions and Cancellations*[1]
HKFRS 3 (Revised)	*Business Combinations*[2]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*[1]
HKFRS 8	*Operating Segments*[1]
HKAS 1 (Revised)	*Presentation of Financial Statements*[1]
HKAS 23 (Revised)	*Borrowing Costs*[1]
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*[2]
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation* and HKAS 1 *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*[1]
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*[2]
HK(IFRIC)-Int 9 and HKAS 39 Amendments	Amendment to HK(IFRIC)-Int 9 *Reassessment of Embedded Derivatives and HKAS 39 Financial Instruments: Recognition and Measurement – Embedded Derivatives*[5]
HK(IFRIC)-Int 13	*Customer Loyalty Programmes*[3]
HK(IFRIC)-Int 15	*Agreements for the Construction of Real Estate*[1]
HK(IFRIC)-Int 16	*Hedges of a Net Investment in a Foreign Operation*[4]
HK(IFRIC)-Int 17	*Distribution of Non-cash Assets to Owners*[2]
HK(IFRIC)-Int 18	*Transfer of Assets from Customers*[6]
HKFRSs (Amendments)	*Improvements to HKFRSs*[7]*

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

[1] Effective for annual periods beginning on or after 1 January 2009
[2] Effective for annual periods beginning on or after 1 July 2009
[3] Effective for annual periods beginning on or after 1 July 2008
[4] Effective for annual periods beginning on or after 1 October 2008
[5] Effective for annual periods ending on or after 30 June 2009
[6] Effective for transfers of assets from customers received on or after 1 July 2009
[7] Effective for annual periods beginning on or after 1 January 2009, 1 July 2009 and 1 January 2010, as appropriate
* Improvements to HKFRSs contains amendments to HKFRS 2, HKFRS 5, HKFRS 7, HKFRS 8, HKAS 1, HKAS 7, HKAS 8, HKAS 10, HKAS 16, HKAS 17, HKAS 18, HKAS 19, HKAS 20, HKAS 23, HKAS 27, HKAS 28, HKAS 29, HKAS 31, HKAS 34, HKAS 36, HKAS 38, HKAS 39, HKAS 40, HKAS 41, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, it anticipates that while the adoption of HKFRS 8 and HKAS 1 (Revised) may result in new or amended disclosures and the adoption of HKFRS 3 (Revised), HKAS 27 (Revised) and HKAS 23 (Revised) may result in changes in accounting policies, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

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

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

Joint ventures

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Joint ventures *(Continued)*

A joint venture is treated as:

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

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

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

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

Jointly-controlled entities

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

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

Goodwill

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Goodwill *(Continued)*

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

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

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

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

Goodwill previously eliminated against consolidated retained profits

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

Excess over the cost of business combinations

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

Impairment of non-financial assets other than goodwill

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of non-financial assets other than goodwill *(Continued)*

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

Related parties

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

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

(b) the party is an associate;

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

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

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

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

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

Property, plant and equipment and depreciation

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

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

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

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

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

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

Properties under development

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

Investment properties

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

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

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

When the Group completes the construction or development of a self-constructed investment property, any difference between the fair value of the property at the completion date and its previous carrying amount is recognised in the income statement.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Properties held for sale

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

Leases

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

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

Financial assets

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

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

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

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

Loans and receivables

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets

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

Assets carried at amortised cost

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

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

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

Derecognition of financial assets

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derecognition of financial assets *(Continued)*

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

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

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

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

Financial guarantee contracts

Financial guarantee contracts in the scope of HKAS 39 are accounted for as financial liabilities. A financial guarantee contract is recognised initially at its fair value less transaction costs that are directly attributable to the acquisition or issue of the financial guarantee contract, except when such contract is recognised at fair value through profit or loss. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the balance sheet date; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 *Revenue*.

Convertible bonds

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

Derecognition of financial liabilities

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Cash and cash equivalents

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

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

Income tax

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

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

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

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

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

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

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

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

Revenue recognition

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

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

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

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

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

Employee benefits

Paid leave carried forward

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

Pension schemes

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. Where funds have been borrowed generally, and used for the purpose of obtaining qualifying assets, a capitalisation rate of 7.77% has been applied to the expenditure on the individual assets.

Dividends

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

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

Foreign currencies

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

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

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Operating lease commitments – Group as lessor

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

Classification between investment properties and properties held for sale

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

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

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

Estimation uncertainty

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

Estimation of recoverable amounts of properties under development

The Group considers information from a variety of sources, including recent prices of similar properties in the same location and condition, with adjustments to reflect any changes in economic conditions since the date of transactions that occurred at those prices. Particulars of the properties under development held by the Group are set out in note 15 to the financial statements.

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

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

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

Estimation uncertainty *(Continued)*

Estimation of fair value of investment properties

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

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

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

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

The principal assumptions for the Group's estimation of the fair value include those related to current market rents for similar properties in the same location and condition, appropriate discount rates, expected future market rents and future maintenance costs. Particulars of the investment properties held by the Group are set out in note 16 to the financial statements.

Current income taxes and deferred income taxes

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

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in note 27 to the financial statements.

4. SEGMENT INFORMATION

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

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

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

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

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

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

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

(a) Business segments

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's business segments for the years ended 31 March 2009 and 2008.

	Property development		Property investment		Others		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:								
Sales to external customers	**110,033**	1,156,454	**47,539**	58,377	**37,286**	35,914	**194,858**	1,250,745
Segment results	**(17,044)**	186,873	**157,519**	436,464	**5,285**	6,497	**145,760**	629,834
Interest income							**2,741**	10,750
Unallocated gains							**55**	147
Unallocated expenses							**(33,378)**	(45,325)
Finance costs							**(28,619)**	(79,954)
Share of profits and losses of jointly-controlled entities	**25,239**	493	**–**	–	**–**	–	**25,239**	493
Profit before tax							**111,798**	515,945
Tax							**(38,678)**	(79,021)
Profit for the year							**73,120**	436,924

4. SEGMENT INFORMATION *(Continued)*

(a) Business segments *(Continued)*

	Property development		Property investment		Others		Eliminations		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Assets and liabilities										
Segment assets	**2,284,854**	2,272,159	**2,802,859**	2,435,050	**2,100,283**	2,287,384	**(2,329,878)**	(2,338,326)	**4,858,118**	4,656,267
Interests in jointly-controlled entities	**24,848**	55,880	**–**	–	**–**	–	**–**	–	**24,848**	55,880
Amounts due from jointly-controlled entities	**178,837**	159,417	**–**	–	**–**	–	**–**	–	**178,837**	159,417
Unallocated assets									**324,648**	519,690
Total assets									**5,386,451**	5,391,254
Segment liabilities	**1,350,348**	1,317,561	**956,462**	1,134,520	**273,501**	69,653	**(2,329,878)**	(2,338,326)	**250,433**	183,408
Unallocated liabilities									**1,841,730**	1,957,251
Total liabilities									**2,092,163**	2,140,659
Other segment information:										
Depreciation	**2,023**	1,961	**136**	116	**933**	916	**–**	–	**3,092**	2,993
Fair value gains/(losses) on investment properties, net	**–**	–	**(251,189)**	381,004	**–**	–	**–**	–	**(251,189)**	381,004
Fair value gains on properties held for sale transferred to investment properties	**–**	–	**38,188**	–	**–**	–	**–**	–	**38,188**	–
Fair value gain on a completed property transferred to investment property	**–**	–	**315,625**	–	**–**	–	**–**	–	**315,625**	–
Release of exchange fluctuation reserve upon return of investment of a foreign subsidiary	**–**	28,515	**–**	–	**–**	–	**–**	–	**–**	28,515
Capital expenditure	**1,804**	1,195	**2**	22	**846**	478	**–**	–	**2,652**	1,695

4. SEGMENT INFORMATION *(Continued)*

(b) Geographical segments

The following table presents revenue and certain asset and expenditure information for the Group's geographical segments for the years ended 31 March 2009 and 2008.

	Hong Kong		Mainland China		Canada		Malaysia		Eliminations		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:												
Sales to external customers	**184,630**	315,058	**3,620**	3,303	**6,608**	932,384	**–**	–	**–**	–	**194,858**	1,250,745
Other segment information:												
Segment assets	**3,080,728**	3,319,997	**3,764,924**	3,024,721	**94,724**	124,601	**1,720**	2,720	**(1,555,645)**	(1,080,785)	**5,386,451**	5,391,254
Capital expenditure	**287**	500	**2,365**	1,195	**–**	–	**–**	–	**–**	–	**2,652**	1,695

5. REVENUE AND OTHER INCOME

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

An analysis of revenue and other income is as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Revenue		
Sale of properties	**110,033**	1,156,454
Gross rental income	**82,374**	91,580
Property management income	**2,451**	2,711
	194,858	1,250,745
Other income		
Bank interest income	**2,737**	7,827
Interest income from mortgage loans receivable	**4**	136
Other interest income	**–**	2,787
Release of exchange fluctuation reserve upon return of investment of a foreign subsidiary	**–**	28,515
Others	**4,868**	5,323
	7,609	44,588

6. FINANCE COSTS

	Group 2009 HK$'000	2008 HK$'000
Interest on bank loans, overdrafts and other loans (including convertible bonds) wholly repayable within five years	**69,273**	120,274
Less: Interest capitalised under property development projects	**(40,654)**	(40,320)
	28,619	79,954

7. PROFIT BEFORE TAX

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

	2009 HK$'000	2008 HK$'000
Cost of properties sold	**107,260**	964,744
Depreciation	**3,092**	2,993
Minimum lease payments under operating leases on land and buildings#	**20,123**	17,300
Auditors' remuneration	**1,908**	1,957
Employee benefits expense (including directors' remuneration *(note 8)*):		
Wages, salaries, allowances and benefits in kind	**29,325**	28,811
Pension scheme contributions	**1,127**	1,077
	30,452	29,888
Less: amounts capitalised under property development projects	**(8,179)**	–
	22,273	29,888
Gross rental income	**(82,374)**	(91,580)
Less: outgoing expenses*	**45,649**	44,484
	(36,725)	(47,096)
Fair value gain on a completed property transferred to investment property	**(315,625)**	–
Fair value gains on properties held for sale transferred to investment properties	**(38,188)**	–
Fair value losses/(gains) on investment properties, net	**251,189**	(381,004)
Gain on disposal of investment properties	**(22,252)**	(15,550)
Provision for/(write-back of provision for) a claim	**(5,426)**	9,111
Interest income	**(2,741)**	(10,750)
Gain on disposal of items of property, plant and equipment	**(124)**	–
Release of exchange fluctuation reserve upon return of investment of a foreign subsidiary	**–**	(28,515)
Impairment of other receivable	**–**	10,524

7. PROFIT BEFORE TAX *(Continued)*

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

Included in the amount is rental expenses for carpark operations of HK$17,251,000 (2008: HK$14,619,000) which are included in "Cost of sales" on the face of the consolidated income statement.

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

8. DIRECTORS' REMUNERATION

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

	Group	
	2009	2008
	HK$'000	*HK$'000*
Fees	**225**	226
Other emoluments:		
Salaries, allowances and benefits in kind	**3,647**	3,501
Discretionary performance related bonuses*	**3,000**	2,347
Pension scheme contributions	**147**	137
	6,794	5,985
	7,019	6,211

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

(a) Independent non-executive directors

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

	2009	2008
	HK$'000	*HK$'000*
Daniel Chi-Wai Tse	**75**	63
Patrick Yen-Tse Tsai	**–**	63
Kenneth Kin-Hing Lam	**75**	63
Hsin-Kang Chang	**75**	37
	225	226

There are no other emoluments payable to the independent non-executive directors during the year (2008: Nil).

8. DIRECTORS' REMUNERATION *(Continued)*

(b) Executive directors and non-executive directors

	Fees	Salaries, allowances and benefits in kind	Discretionary performance related bonuses	Pension scheme contributions	Total remuneration
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2009					
Executive directors:					
James Sai-Wing Wong	**–**	**–**	**–**	**–**	**–**
Dennis Kwok-Wing Cheung	**–**	**1,950**	**1,500**	**135**	**3,585**
Zuric Yuen-Keung Chan	**–**	**1,697**	**1,500**	**12**	**3,209**
	–	**3,647**	**3,000**	**147**	**6,794**
Non-executive directors:					
Madeline May-Lung Wong	**–**	**–**	**–**	**–**	**–**
Herman Man-Hei Fung	**–**	**–**	**–**	**–**	**–**
	–	**–**	**–**	**–**	**–**
	–	**3,647**	**3,000**	**147**	**6,794**
2008					
Executive directors:					
James Sai-Wing Wong	–	–	–	–	–
Dennis Kwok-Wing Cheung	–	2,070	1,500	125	3,695
Zuric Yuen-Keung Chan	–	1,431	847	12	2,290
	–	3,501	2,347	137	5,985
Non-executive directors:					
Madeline May-Lung Wong	–	–	–	–	–
Herman Man-Hei Fung	–	–	–	–	–
	–	–	–	–	–
	–	3,501	2,347	137	5,985

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

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two (2008: two) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining three (2008: three) non-director, highest paid employees for the year are set out below:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**4,028**	4,444
Pension scheme contributions	**192**	196
	4,220	4,640

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

	Number of employees	
	2009	2008
HK$1,000,001 to HK$1,500,000	**2**	2
HK$1,500,001 to HK$2,000,000	**1**	1
	3	3

10. TAX

No provision for Hong Kong profits tax has been made as the Group has available tax losses brought forward from prior years to offset the assessable profits generated during the year (2008: Nil). The lower Hong Kong profits tax rate is effective from the year of assessment 2008/2009, and so is applicable to the assessable profits arising in Hong Kong for the whole year ended 31 March 2009. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

Land appreciation tax has been calculated in conformity with the prevailing rules and practices on the Group's completed projects in Mainland China at progressive rates ranging from 30% to 60% on the appreciation of land value, net of deductibles. No applicable land appreciation tax has been provided during the year (2008: Nil).

	2009	2008
	HK$'000	*HK$'000*
Group:		
Current – Elsewhere	**1,552**	45,207
Deferred *(note 27)*	**37,126**	33,814
Total tax charge for the year	**38,678**	79,021

10. TAX *(Continued)*

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

	Group	
	2009	2008
	HK$'000	*HK$'000*
Profit before tax	**111,798**	515,945
Tax at the statutory rate of 16.5% (2008: 17.5%)	**18,447**	90,290
Effect of different rates for companies operating in other jurisdictions	**25,919**	35,277
Effect on opening deferred tax of decrease in rates *(note 27)*	**(4,515)**	–
Adjustments in respect of deferred tax arising from change in tax base of certain investment properties	**–**	(15,981)
Income not subject to tax	**(4,468)**	(44,101)
Expenses not deductible for tax	**4,814**	14,493
Tax losses utilised from previous periods	**(2,149)**	(2,116)
Tax losses not recognised	**4,544**	2,841
Profits attributable to jointly-controlled entities	**(4,164)**	(86)
Previously unrecognised tax losses now recognised as deferred tax assets	**–**	(612)
Others	**250**	(984)
Tax charge at the Group's effective rate of 34.6% (2008: 15.3%)	**38,678**	79,021

Certain subsidiaries of the Group operate in Shenzhen, Mainland China, which were subject to the corporate income tax rate of 18% from 1 April 2008 to 31 December 2008 and 20% from 1 January 2009 to 31 March 2009.

The share of net tax credit attributable to jointly-controlled entities amounting to HK$5,743,000 (2008: Nil) was included in "Share of profits and losses of jointly-controlled entities" on the face of the consolidated income statement.

11. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The consolidated profit attributable to equity holders of the Company for the year ended 31 March 2009 includes a profit of HK$63,583,000 (2008: HK$64,008,000) which has been dealt with in the financial statements of the Company (note 29(b)).

12. DIVIDEND

	2009	2008
	HK$'000	*HK$'000*
Proposed final – 12.5 HK cents (2008: 12.5 HK cents) per ordinary share	**60,036**	60,036

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

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

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

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

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

	2009	2008
	HK$'000	*HK$'000*
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	**76,500**	399,516
Interest on convertible bonds, net of tax and interest capitalisation	**6,164**	22,621
Profit attributable to ordinary equity holders of the Company before interest on convertible bonds	**82,664**	422,137

	Number of shares	
	2009	2008
Shares		
Number of ordinary shares in issue during the year used in the basic earnings per share calculation	**480,286,201**	480,286,201
Effect of dilution – weighted average number of ordinary shares:		
Convertible bonds	**71,794,872**	70,000,000
	552,081,073	550,286,201

14. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold land and buildings HK$'000	Leasehold improvements HK$'000	Furniture and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
31 March 2009					
At 31 March 2008 and at 1 April 2008:					
Cost	24,046	2,035	8,449	4,166	38,696
Accumulated depreciation	(3,370)	(834)	(6,248)	(1,849)	(12,301)
Net carrying amount	20,676	1,201	2,201	2,317	26,395
At 1 April 2008, net of accumulated depreciation	20,676	1,201	2,201	2,317	26,395
Additions	–	–	749	1,903	2,652
Disposals	–	–	(54)	(94)	(148)
Depreciation provided during the year	(1,107)	(347)	(866)	(772)	(3,092)
Exchange realignment	470	–	27	36	533
At 31 March 2009, net of accumulated depreciation	**20,039**	**854**	**2,057**	**3,390**	**26,340**
At 31 March 2009:					
Cost	24,593	2,035	8,576	5,701	40,905
Accumulated depreciation	(4,554)	(1,181)	(6,519)	(2,311)	(14,565)
Net carrying amount	**20,039**	**854**	**2,057**	**3,390**	**26,340**
31 March 2008					
At 31 March 2007 and at 1 April 2007:					
Cost	21,860	2,035	7,596	3,369	34,860
Accumulated depreciation	(2,080)	(487)	(5,365)	(1,438)	(9,370)
Net carrying amount	19,780	1,548	2,231	1,931	25,490
At 1 April 2007, net of accumulated depreciation	19,780	1,548	2,231	1,931	25,490
Additions	–	–	781	914	1,695
Depreciation provided during the year	(1,082)	(347)	(894)	(670)	(2,993)
Exchange realignment	1,978	–	83	142	2,203
At 31 March 2008, net of accumulated depreciation	20,676	1,201	2,201	2,317	26,395
At 31 March 2008:					
Cost	24,046	2,035	8,449	4,166	38,696
Accumulated depreciation	(3,370)	(834)	(6,248)	(1,849)	(12,301)
Net carrying amount	20,676	1,201	2,201	2,317	26,395

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

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

Company

	Leasehold improvements *HK$'000*	Furniture and equipment *HK$'000*	Total *HK$'000*
31 March 2009			
At 31 March 2008 and at 1 April 2008:			
Cost	1,520	2,714	4,234
Accumulated depreciation	(429)	(2,218)	(2,647)
Net carrying amount	1,091	496	1,587
At 1 April 2008, net of accumulated depreciation	1,091	496	1,587
Additions	–	44	44
Depreciation provided during the year	(305)	(156)	(461)
At 31 March 2009, net of accumulated depreciation	**786**	**384**	**1,170**
At 31 March 2009:			
Cost	1,520	2,758	4,278
Accumulated depreciation	(734)	(2,374)	(3,108)
Net carrying amount	**786**	**384**	**1,170**
31 March 2008			
At 1 April 2007:			
Cost	1,520	2,639	4,159
Accumulated depreciation	(126)	(2,069)	(2,195)
Net carrying amount	1,394	570	1,964
At 1 April 2007, net of accumulated depreciation	1,394	570	1,964
Additions	–	75	75
Depreciation provided during the year	(303)	(149)	(452)
At 31 March 2008, net of accumulated depreciation	1,091	496	1,587
At 31 March 2008:			
Cost	1,520	2,714	4,234
Accumulated depreciation	(429)	(2,218)	(2,647)
Net carrying amount	1,091	496	1,587

15. PROPERTIES UNDER DEVELOPMENT

Group

	2009	2008
	HK$'000	*HK$'000*
At beginning of year	**1,699,408**	1,533,280
Additions	**318,448**	343,167
Transfer to properties held for sale	**–**	(330,252)
Transfer to investment properties *(note 16)*	**(343,466)**	–
Exchange realignment	**37,868**	153,213
At end of year	**1,712,258**	1,699,408

Properties under development included interest expense of HK$31,950,000 (2008: HK$18,337,000) that was incurred and capitalised during the year.

Details of the properties under development are as follows:

	2009	2008
	HK$'000	*HK$'000*
Medium term leases:		
Hong Kong	**3,582**	3,582
Mainland China	**986,753**	1,016,867
Long term leases:		
Mainland China	**721,923**	678,959
	1,712,258	1,699,408

Certain of the Group's properties under development with an aggregate carrying value of HK$131,827,000 (2008: HK$1,182,265,000) at the balance sheet date were pledged to the Group's bankers to secure the banking facilities granted to the Group as detailed in note 24(a)(ii) to the financial statements.

Further particulars of the Group's properties under development are included in "Particulars of Properties" on pages 95 to 98.

16. INVESTMENT PROPERTIES

Group

	2009	2008
	HK$'000	*HK$'000*
Carrying amount at beginning of year	**2,373,878**	2,034,341
Additions, at cost	**14,356**	11,114
Transfer from properties held for sale	**35,676**	–
Transfer from properties under development *(note 15)*	**343,466**	–
Disposals	**(322,744)**	(93,995)
Net profit from a fair value adjustment	**102,624**	381,004
Exchange realignment	**10,859**	41,414
Carrying amount at end of year	**2,558,115**	2,373,878
Analysis by type and location:		
Long term leasehold land and buildings in Hong Kong	**781,000**	1,203,000
Medium term leasehold land and buildings in Hong Kong	**595,300**	693,100
Medium term leasehold land and buildings in Mainland China	**1,181,815**	477,778
	2,558,115	2,373,878

In the prior year, included in above was a commercial podium in Mainland China with a carrying amount of HK$477,778,000. Certain units of the investment property were not available for sale as a result of a court order in Mainland China in respect of a claim against a subsidiary of the Group by a contractor for a total sum of RMB8,164,000. The claim amount had been fully provided for in the prior year's financial statements. During the year ended 31 March 2009, the case was settled and the units of the investment property previously not available for sale were released.

At the balance sheet date, all of the investment properties were revalued on an open market, existing use basis, by Savills Valuation and Professional Services Limited, independent professionally qualified valuers. Certain investment properties are leased to third parties under operating leases, further summary details of which are included in note 33(a) to the financial statements.

The Group's investment properties with an aggregate carrying value of HK$2,253,118,000 (2008: HK$2,373,878,000) at the balance sheet date were pledged to the Group's bankers to secure the banking facilities granted to the Group as detailed in note 24(a)(i) to the financial statements. In addition, certain of the Group's bank loans are secured by assignments of rental income from the leases of the Group's investment properties as detailed in note 24(a)(iv).

Further particulars of the Group's investment properties are included in "Particulars of Properties" on pages 95 to 98.

17. INTERESTS IN SUBSIDIARIES

	Company 2009 HK$'000	2008 HK$'000
Unlisted shares, at cost	**1**	1
Due from subsidiaries	**3,412,300**	2,766,667
	3,412,301	2,766,668
Impairment on amounts due from subsidiaries#	**(917,932)**	(867,931)
	2,494,369	1,898,737

\# *An impairment was recognised for amounts due from subsidiaries because these subsidiaries of the Company have been making losses.*

The amounts due from and to subsidiaries included in the Company's current assets and current liabilities are unsecured, interest-free, and repayable on demand. The carrying amounts of these amounts due from/to subsidiaries approximate to their fair values.

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary share capital/ paid up registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Billion Capital Development Limited	Hong Kong	HK$2	100	–	Property investment
Chinney Property Management Limited	Hong Kong	HK$100	–	100	Property management
Cosmos Wealth Development Limited^	Hong Kong	HK$1,000	–	100	Property development
CP Hotel & Guesthouse Management Limited (now known as "The Bauhinia Hotel Management Limited")	Hong Kong	HK$2	–	100	Property letting
CP Parking Limited	Hong Kong	HK$2	–	100	Carpark management
Crown Honour Developments Limited	Hong Kong	HK$2	100	–	Nominee services
Full Yip Development Limited	BVI/Hong Kong	US$1	–	100	Property holding and letting
Global Wealth Development Limited	Hong Kong	HK$1,000	–	100	Property investment

17. INTERESTS IN SUBSIDIARIES (Continued)

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary share capital/ paid up registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Guangzhou Honkwok Fuqiang Land Development Ltd. *#	People's Republic of China ("PRC")/ Mainland China	Renminbi ("RMB") 185,000,000	–	60	Property development
Guangzhou Honkwok Hengsheng Land Development Ltd. *#	PRC/ Mainland China	RMB220,000,000	–	75	Property development
Guangzhou Hua Yin Land Development Co., Ltd. *#	PRC/ Mainland China	RMB80,000,000 (2008: RMB8,000,000)	–	100	Property development
Guangzhou Sheng Jin Real Estate Information Consultancy Co., Ltd. *#	PRC/ Mainland China	RMB40,000,000	–	100	Property development
Guangzhou Zhong Lu Da Dao Real Estate Development Co., Ltd. *#	PRC/ Mainland China	RMB90,000,000 (2008: RMB64,893,250)	–	100	Property development
Hon Cheong Limited ^	Hong Kong	HK$2	–	100	Property holding and letting
Hon Kwok Land Investment (China) Limited	Hong Kong	HK$2	100	–	Investment holding
Hon Kwok Land Investment (Shenzhen) Co., Ltd. *#	PRC/ Mainland China	HK$30,000,000	–	100	Property development
Hon Kwok Land Treasury IV Limited	BVI	US$1	100	–	Financing
Hon Kwok Project Management Limited	Hong Kong	HK$2	100	–	Project management
Hon Kwok Treasury Limited	Hong Kong	HK$2	–	100	Financing
Honour Well Development Limited	Hong Kong	HK$2	–	100	Property holding and letting
Hotfield Land Investment (Chongqing) Co., Ltd. *#	PRC/ Mainland China	US$14,300,000 (2008: US$7,550,000)	–	100	Property holding and letting
Island Parking Limited	BVI/Hong Kong	US$10	–	100	Property holding and letting
King Capital Development Limited	Hong Kong	HK$2	–	100	Property holding and letting
King Champion Limited	Hong Kong	HK$2	–	100	Property holding and letting
Lido Parking Limited	BVI/Hong Kong	US$1	–	100	Property holding and letting
One City Hall Place Limited *	Canada	Canadian Dollars ("CAD") 100	–	75	Property development

17. INTERESTS IN SUBSIDIARIES *(Continued)*

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary share capital/ paid up registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Shenzhen Guanghai Investment Co., Ltd. *#	PRC/ Mainland China	RMB467,273,375 (2008: RMB200,000,000)	–	100	Property development
Shenzhen Honkwok Huaye Development Co., Ltd. *#	PRC/ Mainland China	RMB50,000,000	–	100	Property holding and letting
Vast Champ Investment (Chongqing) Co., Ltd *#	PRC/ Mainland China	US$2,200,000 (2008: US$2,000,000)	–	100 (2008: 50)	Property development
Wise Pacific Investment Limited	Hong Kong	HK$10,000	–	100 (2008: 60)	Money lending

^ *The company became dormant after disposal of all its properties during the year.*

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

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

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

18. INTERESTS IN JOINTLY-CONTROLLED ENTITIES

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Unlisted shares, at cost	**–**	–	**–**	–
Share of net assets	**8,562**	39,594	**–**	–
Goodwill on acquisition	**16,286**	16,286	**–**	–
	24,848	55,880	**–**	–

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

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

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

Name	Particulars of issued share capital/paid up registered capital	Place of incorporation/ registration	Percentage of Ownership interest	Percentage of Voting power	Percentage of Profit sharing	Principal activities
Foshan Nanhai XinDa Land Development Ltd.	Registered capital of HK$129,480,000	PRC	50	50	50	Property development
Guangzhou Lian Cheng Real Estate Co., Ltd.	Registered capital of RMB95,000,000	PRC	50	50	50	Property development
Hunnewell Limited	Ordinary share capital of HK$1,000,000	Hong Kong	50	50	50	Property development
King Success Limited	Ordinary share capital of HK$10,000	Hong Kong	50	50	50	Property development
Two City Hall Place Limited	Common share capital of CAD100	Canada	50	50	50	Property development

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

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

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

	2009 **HK$'000**	2008 HK$'000
Share of the jointly-controlled entities' assets and liabilities:		
Total non-current assets	**169,479**	199,459
Total current assets	**3,322**	9,335
Total current liabilities	**(164,239)**	(169,200)
Net assets	**8,562**	39,594
Share of the jointly-controlled entities' results:		
Total revenue	**69,858**	848
Total expenses	**(44,619)**	(355)
Profit for the year	**25,239**	493

19. PROPERTIES HELD FOR SALE

Included in the balances are completed properties of HK$57,425,000 (2008: HK$192,978,000) and incomplete properties with established pre-sale programmes of HK$476,183,000 (2008: HK$330,252,000).

Properties held for sale included interest expense of HK$8,704,000 (2008: HK$21,983,000) that was incurred and capitalised during the year.

Certain of the Group's properties held for sale with an aggregate carrying value of HK$199,346,000 (2008: HK$363,631,000) at the balance sheet date were pledged to secure the banking facilities granted to the Group as detailed in note 24(a)(iii) to the financial statements.

20. TRADE RECEIVABLES

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

	Group	
	2009	2008
	HK$'000	*HK$'000*
Within 30 days	**778**	5,393
31 to 60 days	**314**	110
61 to 90 days	**228**	47
Over 90 days	**159**	–
	1,479	5,550

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

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

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

	Group	
	2009	2008
	HK$'000	*HK$'000*
Neither past due nor impaired	**–**	3,940
Within 30 days past due	**778**	1,453
31 to 90 days past due	**542**	157
Over 90 days past due	**159**	–
	1,479	5,550

20. TRADE RECEIVABLES *(Continued)*

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

The Company had no trade receivables at the balance sheet date (2008: Nil).

21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Prepayments	**8,585**	1,114	**270**	251
Deposits	**10,579**	15,592	**2,685**	1,178
Other receivables	**17,680**	21,624	**10**	20
Impairment	**(10,524)**	(10,524)	**–**	–
	26,320	27,806	**2,965**	1,449

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

	Group	
	2009	2008
	HK$'000	*HK$'000*
At beginning of year	**10,524**	–
Impairment losses recognised *(note 7)*	**–**	10,524
	10,524	10,524

Included in the above provision for impairment of other receivables is a provision for an impaired other receivable of HK$10,524,000 (2008: HK$10,524,000) with a carrying amount of HK$10,524,000 (2008: HK$10,524,000). The Group does not hold any collateral or other credit enhancement over this balance.

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

22. CASH AND CASH EQUIVALENTS

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Cash and bank balances	**216,940**	403,356	**36,564**	149,373
Time deposits	**107,515**	115,870	**30,010**	20,017
	324,455	519,226	**66,574**	169,390

At the balance sheet date, the cash and bank balances including time deposits of the Group denominated in RMB amounted to HK$156,274,000 (2008: HK$267,191,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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

23. TRADE PAYABLES AND ACCRUED LIABILITIES

Included in the trade payables and accrued liabilities are trade payables of HK$10,155,000 (2008: HK$9,211,000). An aged analysis of the trade payables as at the balance sheet date, based on the invoice date, is as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Within 30 days	**10,155**	9,211

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

The Company had no trade payables at the balance sheet date (2008: Nil).

24. INTEREST-BEARING BANK BORROWINGS

	2009			2008		
Group	**Effective interest rate *(%)***	**Maturity**	**2009 *HK$'000***	Effective interest rate *(%)*	Maturity	2008 *HK$'000*
Current						
Bank loans – unsecured	**1.2**	**2009**	**56,000**	3.6	2008	14,000
Bank loans – secured	**1.0-5.4**	**2009-2010**	**323,091**	2.3-7.6	2008-2009	562,999
			379,091			576,999
Non-current						
Bank loans – unsecured	**1.2**	**2010**	**210,000**	3.6	2009-2010	126,000
Bank loans – secured	**1.0-5.4**	**2010-2012**	**662,227**	2.3-7.6	2009-2012	725,267
			872,227			851,267
			1,251,318			1,428,266

	Group	
	2009 *HK$'000*	2008 *HK$'000*
Analysed into:		
Bank loans repayable:		
Within one year or on demand	**379,091**	576,999
In the second year	**414,227**	317,200
In the third to fifth years, inclusive	**458,000**	534,067
	1,251,318	1,428,266

The Company had no interest-bearing bank borrowings at the balance sheet date (2008: Nil).

Notes:

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

(i) mortgages over certain of the Group's investment properties, which had an aggregate carrying value at the balance sheet date of HK$2,253,118,000 (2008: HK$2,373,878,000);

(ii) mortgages over certain of the Group's properties under development, which had an aggregate carrying value at the balance sheet date of HK$131,827,000 (2008: HK$1,182,265,000);

(iii) mortgages over certain of the Group's properties held for sale, which had an aggregate carrying value at the balance sheet date of HK$199,346,000 (2008: HK$363,631,000);

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

(v) charge over the shares of certain subsidiaries of the Group.

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

(c) Except for certain bank loans denominated in RMB equivalent to HK$181,818,000 (2008: HK$506,744,000), all bank borrowings at the balance sheet date were denominated in Hong Kong dollars.

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

Other interest rate information:

	Group			
	2009		2008	
	Fixed rate	**Floating rate**	Fixed rate	Floating rate
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Bank loans – unsecured	**–**	**266,000**	–	140,000
Bank loans – secured	**–**	**985,318**	506,744	781,522

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

25. PROMISSORY NOTE PAYABLE

During the year, the Group acquired the remaining interest in a jointly-controlled entity holding a piece of land at a consideration of HK$40,000,000, of which HK$20,000,000 was satisfied by a promissory note. The promissory note payable is unsecured, interest-free and is due on 4 January 2011. The fair value of the promissory note payable approximated to HK$17,500,000 as at 31 March 2009.

26. CONVERTIBLE BONDS

On 27 June 2006, the Group issued convertible bonds due June 2011 at par for a principal sum of HK$280 million (the "Bonds"). The Bonds are guaranteed by the Company and bear interest at the rate of 3.5% per annum, payable semi-annually in arrears. The bondholders have the rights, at any time on or after 27 July 2006 up to and including the seventh business date prior to 27 June 2011 to convert the Bonds into equity shares of the Company with a nominal value of HK$1.00 each at an initial conversion price of HK$4.00 per share, subject to adjustments in certain events. With effect from 3 October 2008, the conversion price of the Bonds has been adjusted from HK$4.00 per share to HK$3.90 per share. There was no movement in the number of Bonds during the year. Any Bonds not converted will be redeemed at 124.5481% of their principal amount upon maturity on 27 June 2011. Upon full conversion, after conversion price adjustment, the Bonds shall be converted into 71,794,872 ordinary shares of the Company. When the Bonds were issued, the prevailing market interest rate for similar bonds without the conversion option was higher than the interest rate at which the Bonds were issued.

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

26. CONVERTIBLE BONDS *(Continued)*

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

	2009	2008
	HK$'000	*HK$'000*
Nominal value of the Bonds	**280,000**	280,000
Equity component*	**(25,500)**	(25,500)
Direct transaction costs attributable to the liability component	**(6,731)**	(6,731)
Liability component at the issuance date	**247,769**	247,769
Interest expense	**76,206**	46,911
Interest paid	**(24,500)**	(14,700)
Liability component at 31 March	**299,475**	279,980

The effective interest rate of the Bonds was 10.4% per annum. The fair value of the liability component of the Bonds was estimated using an equivalent market interest rate for a similar convertible bond. The fair value of the Group's convertible bonds was approximately HK$325,000,000 (2008: HK$307,000,000) at the balance sheet date.

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

27. DEFERRED TAX

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

Group

		2009	
	Depreciation allowance in excess of related depreciation	**Revaluation of investment properties**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
At 1 April 2008	**189**	**190,690**	**190,879**
Deferred tax charged to the income statement during the year including the effect of the change in statutory tax rate from 17.5% to 16.5% of HK$4,515,000 *(note 10)*	**–**	**37,126**	**37,126**
Exchange realignment	**–**	**2,539**	**2,539**
At 31 March 2009	**189**	**230,355**	**230,544**

27. DEFERRED TAX *(Continued)*

Group

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

At the balance sheet date, the Group had unrecognised deductible temporary differences of HK$531,000 (2008: HK$7,646,000) and unrecognised tax losses of HK$1,028,272,000 (2008: HK$1,022,485,000) available to offset against future profits. The deductible temporary differences and tax losses have not been recognised as it is uncertain that there will be sufficient future taxable profit available against the utilisation of these temporary differences.

At 31 March 2009, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China and in Canada. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China and in Canada for which deferred tax liabilities have not been recognised totalled approximately HK$80,984,000 at 31 March 2009 (2008: HK$71,011,000).

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

The Company had no significant unrecognised deferred tax liability (2008: Nil).

28. SHARE CAPITAL

	2009	2008
	HK$'000	*HK$'000*
Authorised:		
1,750,000,000 ordinary shares of HK$1.00 each	**1,750,000**	1,750,000
Issued and fully paid:		
480,286,201 ordinary shares of HK$1.00 each	**480,286**	480,286

29. RESERVES

(a) Group

The amount of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 40 and 41 of the financial statements.

(b) Company

	Share premium account *HK$'000*	Capital reserve *HK$'000*	Capital redemption reserve *HK$'000*	Retained profits *HK$'000*	Total reserves *HK$'000*
At 1 April 2007	396,352	647	10	572,968	969,977
Profit for the year	–	–	–	64,008	64,008
Proposed final 2008 dividend *(note 12)*	–	–	–	(60,036)	(60,036)
At 31 March 2008 and 1 April 2008	396,352	647	10	576,940	973,949
Profit for the year	–	–	–	63,583	63,583
Proposed final 2009 dividend *(note 12)*	–	–	–	(60,036)	(60,036)
At 31 March 2009	**396,352**	**647**	**10**	**580,487**	**977,496**

30. MAJOR NON-CASH TRANSACTIONS

During the year, the Group acquired the remaining interest in a jointly-controlled entity holding a piece of land at a consideration of HK$40,000,000, of which HK$20,000,000 was satisfied by a promissory note. Furthermore, certain additions of properties under development of HK$78,393,000 during the year were not paid at the balance sheet date and recorded as accrued liabilities.

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

31. CONTINGENT LIABILITIES

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

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Guarantees given to banks in connection with facilities granted to its subsidiaries	**–**	–	**1,184,602**	1,035,529

As at 31 March 2009, the banking facilities granted to the subsidiaries, subject to guarantees given to the banks by the Company, were utilised to the extent of approximately HK$1,184,602,000 (2008: HK$1,035,529,000).

(b) As at 31 March 2009, the Group has given guarantees of approximately HK$34,556,000 (2008: Nil) to banks for housing loans extended by the banks to the purchasers of the Group's properties for a period from the date the loans are granted to the purchasers to the date of issue of property title certificates to the purchasers.

32. PLEDGE OF ASSETS

Details of the Group's bank loans, which are secured by the assets of the Group, are included in note 24 to the financial statements.

33. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its properties under operating lease arrangements, with leases negotiated for terms ranging from one to five years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At 31 March 2009, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Within one year	**14,437**	13,519
In the second to fifth years, inclusive	**15,811**	7,034
	30,248	20,553

Certain of the Group's bank loans are secured by assignments of rental income from the leases of the Group's properties as detailed in note 24(a)(iv).

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

33. OPERATING LEASE ARRANGEMENTS *(Continued)*

(b) As lessee

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

At 31 March 2009, the Group and the Company had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Within one year	**16,078**	16,671	**1,318**	3,482
In the second to fifth years, inclusive	**15,112**	7,543	**–**	1,292
	31,190	24,214	**1,318**	4,774

34. CAPITAL COMMITMENTS

In addition to the operating lease commitments detailed in note 33(b) above, the Group had authorised and contracted capital commitments in respect of property development expenditure and acquisition of properties amounted to approximately HK$245,118,000 (2008: HK$185,198,000) at the balance sheet date.

The Group's share of the jointly-controlled entities' authorised and contracted capital commitments in respect of property development expenditure and acquisition of properties, which are not included in the above, amounted to HK$26,380,000 (2008: HK$7,310,000).

35. RELATED PARTY TRANSACTIONS

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

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

		Group	
		2009	2008
	Notes	***HK$'000***	*HK$'000*
Commission paid to the ultimate holding company	*(i)*	–	2,625
Management fees paid to the immediate holding company	*(ii)*	**6,000**	6,000

Notes:

(i) During the year ended 31 March 2008, the commission was paid to the ultimate holding company for the provision of cash security for certain bank loans granted to the Company and was charged at a rate mutually agreed upon by both parties based on the average principal amount of the cash security outstanding during the terms of the bank loans. Further details of which are included in paragraph (b)(i) below.

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

35. RELATED PARTY TRANSACTIONS (Continued)

(b) Other transactions with related parties

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

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

(c) Outstanding balances with related parties

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

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

	2009	2008
	HK$'000	*HK$'000*
Short term employee benefits	**15,456**	15,892
Post-employment benefits	**648**	615
	16,104	16,507

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

36. FINANCIAL INSTRUMENTS BY CATEGORY

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

Financial assets

	Group	
	Loans and receivables	
	2009	2008
	HK$'000	*HK$'000*
Amounts due from jointly-controlled entities	**178,837**	159,417
Trade receivables	**1,479**	5,550
Financial assets included in prepayments, deposits and other receivables *(note 21)*	**17,735**	26,692
Cash and cash equivalents	**324,455**	519,226
	522,506	710,885

Financial liabilities

	Financial liabilities at amortised cost	
	2009	2008
	HK$'000	*HK$'000*
Financial liabilities included in trade payables and accrued liabilities	**146,204**	117,080
Interest-bearing bank borrowings	**1,251,318**	1,428,266
Amount due to a related company	**–**	44
Financial liabilities included in customer deposits	**3,948**	4,843
Promissory note payable	**20,000**	–
Convertible bonds	**299,475**	279,980
	1,720,945	1,830,213

36. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

Financial assets	**Company**	
	Loans and receivables	
	2009	2008
	HK$'000	*HK$'000*
Amounts due from subsidiaries	**2,494,368**	1,898,736
Financial assets included in prepayments, deposits and other receivables *(note 21)*	**2,695**	1,198
Cash and cash equivalents	**66,574**	169,390
	2,563,637	2,069,324

Financial liabilities	**Financial liabilities at amortised cost**	
	2009	2008
	HK$'000	*HK$'000*
Amounts due to subsidiaries	**1,041,109**	550,915
Financial liabilities included in trade payables and accrued liabilities	**5,326**	5,171
	1,046,435	556,086

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank borrowings, convertible bonds, amounts due from jointly-controlled entities, promissory note payable and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from operations.

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

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

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

Foreign currency risk

The monetary assets and transactions of several subsidiaries of the Group are principally denominated in RMB and CAD, which expose the Group to foreign currency risk. The Group currently has no particular hedging vehicles to hedge its exposure to foreign currency risk profile. It is the Group's policy to monitor foreign exchange exposure and to make use of appropriate hedging measures when required. Approximately 5% (2008: 75%) of the Group's sales are denominated in foreign currencies.

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

Group

	Change in exchange rate *%*	Increase/(decrease) in profit after tax and equity *HK$'000*
2009		
If Hong Kong dollar weakens against RMB	**5%**	**(194)**
If Hong Kong dollar strengthens against RMB	**5%**	**194**
If Hong Kong dollar weakens against CAD	**5%**	**14**
If Hong Kong dollar strengthens against CAD	**5%**	**(14)**
2008		
If Hong Kong dollar weakens against RMB	5%	(214)
If Hong Kong dollar strengthens against RMB	5%	214
If Hong Kong dollar weakens against CAD	5%	5,416
If Hong Kong dollar strengthens against CAD	5%	(5,416)

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

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with a floating interest rate. The interest rates and terms of repayment of the Group's borrowings are disclosed in note 24 to the financial statements. The Group's policy is to obtain the most favorable interest rates available for its borrowings. Management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates at the balance sheet date, with all other variables held constant, of the Group's profit after tax and the Group's equity (through the impact on floating rate borrowings) excluding the effect of those interests being capitalised under property development projects of HK$1,482,000.

Group

	Increase/ (decrease) in basis points	**Increase/ (decrease) in profit after tax and equity** *HK$'000*
2009		
Hong Kong dollar	**100**	**(7,159)**
RMB	**50**	**191**
Hong Kong dollar	**(100)**	**7,159**
RMB	**(50)**	**(191)**
2008		
Hong Kong dollar	100	(7,339)
RMB	50	670
Hong Kong dollar	(100)	7,339
RMB	(50)	(670)

Credit risk

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

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

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

Credit risk *(Continued)*

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

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 20 to the financial statements.

Liquidity risk

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

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank borrowings and other fund raising exercises. The Group will consistently maintain a prudent financing policy and ensure that it maintains sufficient cash and credit lines to meet its liquidity requirements. 24% of the Group's debts, which comprise interest-bearing bank borrowings and convertible bonds, would mature in less than one year as at 31 March 2009 (2008: 34%) based on the carrying value of borrowings reflected in the financial statements.

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

Group

			2009		
	On demand	Less than 12 months	1 to 2 years	Over 2 years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Financial liabilities included in trade payables and accrued liabilities	3,568	142,636	–	–	146,204
Interest-bearing bank borrowings	–	404,054	428,958	463,075	1,296,087
Customer deposits	3,948	–	–	–	3,948
Promissory note payable	–	–	20,000	–	20,000
Convertible bonds	–	–	–	348,735	348,735
	7,516	546,690	448,958	811,810	1,814,974

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

Liquidity risk *(Continued)*

Group

	2008				
	On demand	Less than 12 months	1 to 2 years	Over 2 years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Financial liabilities included in trade payables and accrued liabilities	47,981	69,099	–	–	117,080
Interest-bearing bank borrowings	–	576,999	317,200	534,067	1,428,266
Amount due to a related company	44	–	–	–	44
Customer deposits	4,843	–	–	–	4,843
Convertible bonds	–	–	–	348,735	348,735
	52,868	646,098	317,200	882,802	1,898,968

Company

	2009				
	On demand	**Less than 12 months**	**1 to 2 years**	**Over 2 years**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Amounts due to subsidiaries	**1,041,109**	**–**	**–**	**–**	**1,041,109**
Financial liabilities included in trade payables and accrued liabilities	**900**	**4,426**	**–**	**–**	**5,326**
	1,042,009	**4,426**	**–**	**–**	**1,046,435**

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

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

Capital management

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is required to comply with certain externally imposed capital requirements as set out in certain of its banking facilities. As at 31 March 2009, there was no indication of breach of covenants. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2009 and 2008.

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

Group

	2009 ***HK$'000***	2008 *HK$'000*
Interest-bearing bank borrowings	**1,251,318**	1,428,266
Convertible bonds, the liability component	**299,475**	279,980
Less: Cash and cash equivalents	**(324,455)**	(519,226)
Net interest-bearing debts	**1,226,338**	1,189,020
Equity attributable to equity holders	**3,150,185**	3,102,274
Minority interests	**144,103**	148,321
Total equity	**3,294,288**	3,250,595
Gearing ratio	**37%**	37%

38. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 16 July 2009.

FIVE YEAR FINANCIAL SUMMARY

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

	Year ended 31 March				
	2009	2008	2007	2006	2005
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
RESULTS					
REVENUE	**194,858**	1,250,745	392,218	1,059,427	176,212
PROFIT FOR THE YEAR	**73,120**	436,924	105,437	584,646	230,300
Profit attributable to:					
Equity holders of the Company	**76,500**	399,516	101,401	519,754	229,616
Minority interests	**(3,380)**	37,408	4,036	64,892	684
	73,120	436,924	105,437	584,646	230,300

	As at 31 March				
	2009	2008	2007	2006	2005
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS, LIABILITIES AND MINORITY INTERESTS					
TOTAL ASSETS	**5,386,451**	5,391,254	5,489,632	5,076,311	3,577,967
TOTAL LIABILITIES	**(2,092,163)**	(2,140,659)	(2,759,273)	(2,727,994)	(1,881,829)
NET ASSETS	**3,294,288**	3,250,595	2,730,359	2,348,317	1,696,138
MINORITY INTERESTS	**(144,103)**	(148,321)	(131,283)	(293,487)	(153,961)
SHAREHOLDERS' FUNDS	**3,150,185**	3,102,274	2,599,076	2,054,830	1,542,177

GROUP I – PROPERTIES HELD FOR DEVELOPMENT

	Location	Use	Site area (sq.m./sq.ft.)	Gross floor area (sq.m./sq.ft.)	Development progress (up to 16 July 2009)	Estimated completion date	Attributable interest of the Group (%)
MAINLAND CHINA							
1.	Yayao Oasis (雅瑤綠洲) Da Li District Nanhai Guangdong Province	Low density residential	247,987 sq.m. (2,668,340 sq.ft.)	272,786 sq.m. (2,935,177 sq.ft.)	Phase I – Design development in progress Phase II – Planning stage	– –	50 50
2.	Li Wan District Guangzhou Guangdong Province	Commercial/ Residential	4,362 sq.m. (46,935 sq.ft.)	40,409 sq.m. (434,800 sq.ft.)	Design development in progress	–	50
3.	Dong Guan Zhuan Dong Guan Zhuan Road Tian He District Guangzhou Guangdong Province	Residential	95,382 sq.m. (1,026,310 sq.ft.)	234,672 sq.m. (2,525,070 sq.ft.)	Planning stage	–	75
4.	Botanica (寶翠園) Long Dong Cun Guang Shan Road Western Tian He District Guangzhou Guangdong Province	Residential	113,796 sq.m. (1,224,444 sq.ft.)	228,646 sq.m. (2,460,230 sq.ft.)	Phase I – Construction work completed Internal finishing in progress Phase II – Superstructure work in progress	10/2009 4/2010	60 60
5.	No. 5 Residence (北京路5號公館) 5 Beijing Road (formerly 17-43 Beijing Nan Road) Yue Xiu District Guangzhou Guangdong Province	Commercial/ Residential	2,451 sq.m. (26,372 sq.ft.)	20,344 sq.m. (218,901 sq.ft.)	Construction work completed Internal finishing in progress	12/2009	100
6.	45-65 Beijing Nan Road Yue Xiu District Guangzhou Guangdong Province	Commercial/ Residential	2,177 sq.m. (23,424 sq.ft.)	27,176 sq.m. (292,413 sq.ft.)	Planning stage	–	100

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

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

Location	Use	Site area *(sq.m./sq.ft.)*	Gross floor area *(sq.m./sq.ft.)*	Development progress (up to 16 July 2009)	Estimated completion date	Attributable interest of the Group *(%)*
MAINLAND CHINA						
7. 67-107 Beijing Nan Road Yue Xiu District Guangzhou Guangdong Province	Commercial	2,781 sq.m. (29,923 sq.ft.)	38,568 sq.m. (414,991 sq.ft.)	Planning stage	–	100
8. Hon Kwok City Commercial Centre (漢國城市商業中心) Junction of Shen Nan Zhong Road and Fu Ming Road Fu Tian District Shenzhen Guangdong Province	Commercial/ Residential	7,845 sq.m. (84,412 sq.ft.)	128,000 sq.m. (1,377,280 sq.ft.)	Planning stage	–	100
9. Lot no. B-01-02 Jin Shan Pian Qu Jin Kai Yuan Bei Bu Xin Qu Chongqing	Commercial/ Office/Hotel	12,181 sq.m. (131,067 sq.ft.)	133,502 sq.m. (1,436,481 sq.ft.)	Planning stage	–	100
HONG KONG						
10. Lot 716 & Others in DD111, Yuen Long New Territories	–	35,386 sq.ft.	–	Temporary open storage	–	100

GROUP II – COMPLETED PROPERTIES

Location	Use	Remaining unsold units	Gross floor area *(sq.m./sq.ft.)*	Car parking spaces	Attributable interest of the Group *(%)*
HONG KONG					
11. A portfolio of residential units, mainly at Sky Tower (傲雲峰) and Discovery Park (愉景新城)	Residential	16 units	12,543 sq.ft.	2	100

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

GROUP III – PROPERTIES HELD FOR INVESTMENT

Location	Use	Gross floor area *(sq.m./sq.ft.)*	No. of apartment/ hotel rooms	Ownership status	Attributable interest of the Group *(%)*
MAINLAND CHINA					
12. City Square (城市天地廣場) Jia Bin Road Luo Hu District Shenzhen Guangdong Province	5-storeys of commercial podium comprising hotel (renovation in progress), commercial and shops	20,308 sq.m. (218,515 sq.ft.)	176 hotel rooms	Medium term lease	100
13. City Suites (寶軒公寓) Jia Bin Road Luo Hu District Shenzhen Guangdong Province	Serviced apartments	3,692 sq.m. (39,722 sq.ft.)	64 units	Medium term lease	100
14. Chongqing Hon Kwok Centre (重慶漢國中心) Lot no. B-01-03 Jin Shan Pian Qu Jin Kai Yuan Bei Bu Xin Qu Chongqing	Commercial/ Office apartments	108,895 sq.m. (1,171,710 sq.ft.)	–	Medium term lease	100
HONG KONG					
15. Hon Kwok Jordan Centre (漢國佐敦中心) 5, 7 & 7A Hillwood Road Tsim Sha Tsui Kowloon	Commercial/ Office	62,127 sq.ft.	–	Medium term lease	100
16. The Bauhinia and Honwell Commercial Centre (寶軒及漢貿商業中心) 119-121 Connaught Road Central & 237-241 Des Voeux Road Central Hong Kong	Serviced apartments/ Hotel (renovation in progress)/ Commercial	123,283 sq.ft.	112 apartment units and 42-room hotel with a total of 213 rooms	Long term lease	100

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

GROUP III – PROPERTIES HELD FOR INVESTMENT *(Continued)*

Location	Use	Gross floor area *(sq.m./sq.ft.)*	No. of apartment/hotel rooms	Ownership status	Attributable interest of the Group *(%)*
HONG KONG					
17. Hon Kwok TST Centre (漢國尖沙咀中心) 5-9 Observatory Court Tsim Sha Tsui Kowloon	Hotel (renovation in progress)/ Commercial	60,893 sq.ft.	44 hotel rooms	Medium term lease	100

GROUP IV – CARPARKS HELD FOR INVESTMENT

Location	Car parking spaces	Ownership status	Attributable interest of the Group *(%)*
HONG KONG			
18. Provident Centre (和富中心) 21-53 Wharf Road North Point Hong Kong	121	Long term lease	100
19. Lido Garden (麗都花園) 41-63 Castle Peak Road Sham Tseng Tsuen Wan New Territories	115	Medium term lease	100
20. Shining Court (順寧居) 439 Shun Ning Road Cheung Sha Wan Kowloon	26	Medium term lease	100

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

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Hon Kwok Land Investment Company, Limited (the "Company") will be held at Dragon Rooms 1-2, The Hong Kong Bankers Club, 43rd Floor, Gloucester Tower, The Landmark, 11 Pedder Street, Central, Hong Kong on Thursday, 10 September 2009 at 3:30 p.m. for the following purposes:

1. To receive and consider the audited financial statements, the reports of the directors and the independent auditors' report for the year ended 31 March 2009.

2. To declare a final dividend.

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

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

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

   "**THAT** the exercise by the directors during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with additional shares of HK$1.00 each in the capital of the Company and to make or grant offers, agreements and options, including warrants to subscribe for shares, which would or might require shares to be allotted, issued or dealt with, whether during or after the end of the Relevant Period be and is hereby generally and unconditionally approved, provided that, otherwise than pursuant to: (a) a rights issue where shares of the Company are offered for a period fixed by the directors to shareholders on a fixed record date in proportion to their then holdings of shares (subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or having regard to any legal restrictions under the laws of the relevant place, or the requirements of the relevant regulatory body or any stock exchange in that place); or (b) any scrip dividend or similar arrangement providing for the allotment of securities in lieu of the whole or part of a dividend on shares of the Company in accordance with the Articles of Association of the Company; or (c) the exercise of any options under any share option scheme of the Company or similar arrangement for the grant or issue to the employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company; or (d) the exercise of conversion rights attaching to the existing convertible guaranteed bonds; or (e) a specific authority granted by the shareholders of the Company in general meeting, the additional shares allotted, issued or dealt with (including shares agreed conditionally or unconditionally to be allotted, issued or dealt with, whether pursuant to an option or otherwise) shall not in aggregate exceed 20% of the aggregate nominal amount of the issued share capital of the Company at the date of passing this Ordinary Resolution and the said approval shall be limited accordingly.

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

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

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

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

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

Hong Kong, 30 July 2009

Notes:

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

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

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

4. All the resolutions set out in this notice will be decided by poll.