Strategic Investment
Prudent Management

CHINNEY INVESTMENTS, LIMITED

Stock Code: 216

2008-09

Annual Report

CONTENTS

Cover Photos
Top : Partial view of Botanica Phase 1 flats (total 8 blocks), Tian He District, Guangzhou
Right bottom : Garment factory in Dongguan, J.L. Group
Left bottom : Drilling and ground investigation works undertaken by DrilTech Ground Engineering Ltd., Chinney Alliance Group

CORPORATE INFORMATION

DIRECTORS

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

* *Independent non-executive directors*

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

SECRETARY

Wendy Yuk-Ying Chan

PRINCIPAL BANKERS

Bank of Communications Co., Ltd.
The Bank of East Asia, Limited
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

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Tesbury Centre
28 Queen's Road East
Hong Kong

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STOCK CODE

SEHK 216

WEBSITE

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BUSINESS HIGHLIGHTS AND SHAREHOLDERS' CALENDAR

BUSINESS HIGHLIGHTS

1. **Property Projects and Hotels** (through 54.37% owned Hon Kwok Group)

   - 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 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 the 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 the 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 existing serviced apartments in Hong Kong and in Shenzhen, Hon Kwok will be operating over 660 guest rooms which will strengthen its future recurrent income base.

2. **Garment** (through wholly-owned J.L. Group)

   - Moderately affected by the global economic downturn, turnover dropped by 13% to HK$296 million (2008: HK$340 million). Net profit amounted to HK$17 million (2008: HK$28 million).

3. **Construction & Trading** (through 29.10% owned Chinney Alliance Group)

   - Benefiting from new infrastructure projects launched by Hong Kong Government, the Group's 29.10% share in the net profit of Chinney Alliance Group increased to HK$13 million (2007: HK$8 million).

Financial Highlights

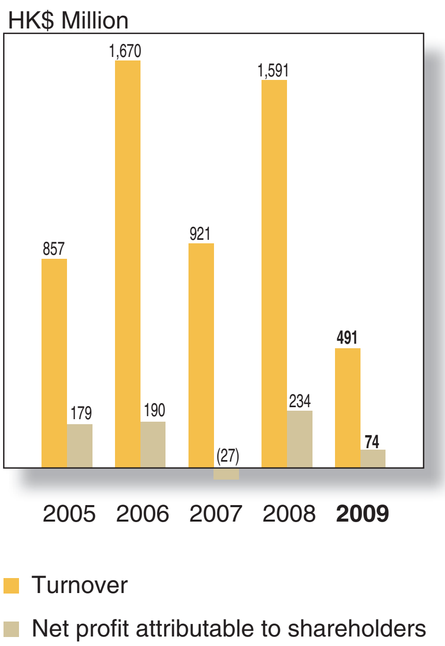
	2009 **HK$'M**	2008 HK$'M	*Increase/Decrease* *HK$'M*	*+/-*
For the year ended 31 March				
Turnover	**491**	1,591	*(1,100)*	*-69%*
Profit attributable to shareholders after revaluation on properties *(Note 1)*	**74**	234	*(160)*	*-68%*
Basic earnings per share *(in HK cents)*	**13.34**	42.50	*(29.16)*	*-69%*
Proposed final dividend per share *(in HK cents)*	**4.00**	4.00		*No change*
At 31 March				
Bank borrowings less bank balances	**1,028**	1,052	*(24)*	*-2%*
Shareholders' funds	**1,828**	1,758	*70*	*+4%*
Gearing ratio *(Note 2)*	**39%**	40%		*-1% points*
Net assets per share attributable to shareholders *(in HK$)*	**3.31**	3.19	*0.12*	*+4%*

Notes:

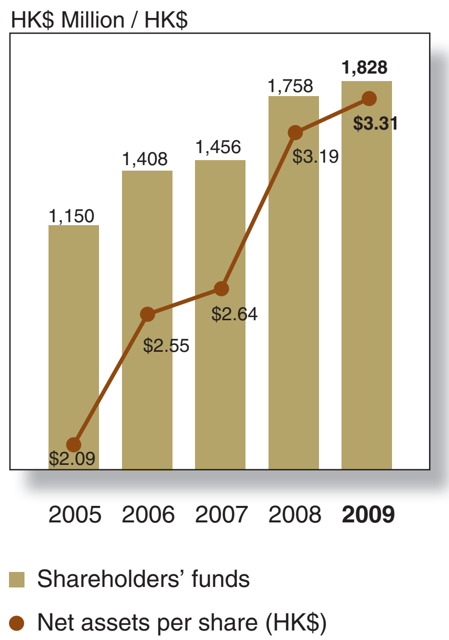
1. *Drop in profit mainly attributable to Hon Kwok's reduction in net revaluation gains on investment properties and decrease in property sales. Details shown in the financial statements.*
2. *Representing ratio of "bank borrowings + convertible bonds – bank balances" to "shareholders' funds + minority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

BUSINESS HIGHLIGHTS *(Continued)*

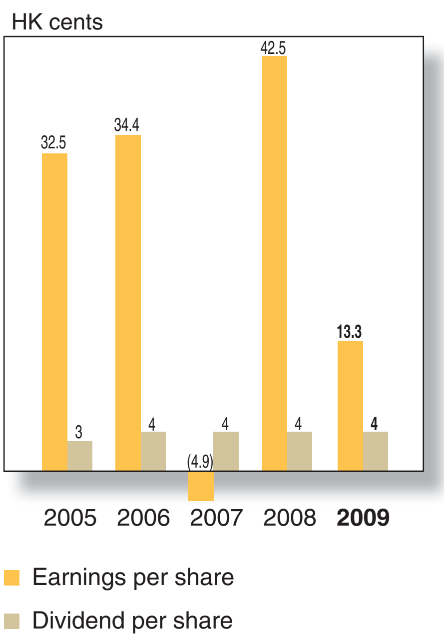
Turnover / Net Profit



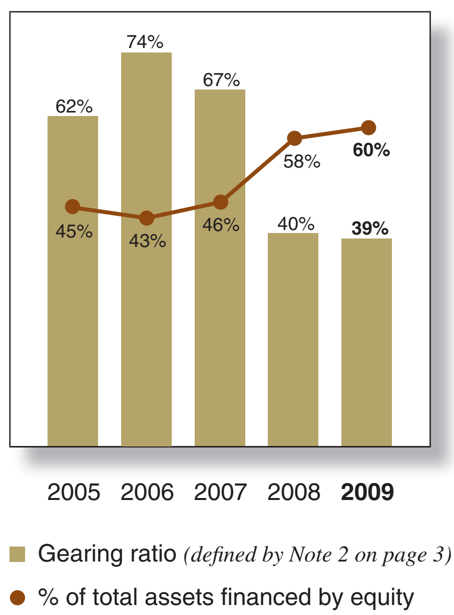
Shareholders' Funds / Net Assets per Share



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	4 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 p.m. on 4 September 2009 (Friday)
Annual General Meeting	10 September 2009 (Thursday)
Payment of final dividend	on or before 9 October 2009 (Friday)

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$491 million (2008: HK$1,591 million) and HK$74 million (2008: HK$234 million), respectively. Basic earnings per share were 13.34 Hong Kong cents (2008: 42.50 Hong Kong cents). The shareholders' equity amounted to HK$1,828 million (2008: HK$1,758 million). Net assets per share attributable to shareholders were HK$3.31 (2008: HK$3.19).

DIVIDEND

The Directors recommend the payment of a final dividend of 4 Hong Kong cents per ordinary share for the year ended 31 March 2009 (2008: 4 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 9 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, Investment and Hotel Operations

The Group's property business is conducted through its 54.37% owned subsidiary, Hon Kwok Land Investment Company, Limited ("Hon Kwok"). Hon Kwok reported a turnover of HK$195 million (2008: HK$1,251 million) and a net profit of HK$77 million (2008: HK$400 million) for the financial year 2008-09.

(a) 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 **Botanica Phase 1 (寶翠園一期)** in the northern part of Tian He District launched in November 2008 has been satisfactory. 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.

BUSINESS REVIEW *(Continued)*

1. Property Development, Investment and Hotel Operations *(Continued)*

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

Botanica development project, Guangzhou - Architect perspective

BUSINESS REVIEW *(Continued)*

1. Property Development, Investment and Hotel Operations *(Continued)*

Hon Kwok 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.

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

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

BUSINESS REVIEW *(Continued)*

1. Property Development, Investment and Hotel Operations *(Continued)*

Chongqing, PRC

In January 2009, Hon Kwok acquired the remaining 50% interest in the **Phase 2 project** in Bei Bu Xin Qu, Chongqing, from its 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 the 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

Hon Kwok's **Phase 2** project site was disposed of in March 2009. Its 50% share of the sales proceeds of approximately CAD9 million (currently about HK$61 million) plus its 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.

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, Hon Kwok 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

BUSINESS REVIEW *(Continued)*

1. Property Development, Investment and Hotel Operations *(Continued)*

(b) Investment Properties in the PRC

In addition to the investment property portfolio in Hong Kong, Hon Kwok 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.

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

BUSINESS REVIEW *(Continued)*

1. Property Development, Investment and Hotel Operations *(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.

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

BUSINESS REVIEW *(Continued)*

1. Property Development, Investment and Hotel Operations *(Continued)*

Guangzhou, PRC

Hon Kwok also intends to hold for long term investment purposes the retail podium floors of **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.

(c) "The Bauhinia" Hotels and Serviced Apartments

Based on the expertise gained in running successfully the 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, Hon Kwok 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. Its additional investment and operating costs for the hotel operations will be relatively low as the new hotels share the benefits of synergy and economy of scale from Hon Kwok's 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 of **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)

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.

BUSINESS REVIEW *(Continued)*

1. Property Development, Investment and Hotel Operations *(Continued)*

Guangzhou, PRC

Hon Kwok has acquired management rights to operate a hotel on Jie Fang Nan Road, Yue Xiu District. Upon completion of its 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, Hon Kwok 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

(d) 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 for Hon Kwok.

Though **Yien Yieh** was a fairly old commercial/office building, it was very well located right opposite to Hon Kwok's 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 Hon Kwok 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 leasing agents, the occupancy rate of initially 34% was increased to over 80% within months after its 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 Hon Kwok to acquire **Yien Yieh** was to hold it as long term investment for recurrent rental income. This was in line with its corporate strategy as specified in Hon Kwok's 2005-06 Annual Report that it has decided not to engage in further property development in Hong Kong but only intended to enlarge its investment property portfolio to enhance recurrent rental income and concentrate management efforts for all property development activities in the Mainland China.

BUSINESS REVIEW *(Continued)*

2. Garment

J.L. Group reported turnover of HK$296 million (2008: HK$340 million) with a net profit of HK$17 million (2008: HK$28 million) for the year under review.

The global economic environment was deteriorating during the second half of the year as caused by the financial crisis in the US. J.L. Group, which produces fashionable garment in Mainland China for export to the European markets, was inevitably affected with reduced turnover and profit. Their customers, mainly in Germany and Italy, cut down orders or delayed purchases for stock replenishment in order to reduce the inventory level as retail demand is expected to remain weak under the current global economic downturn. In addition, the gross margin was also dropped due to appreciation of Renminbi in the Mainland China.

Under the sluggish economic environment, J.L. Group continued to implement cost control measures strategically, including restructuring its factory operations in the Mainland China and streamlining the work processes to improve productivity. New product development processes have also been implemented to cater for the customers' specific needs to maintain our competitive advantages.

Factory premises and staff quarters in Dongguan, J.L. Group

3. Construction and Trading

Chinney Alliance Group Limited ("Chinney Alliance"), a 29.10% owned associate recorded turnover and net profit for the year ended 31 December 2008 of HK$2,547 million (2007: HK$1,547 million) and HK$46 million (2007: HK$66 million) respectively.

BUSINESS REVIEW *(Continued)*

3. Construction and Trading *(Continued)*

The profit for the year included the deficit arising from the downward revaluation of the properties and fair value loss on equity investments totalling HK$21 million (2007: gain HK$11 million). The results of last year also included the recognition of HK$40 million of excess over the cost of business combinations on acquisition of Victory Leap Limited (now known as Chinney Construction Group Limited). Should these non-recurring items be excluded for both years, the net profit for the year ended 31 December 2008 for Chinney Alliance would be about HK$67 million (2007: HK$15 million). The increase in profit was mainly attributable to Victory Leap Limited which was acquired by Chinney Alliance in October 2007, thus reflecting its full year turnover of HK$1,191 million (2007: HK$107 million) and operating profit of HK$57 million (2007: HK$5 million).

Chinney Alliance's building construction and foundation piling services business benefited from projects of the local property market and public works with a satisfactory turnover and operating profit. In view of the supportive measures implemented by the Hong Kong government, more infrastructure projects are expected in the coming year.

Foundation piling works undertaken by Kin Wing Engineering Co., Ltd., Chinney Alliance Group

The trading of plastics and chemicals remained profitable but recorded a drop in turnover and operating profit. The industry suffered from the surge in oil prices and the turbulent fluctuations of petrochemical resin price during the year, diluting its gross profit margin and reducing its profitability. Overheads and trade receivables remain under tight control to ensure profitability and liquidity.

OUTLOOK

The bubble gradually created in the US in the past few years from over-lending to sub-prime property market and dealing with excessive leverage derivatives by investment banks eventually burst last year. This resulted in a collapse of the financial systems, credit crunch and agonized economic recession globally. One facet of this financial tsunami on the banking operations has been stabilized after extensive cash injection into banking systems coupled with monetary support by world-wide central banks. However, trends of economic data show the recovery of the general economy in many countries remains doubtful despite economic stimulus measures already implemented by various governments. Many economists and analysts believe the US and Eurozone still have a bumpy road ahead in coming year or so.

In both Hong Kong and the Mainland China, though economic fundamentals (including unemployment rates, exports, retail sales and GDP) reflect no positive sign of economic recovery amid the financial crisis, the stock and property markets continue to grow steadily since March this year. For the first five months, property sales volumes doubled in Beijing, soared 61.9% in Shanghai and grew 52.5% in Guangdong from a year earlier. In Hong Kong, property prices also jumped generally over 15% since January 2009. This freakish phenomenon is perhaps due to an influx of liquidity and hot money from abroad.

These funds seem partly to be spilled over indirectly from the massive bank lending in past few months and from overseas countries whose taxation policy are being tightened by governments to compensate their huge fiscal deficits. Also, investors tend to convert cash to income generating assets when facing low interest rate, fear of deflation of Hong Kong dollars (pegged with the US dollars) and possible future inflation when certain governments start their money printing machines. It appears that speculators, investors and end users of real estate properties are all contributing to the property rally. This liquidity-driven upsurge in the property and stock markets will inevitably be vulnerable to downward adjustments in some future times as and when the hot money retrieves. Hopefully, the Hong Kong and PRC economy by that time will have recovered further and the effect of adjustments will not be too drastic.

The Group is conservatively optimistic on the upcoming economic development in the Hong Kong-Pearl River Delta. Shenzhen policy research office recently confirmed to extend greater economic collaboration with Hong Kong. The two cities will jointly develop into a mega-metropolis and global centre for finance, trade, logistics, innovation and cultural industries. In addition, plans for a mega bridge linking Hong Kong and Shenzhen are being implemented. Despite the loss of exports and foreign investments in the short to medium terms, the Central Government shows a strong determination to maintain steady economic growth through stimulation in internal markets and further investment in infrastructure projects.

Hon Kwok's development and investment projects will share the benefits from the above economic boosts from the Central Government and its continuing support to Hong Kong. The operation of all its hotels in Hong Kong, Shenzhen and Guangzhou as well as the leasing for Chongqing Hon Kwok Centre will commence around late 2009. They will enable Hon Kwok to strengthen its recurrent income base in future years. Since April 2008, total proceeds of over HK$1,113 million have been generated from the pre-sale of the two Guangzhou development projects and the disposal of the Hong Kong properties and the two Toronto projects. Hon Kwok intends to apply the proceeds to replenish its development and investment land bank, both in the Mainland China and Hong Kong.

OUTLOOK *(Continued)*

Like other garment manufacturers, our J.L. Group has been inevitably affected by the financial tsunami on its turnover and profit margin. Fortunately, its major customers are from Germany and Italy whose economic downturns are relatively moderate when compared to the US and other Eurozone countries. Also, J.L. Group is in niche high fashion markets which focus on small made-to-order quantities without burdening high and fixed set-up costs for mass production lines. Hence, the profit margin has been able to cover its fixed costs and to maintain a profitable operation in the year under review. Management will continue to make its best endeavors to overcome the challenge in the coming difficult year.

For our foundation, construction and building related business, we are quite confident on the trading performance for next year as the Hong Kong Government has launched a series of infrastructure projects and the property market has been growing steadily, both of which create more business opportunities for new contracts.

Finally, I wish to extend my sincere thanks to the management and all supporting staff for their contributions and dedication to the Group during this difficult year.

James Sai-Wing Wong
Chairman

Hong Kong, 16 July 2009

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

James Sai-Wing Wong

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

Madeline May-Lung Wong

Aged 69, was appointed as a director of the Company in 1987. She is a director of Chinney Holdings and Lucky Year, both being substantial shareholders of the Company. She is also a director of Hon Kwok and HKR International Limited, which are both listed on the Stock Exchange.

William Chung-Yue Fan

Aged 68, was appointed as a director of the Company in 1987. He is a solicitor in Hong Kong and a consultant to Fan & Fan, Solicitors. He is also a non-executive director of Alltronics Holdings Limited and an independent non-executive director of Artini China Co. Ltd., which are both listed on the Stock Exchange.

Herman Man-Hei Fung

Aged 71, was appointed as a director of the Company in 1987 and became the Managing Director of the Company in 1995. He is also a director of Chinney Holdings and Lucky Year, both being substantial shareholders of the Company. He is also the vice-chairman of Hon Kwok and a non-executive director of Chinney Alliance, which are both listed on the Stock Exchange.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Clement Kwok-Hung Young

Aged 75, was appointed as an independent non-executive director of the Company in 1999. He obtained his Ph.D. Degree from The University of Texas, USA and served as university professor and administrator before his retirement from the Hong Kong Baptist University. He was the supervisor of Pui Ching Middle and Primary Schools and a court member of the Hong Kong Baptist University. He is the supervisor of Pui Ching Education Centre.

INDEPENDENT NON-EXECUTIVE DIRECTORS *(Continued)*

Peter Man-Kong Wong

Aged 60, was appointed as an independent non-executive director of the Company in 2004. He is the chairman of M.K. Corporation Limited and North West Development Limited, as well as a director of China Travel International Investment Hong Kong Limited, Far East Consortium International Limited, Glorious Sun Enterprises Limited, Hong Kong Ferry (Holdings) Company Limited, New Times Group Holdings Limited, Sino Hotels (Holdings) Limited and Sun Hung Kai & Co. Limited. Except M.K. Corporation Limited and North West Development Limited, all the other companies are listed on the Stock Exchange. Mr. Wong graduated from the University of California at Berkeley in the USA with a Bachelor of Science Degree in Mechanical Engineering (Naval Architecture). Mr. Wong serves as a deputy of the Eleventh National People's Congress of the People's Republic of China.

James C. Chen

Aged 59, was appointed as an independent non-executive director of the Company in 2007. He has over 31 years of experience in accounting, financial management and multinational business. He held various senior executive positions in several multinational companies in Hong Kong and is responsible for the overall management and strategic planning. Mr. Chen holds a Bachelor of Arts Degree, Cum Laude (majors in Accounting, Business Administration and International Business) from Carthage College, Wisconsin, USA. He is also a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of The American Institute of Certified Public Accountants.

SENIOR MANAGEMENT

Zuric Yuen-Keung Chan

Aged 54, is an executive director of Hon Kwok and Chinney Alliance, which are both listed on the Stock Exchange. He joined the Group in 1989 and has 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.

Stephen Sek-Kee Yu

Aged 57, is a director of the Corporate Finance and Business Development Department of the Company. He is also a director of Chinney Alliance which is listed on the Stock Exchange. He joined the Group in 2001 and had worked with three North American banks for over 17 years during which he held various posts including the chief executive of a Canadian bank in Hong Kong. Mr. Yu holds a Bachelor's Degree in Computer Science from the University of Western Ontario, Canada and a Master's degree in Finance from the University of British Columbia, Canada.

SENIOR MANAGEMENT *(Continued)*

Vincent Kwok-Kuen Wong

Aged 50, is the Managing Director of J.L. Group Company Limited, a major garment business acquired by the Company in 1993 with its markets in Europe and North America. Mr. Wong joined the Group in 1993 and has 31 years of experience in the garment industry of sourcing and manufacturing. He is responsible for the overall management of J.L. Group Company Limited.

Louis Woon-Chang Pang

Aged 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.

Louisa Kai-Nor Siu

Aged 43, joined the Company in 2005 and is the Financial Controller of the Company. She has 20 years of experience in the accounting field. She holds a Bachelor's Degree in Accountancy from the City University of Hong Kong and is a fellow of the Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants.

CORPORATE GOVERNANCE REPORT

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

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

DIRECTORS' SECURITIES TRANSACTIONS

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

BOARD OF DIRECTORS

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

Executive Directors

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

Non-Executive Directors

Madeline May-Lung Wong
William Chung-Yue Fan

Independent Non-Executive Directors

Clement Kwok-Hung Young
Peter Man-Kong Wong
James C. Chen

Details of background and qualifications of each director are set out in the section headed "Biographical Details of Directors and Senior Management" on pages 19 to 21 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 position of the Chairman and the Managing Director are held by two different individuals. James Sai-Wing Wong is the Chairman whereas Herman Man-Hei Fung is the Managing Director of the Company. There is a clear division of responsibilities between the Chairman and the Managing Director, in that the Chairman bears primary responsibility for the functioning of the Board, by ensuring its effective operation, while the Managing Director bears executive responsibility for the business and the management of the day-to-day operations of the Company.

NON-EXECUTIVE DIRECTORS

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

NON-EXECUTIVE DIRECTORS *(Continued)*

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

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

At the forthcoming annual general meeting, in accordance with article 104 of the Articles of Association, Madeline May-Lung Wong and Peter Man-Kong Wong 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, Clement Kwok-Hung Young and James C. Chen. 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 four members, namely James C. Chen, William Chung-Yue Fan, Clement Kwok-Hung Young and Peter Man-Kong Wong. Three of them are independent non-executive directors and one of them is non-executive director of the Company. The Chairman of the Audit Committee is James C. Chen. 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.

AUDIT COMMITTEE *(Continued)*

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
William Chung-Yue Fan	1	N/A	2
Herman Man-Hei Fung	2	1	2
Clement Kwok-Hung Young	2	1	1
Peter Man-Kong Wong	2	N/A	1
James C. Chen	2	1	2

NOMINATION OF DIRECTORS

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

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	2,782
Non-audit services (tax compliance services and other services)	1,431
	4,213

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 38 and 39 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.

COMMUNICATIONS WITH SHAREHOLDERS *(Continued)*

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.

REPORT OF THE DIRECTORS

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

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Details of the principal activities of the principal subsidiaries are set out in note 20 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

FINANCIAL RESULTS

The Group's profit for the year ended 31 March 2009 and the state of affairs of the Company and of the Group at that date are set out in the financial statements on pages 40 to 119.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and financial resources

The total interest-bearing debts of the Group amounted to approximately HK$1,694 million as at 31 March 2009 (2008: HK$1,911 million), of which approximately 31% (2008: 41%) of the debts were due and repayable within one year. Total cash and bank balances including time deposits were approximately HK$366 million (2008: HK$579 million).

Total shareholders' funds as at 31 March 2009 was approximately HK$1,828 million (2008: HK$1,758 million).

The gearing ratio of the Group, as measured by the consolidated net borrowings of approximately HK$1,328 million (2008: HK$1,332 million) over the shareholders' funds plus minority interests totalling HK$3,416 million (2008: HK$3,365 million), was 39% at 31 March 2009 (2008: 40%). The Group's apparent high gearing ratio is primarily due to consolidating all debts of Hon Kwok, a 54.37% owned but separately listed subsidiary of the Group. Hon Kwok obtains financing on its own without financial assistance from the Company. Had Hon Kwok been equity accounted for as an associate in previous years, the pro forma gearing of the Group at year end would have been 6% (2008: 8%).

The Group had a total of HK$240 million (2008: HK$989 million) committed but undrawn banking facilities at year end available for its working capital purpose.

Funding and treasury policy

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

Pledge of assets

Certain properties and investments with an aggregate book value of HK$2,601 million as at 31 March 2009 and shares in a subsidiary were pledged to secure certain banking facilities of the Group.

Contingent liabilities

Particulars of the contingent liabilities of the Group are set out in note 41 to the financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Employees and remuneration policies

The Group, not including its associates and jointly-controlled entities, employed approximately 1,200 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 4 Hong Kong cents per ordinary share for the year ended 31 March 2009 (2008: 4 Hong Kong cents) to shareholders whose names appear on the Company's register of members on 10 September 2009. This recommendation has been incorporated in the financial statements as an allocation of retained profits within the equity section of the balance sheet.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from 7 September 2009 to 10 September 2009 (both days inclusive), during which period no share transfer 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 published results and 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 120. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT

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

PROPERTIES UNDER DEVELOPMENT

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

INVESTMENT PROPERTIES

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

PARTICULARS OF PROPERTIES

Particulars of the major properties held by the Group are set out on pages 121 to 124, 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 36 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 38(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$442,054,000, of which HK$22,055,000 has been proposed as a final dividend for the year. In addition, the Company's share premium account, in the amount of HK$267,569,000, may be distributed in the form of fully paid bonus shares.

DIRECTORS

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

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

* *Independent non-executive directors*

In accordance with article 104 of the Articles of Association, Madeline May-Lung Wong and Peter Man-Kong Wong will retire by rotation at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

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

DETAILS OF RETIRING DIRECTORS TO BE RE-ELECTED

(a) Madeline May-Lung Wong

Aged 69, was appointed as a director of the Company in 1987. Ms. Wong was not appointed for a specific term but is subject to retirement by rotation and re-election at the Company's annual general meeting.

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

At the date of this report, Ms. Wong was deemed to be interested in 318,535,324 shares of the Company, 261,112,553 shares in Hon Kwok, 173,093,695 shares in Chinney Alliance, 9,900,000 shares in Chinney Holdings and 10,000 shares in Lucky Year within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"). Ms. Wong's interest in the shares of the Company is through her interest in Chinney Holdings, which in turn is a subsidiary of Lucky Year.

Ms. Wong together with James Sai-Wing Wong, Chairman and substantial shareholder of the Company, held all the issued share capital of Lucky Year and they are partners in several private investments. Save as disclosed above, Ms. Wong does not have any other business relationship with any directors, senior management or substantial or controlling shareholders of the Company.

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

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

(b) Peter Man-Kong Wong

Aged 60, was appointed as an independent non-executive director of the Company in 2004. Mr. Wong was not appointed for a specific term but is subject to retirement by rotation and re-election at the Company's annual general meeting.

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

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

(b) Peter Man-Kong Wong

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

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

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

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 19 to 21 of the annual report.

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 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	318,535,324	57.77
Madeline May-Lung Wong	*1 & 2*	Through controlled corporation	318,535,324	57.77
William Chung-Yue Fan	*1*	Beneficially owned	1,882,285	0.34

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

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

Name of director	*Notes*	Name of associated corporation	Capacity and nature of interest	Number of ordinary shares/ amount of paid up registered capital held	Percentage of the associated corporation's issued share/ paid up registered capital
James Sai-Wing Wong	*1 & 3*	Hon Kwok	Through controlled corporation	261,112,553	54.37
	1 & 4	Guangzhou Hon Kwok Fuqiang Land Development Ltd.	Through controlled corporation	Renminbi ("RMB") 185,000,000	100.00
	1 & 5	Chinney Alliance	Through controlled corporation	433,400,216	72.85
	1 & 6	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
Madeline May-Lung Wong	*1 & 3*	Hon Kwok	Through controlled corporation	261,112,553	54.37
	1 & 3	Chinney Alliance	Through controlled corporation	173,093,695	29.10
	1 & 6	Chinney Holdings	Through controlled corporation	9,900,000	99.00
	1	Lucky Year	Beneficially owned	10,000	50.00
Herman Man-Hei Fung	*1*	Hon Kwok	Beneficially owned	300,000	0.06

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

Pursuant to the share option scheme of Chinney Alliance, Herman Man-Hei Fung has options to subscribe for 1,200,000 shares in Chinney Alliance at an exercise price of HK$0.4667 per share, subject to adjustment. The options were granted on 13 July 1999 and can be exercised up to 12 July 2009. No share options were exercised during the period and were lapsed on 13 July 2009.

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

Notes:

1. *All the interests stated above represent long positions.*
2. *These shares are beneficially held by Chinney Holdings which is a subsidiary of Lucky Year. James Sai-Wing Wong and Madeline May-Lung Wong are directors of Lucky Year and beneficially own more than one-third of the equity capital of Lucky Year.*
3. *These shares are beneficially held by the Company or its wholly-owned subsidiary. By virtue of note 2, James Sai-Wing Wong and Madeline May-Lung Wong are deemed to be interested in these shares.*
4. *Out of the RMB185,000,000 paid up registered capital, RMB111,000,000 is held by a wholly-owned subsidiary of Hon Kwok and RMB74,000,000 is held by a company controlled by James Sai-Wing Wong. By virtue of note 3, James Sai-Wing Wong is deemed to be interested in this company.*
5. *Out of 433,400,216 shares, 173,093,695 shares are held by a wholly-owned subsidiary of the Company and the remaining 260,306,521 shares are held by companies controlled by James Sai-Wing Wong. By virtue of note 2, James Sai-Wing Wong is deemed to be interested in these shares.*
6. *These shares are beneficially held by Lucky Year. By virtue of note 2, James Sai-Wing Wong and Madeline May-Lung Wong are deemed to be interested in these shares.*

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 are required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the heading "Directors' interests and short positions in shares and underlying shares" above, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective 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 44 to the financial statements, none of the directors had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, or any of its holding companies, subsidiaries or fellow subsidiaries was a party during the year.

DIRECTOR'S REMUNERATION

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

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

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

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

Name	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital
Chinney Holdings	Directly beneficially owned	318,535,324	57.77
Lucky Year	Through controlled corporation	318,535,324	57.77

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

Save as disclosed herein, as at 31 March 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 BUSINESSES

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

As the Board is independent from the boards 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 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 major and connected transaction to the Company and a discloseable and connected transaction to Hon Kwok 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 and Hon Kwok. On 20 October 2008, the Acquisition was passed by the independent shareholders of the Company at its extraordinary general meeting but was not passed by the independent shareholders of Hon Kwok at its extraordinary general meeting. 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 Hon Kwok, as borrower, entered into a facilities agreement (the "Facilities Agreement") relating to a HK$280 million transferable term and revolving loan facilities (the "Loan Facilities") with a syndicate of banks. The Loan Facilities have a term of 36 months commencing from the date of the Facilities Agreement and will be used as general working capital of Hon Kwok and its subsidiaries.

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

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

SUFFICIENCY OF PUBLIC FLOAT

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 31% of the total purchases for the year. Purchases from the Group's largest supplier included therein totalled 8%. Sales to the Group's five largest customers accounted for 46% of the total sales for the year. Sales to the Group's largest customer included therein totalled 15%.

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

Deloitte Touche Tohmatsu acted as auditors of the Company for the year ended 31 March 2006. They resigned as auditors of the Company on 27 March 2007 and Ernst & Young were appointed by the directors to fill the casual vacancy so arising. Ernst & Young audited the financial statements of the Company for the years ended 31 March 2007, 31 March 2008 and 31 March 2009. A resolution for the re-appointment of Ernst & Young as auditors of the Company will be proposed at the forthcoming annual general meeting.

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

Hong Kong, 16 July 2009

INDEPENDENT AUDITORS' REPORT

ERNST & YOUNG
安 永

To the shareholders of Chinney Investments, Limited
(Incorporated in Hong Kong with limited liability)

We have audited the financial statements of Chinney Investments, Limited set out on pages 40 to 119, 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
CONTINUING OPERATIONS			
REVENUE	5	**491,232**	1,590,667
Cost of sales		**(385,850)**	(1,261,813)
Gross profit		**105,382**	328,854
Other income and gains	5	**21,902**	60,367
Fair value gains/(losses) on investment properties, net		**(250,639)**	381,304
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
Gain on disposal of subsidiaries		**1,044**	16,802
Excess over the cost of business combinations on acquisition of minority interests in subsidiaries	20	**31,740**	4,979
Fair value loss on equity investments at fair value through profit or loss		**(24,430)**	(3,810)
Selling and distribution costs		**(29,234)**	(38,929)
Administrative and other operating expenses		**(89,078)**	(130,429)
Finance costs	6	**(33,159)**	(91,478)
Share of profits and losses of:			
Associates		**13,250**	7,789
Jointly-controlled entities		**25,239**	493
PROFIT BEFORE TAX	7	**148,082**	551,492
Tax	10	**(43,684)**	(83,519)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**104,398**	467,973
DISCONTINUED OPERATION			
Loss for the year from a discontinued operation	12	**–**	(7,239)
PROFIT FOR THE YEAR		**104,398**	460,734
Attributable to:			
Equity holders of the Company	11	**73,533**	234,305
Minority interests		**30,865**	226,429
		104,398	460,734
DIVIDEND – proposed final	13	**22,055**	22,055

	Notes	**2009** **HK$'000**	2008 HK$'000
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*14*		
Basic			
– For profit for the year		**13.34 HK cents**	42.50 HK cents
– For profit from continuing operations		**13.34 HK cents**	43.62 HK cents
Diluted			
– For profit for the year		**12.88 HK cents**	39.51 HK cents
– For profit from continuing operations		**12.88 HK cents**	40.64 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	*15*	**95,919**	99,005	**5**	7
Properties under development	*16*	**1,712,258**	1,699,408	**–**	–
Prepaid land lease payments	*17*	**16,190**	16,319	**–**	–
Investment properties	*18*	**2,563,615**	2,378,828	**–**	–
Investments in subsidiaries	*20*	**–**	–	**904,172**	891,774
Investments in associates	*21*	**93,084**	67,157	**–**	–
Interests in jointly-controlled entities	*22*	**39,423**	70,455	**–**	–
Promissory note receivable from an associate	*21*	**40,113**	38,975	**40,113**	–
Deferred tax assets	*23*	**170**	159	**–**	–
Loan receivables	*24*	**3,283**	3,014	**–**	–
Total non-current assets		**4,564,055**	4,373,320	**944,290**	891,781
CURRENT ASSETS					
Inventories	*25*	**15,718**	17,815	**–**	–
Properties held for sale	*26*	**533,608**	526,103	**–**	–
Prepaid land lease payments	*17*	**471**	436	**–**	–
Equity investments at fair value through profit or loss	*27*	**17,109**	41,539	**16,531**	40,828
Trade and bills receivables	*28*	**24,489**	35,805	**–**	–
Prepayments, deposits and other receivables	*29*	**34,393**	44,853	**68**	71
Amounts due from related companies	*33*	**345**	1,407	**–**	–
Amounts due from subsidiaries	*20*	**–**	–	**74,071**	108,096
Amounts due from jointly-controlled entities	*22*	**178,837**	159,417	**–**	–
Amounts due from associates	*21*	**–**	13,106	**–**	–
Tax recoverable		**191**	464	**–**	–
Cash and cash equivalents	*30*	**366,151**	579,487	**9,982**	4,097
Total current assets		**1,171,312**	1,420,432	**100,652**	153,092

	Notes	Group 2009 HK$'000	Group 2008 HK$'000	Company 2009 HK$'000	Company 2008 HK$'000
CURRENT LIABILITIES					
Trade payables and accrued liabilities	32	**192,575**	204,498	**4,477**	4,846
Customer deposits		**76,191**	38,528	**–**	–
Amount due to a related company	33	**–**	44	**–**	–
Amounts due to the immediate holding company	33	**40,000**	–	**40,000**	–
Amounts due to subsidiaries	20	**–**	–	**10,000**	72,070
Amounts due to minority shareholders	31	**–**	17,155	**–**	–
Tax payable		**64,756**	63,599	**–**	–
Interest-bearing bank borrowings	34	**522,091**	780,199	**143,000**	124,000
Total current liabilities		**895,613**	1,104,023	**197,477**	200,916
NET CURRENT ASSETS/ (LIABILITIES)		**275,699**	316,409	**(96,825)**	(47,824)
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,839,754**	4,689,729	**847,465**	843,957
NON-CURRENT LIABILITIES					
Interest-bearing bank borrowings	34	**872,227**	851,267	**–**	–
Promissory note payable	35	**20,000**	–	**–**	–
Convertible bonds	36	**299,475**	279,980	**–**	–
Deferred tax liabilities	23	**232,276**	193,062	**–**	–
Total non-current liabilities		**1,423,978**	1,324,309	**–**	–
Net assets		**3,415,776**	3,365,420	**847,465**	843,957

BALANCE SHEETS *(Continued)*

31 March 2009

		Group		Company	
		2009	2008	**2009**	2008
	Notes	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
EQUITY					
Equity attributable to equity holders of the Company					
Issued capital	*37*	**137,842**	137,842	**137,842**	137,842
Reserves	*38*	**1,667,701**	1,598,110	**687,568**	684,060
Proposed final dividend	*13*	**22,055**	22,055	**22,055**	22,055
		1,827,598	1,758,007	**847,465**	843,957
Minority interests		**1,588,178**	1,607,413	**–**	–
Total equity		**3,415,776**	3,365,420	**847,465**	843,957

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	Exchange fluctuation reserve	Equity component of convertible bonds	Proposed final dividend	Other reserve	Retained profits	Total	Minority interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2007	137,842	267,569	67,684	14,600	22,055	156	945,850	1,455,756	1,358,125	2,813,881
Exchange realignment and total income and expense for the year recognised directly in equity	–	–	105,253	–	–	(156)	–	105,097	103,501	208,598
Profit for the year	–	–	–	–	–	–	234,305	234,305	226,429	460,734
Total income and expense for the year	–	–	105,253	–	–	(156)	234,305	339,402	329,930	669,332
Acquisition of minority interests	–	–	–	–	–	–	–	–	(8,596)	(8,596)
Dividends paid to minority shareholders	–	–	–	–	–	–	–	–	(61,627)	(61,627)
Write-off of negative minority interests *(note 7)*	–	–	–	–	–	–	–	–	3,000	3,000
Final 2007 dividend declared	–	–	–	–	(22,055)	–	–	(22,055)	–	(22,055)
Release of exchange fluctuation reserve upon return of investment of a foreign subsidiary	–	–	(15,096)	–	–	–	–	(15,096)	(13,419)	(28,515)
Proposed final 2008 dividend *(note 13)*	–	–	–	–	22,055	–	(22,055)	–	–	–
At 31 March 2008	137,842	267,569*	157,841*	14,600*	22,055	–*	1,158,100*	1,758,007	1,607,413	3,365,420

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(Continued)*

Year ended 31 March 2009

	Attributable to equity holders of the Company								
	Issued capital	Share premium account	Exchange fluctuation reserve	Equity component of convertible bonds	Proposed final dividend	Retained profits	Total	Minority interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2008	137,842	267,569*	157,841*	14,600*	22,055	1,158,100*	1,758,007	1,607,413	3,365,420
Exchange realignment and total income for the year recognised directly in equity	–	–	18,113	–	–	–	18,113	17,028	35,141
Profit for the year	–	–	–	–	–	73,533	73,533	30,865	104,398
Total income for the year	–	–	18,113	–	–	73,533	91,646	47,893	139,539
Acquisition of minority interests	–	–	–	–	–	–	–	(44,268)	(44,268)
Disposal of a subsidiary *(note 39)*	–	–	–	–	–	–	–	8,490	8,490
Dividends paid to minority shareholders	–	–	–	–	–	–	–	(31,350)	(31,350)
Final 2008 dividend declared	–	–	–	–	(22,055)	–	(22,055)	–	(22,055)
Proposed final 2009 dividend *(note 13)*	–	–	–	–	22,055	(22,055)	–	–	–
At 31 March 2009	**137,842**	**267,569***	**175,954***	**14,600***	**22,055**	**1,209,578***	**1,827,598**	**1,588,178**	**3,415,776**

* *These reserve accounts comprise the consolidated reserves of HK$1,667,701,000 (2008: HK$1,598,110,000) 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/(loss) before tax:			
From continuing operations		**148,082**	551,492
From a discontinued operation	12	**–**	(6,159)
Adjustments for:			
Share of profits and losses of associates and jointly-controlled entities		**(38,489)**	(8,282)
Interest income	5	**(5,910)**	(13,967)
Finance costs	6	**33,159**	95,350
Depreciation	7	**6,868**	21,892
Amortisation of prepaid land lease payments	7	**471**	436
Gain on disposal of subsidiaries	39	**(1,044)**	(16,802)
Excess over the cost of business combinations on acquisition of minority interests in subsidiaries	20	**(31,740)**	(4,979)
Fair value losses/(gains) of investment properties, net		**250,639**	(384,804)
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)**	–
Gain on disposal of items of property, plant and equipment	7	**(169)**	(3,960)
Fair value loss on equity investments at fair value through profit or loss	7	**24,430**	3,810
Write-off of negative minority interests	7	**–**	3,000
Gain on disposal of investment properties	7	**(22,252)**	(15,550)
Impairment of trade receivables	7	**815**	7,295
Impairment of other receivable	7	**–**	10,524
Release of exchange fluctuation reserve upon return of investment of a foreign subsidiary	7	**–**	(28,515)
		11,047	210,781
Increase in properties under development		**(175,617)**	(249,621)
Decrease/(increase) in inventories		**2,097**	(870)
Decrease/(increase) in properties held for sale		**(27,895)**	919,311
Increase in gross amounts due from customers for contract work		**–**	(2,022)
Decrease in retention monies receivable		**–**	2,843
Decrease in loan receivables, trade and bills receivables, prepayments, deposits and other receivables		**22,380**	16,126
Decrease/(increase) in amounts due from related companies		**1,062**	(13,159)
Decrease in trade payables and accrued liabilities		**(90,071)**	(56,749)
Decrease in gross amounts due to customers for contract work		**–**	(5,429)
Increase/(decrease) in customer deposits		**37,663**	(176,643)
Increase/(decrease) in amount due to a related company		**(44)**	6,954
Cash generated from/(used in) operations		**(219,378)**	651,522
Hong Kong profits tax paid		**(6,577)**	(4,676)
Overseas taxes paid		**(8,087)**	(65,735)
Net cash inflow/(outflow) from operating activities		**(234,042)**	581,111

CONSOLIDATED CASH FLOW STATEMENT *(Continued)*

Year ended 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
Net cash inflow/(outflow) from operating activities		**(234,042)**	581,111
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of additional shares of an associate		**(14,424)**	–
Purchase of items of property, plant and equipment		**(2,722)**	(13,347)
Acquisition of additional interests in subsidiaries		**(12,528)**	(3,617)
Additions to investment properties		**(14,356)**	(11,114)
Dividends received from a jointly-controlled entity		**45,654**	–
Increase in amounts due from jointly-controlled entities		**(15,696)**	–
Disposal of subsidiaries	39	**–**	109,115
Dividends received from an associate		**1,731**	1,153
Advances to a jointly-controlled entity		**–**	(16,059)
Interest received		**5,910**	13,967
Proceeds from disposal of items of property, plant and equipment		**319**	8,466
Proceeds from disposal of investment properties		**344,996**	109,545
Decrease in investment deposits		**–**	112,638
Acquisition of a jointly-controlled entity		**–**	(4,590)
Purchase of equity investments at fair value through profit or loss		**–**	(44,668)
Repayment from/(advances to) associates		**11,968**	(13,106)
Decrease in pledged deposits		**–**	64,572
Net cash inflow from investing activities		**350,852**	312,955
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		**(53,586)**	(118,052)
Dividends paid to minority shareholders		**(31,350)**	(61,627)
Dividend paid		**(22,055)**	(22,055)
Decrease in interest-bearing bank borrowings, net		**(247,655)**	(576,513)
Increase in amount due to the immediate holding company		**40,000**	–
Decrease in loans from minority interest		**(7,745)**	(24,237)
Net cash outflow from financing activities		**(322,391)**	(802,484)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(205,581)**	91,582
Cash and cash equivalents at beginning of year		**579,487**	455,284
Effect of foreign exchange rate changes, net		**(7,755)**	32,621
CASH AND CASH EQUIVALENTS AT END OF YEAR		**366,151**	579,487
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	30	**250,936**	437,404
Non-pledged time deposits with original maturity of less than three months when acquired	30	**115,215**	142,083
		366,151	579,487

1. CORPORATE INFORMATION

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

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

– property development
– property investment for rental purposes
– manufacturing and trading of garments

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

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

2.1 BASIS OF PREPARATION

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

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. An acquisition of minority interests is 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]

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

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]*

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Joint ventures *(Continued)*

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

A joint venture is treated as:

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

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

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

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

Jointly-controlled entities

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

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

Associates

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Associates *(Continued)*

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

Goodwill

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

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

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

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

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

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Goodwill *(Continued)*

Goodwill previously eliminated against consolidated retained profits

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

Excess over the cost of business combinations

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

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

Impairment of non-financial assets other than goodwill

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

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

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related parties

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

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

(b) the party is an associate;

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

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

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

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

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

Property, plant and equipment and depreciation

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

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

Financial assets

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

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

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

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

Financial assets at fair value through profit or loss

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

Loans and receivables

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial assets *(Continued)*

Fair value

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

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derecognition of financial assets *(Continued)*

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

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

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

Financial liabilities including trade and other payables and interest-bearing bank borrowings, convertible bonds, amounts due to minority shareholders, 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derecognition of financial liabilities

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

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

Inventories

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

Cash and cash equivalents

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

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

Income tax

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

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

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

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

- where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

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

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

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

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

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

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

Revenue recognition

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

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

(b) from construction contracts, on the percentage of completion basis;

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 Group also operates a defined contribution retirement benefits scheme for those employees who are eligible and have elected to participate in the scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. Contributions are made based on a percentage of the participating employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the scheme. When an employee leaves the scheme prior to his/her interest in the Group's employer contributions vesting fully, the ongoing contributions payable by the Group may be reduced by the relevant amount of forfeited contributions.

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

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

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 16 to the financial statements.

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

Total budgeted costs for properties under development comprise (i) prepaid land lease payments; (ii) building costs; and (iii) any other direct costs attributable to the development of the properties. In estimating the total budgeted costs for properties under development, management makes reference to information such as (i) current offers from contractors and suppliers; (ii) recent offers 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 18 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 are 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 23 to the financial statements.

4. SEGMENT INFORMATION

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

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

(a) the garment segment manufactures and trades garments;

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

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

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

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

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

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

4. SEGMENT INFORMATION *(Continued)*

(a) Business segments

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

	Year ended 31 March 2009						
	Continuing operations					Discontinued operation	
	Garment	Property development	Property investment	Others	Total	Construction	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue:							
Sales to external customers	296,374	110,033	47,539	37,286	491,232	–	491,232
Segment results	18,347	(17,044)	124,196	14,621	140,120	–	140,120
Net loss from investments							(17,403)
Unallocated expenses							(12,749)
Finance costs							(33,159)
Share of profits and losses of associates	–	–	–	13,250	13,250	–	13,250
Share of profits and losses of jointly-controlled entities	–	25,239	–	–	25,239	–	25,239
Gain on disposal of a subsidiary							1,044
Excess over the cost of business combinations on acquisition of minority interests in subsidiaries							31,740
Profit before tax							148,082
Tax							(43,684)
Profit for the year							104,398

4. SEGMENT INFORMATION *(Continued)*

(a) Business segments *(Continued)*

	Year ended 31 March 2008						
	Continuing operations					Discontinued operation	
	Garment	Property development	Property investment	Others	Total	Construction	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue:							
Sales to external customers	339,922	1,156,454	58,377	35,914	1,590,667	350,180	1,940,847
Segment results	32,792	186,873	391,138	11,266	622,069	(6,913)	615,156
Net income from investments							10,683
Unallocated expenses							(15,219)
Finance costs							(95,350)
Share of profits and losses of associates	–	–	–	7,789	7,789	–	7,789
Share of profits and losses of jointly-controlled entities	–	493	–	–	493	–	493
Gain on disposal of subsidiaries							16,802
Excess over the cost of business combinations on acquisition of minority interests in subsidiaries							4,979
Profit before tax							545,333
Tax							(84,599)
Profit for the year							460,734

4. SEGMENT INFORMATION *(Continued)*

(a) Business segments *(Continued)*

	Year ended 31 March 2009							
	Continuing operations						Discontinued operation	
	Garment	Property development	Property investment	Others	Eliminations	Total	Construction	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Assets								
Segment assets	150,060	2,284,854	2,802,859	2,228,194	(2,465,717)	5,000,250	–	5,000,250
Interests in associates	–	–	–	133,197	–	133,197	–	133,197
Interests in jointly-controlled entities	–	39,423	–	–	–	39,423	–	39,423
Amounts due from jointly-controlled entities	–	178,837	–	–	–	178,837	–	178,837
Unallocated assets								383,660
Total assets								5,735,367
Liabilities								
Segment liabilities	33,796	1,350,348	956,462	333,374	(2,345,253)	328,727	–	328,727
Unallocated liabilities								1,990,864
Total liabilities								2,319,591
Other segment information:								
Capital expenditure	70	1,804	2	846	–	2,722	–	2,722
Fair value gains/(losses) on investment properties, net	550	–	(251,189)	–	–	(250,639)	–	(250,639)
Fair value gains on properties held for sale transferred to investment properties	–	–	38,188	–	–	38,188	–	38,188
Fair value gain on a completed property transferred to investment property	–	–	315,625	–	–	315,625	–	315,625
Depreciation of property, plant and equipment	3,774	2,023	136	935	–	6,868	–	6,868
Amortisation of prepaid land lease payments	471	–	–	–	–	471	–	471
Gain on disposal of items of property, plant and equipment	45	124	–	–	–	169	–	169
Impairment of trade receivables	815	–	–	–	–	815	–	815

4. SEGMENT INFORMATION *(Continued)*

(a) Business segments *(Continued)*

Year ended 31 March 2008

	Continuing operations						Discontinued operation	
	Garment	Property development	Property investment	Others	Eliminations	Total	Construction	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Assets								
Segment assets	151,140	2,275,028	2,435,050	2,636,528	(2,666,648)	4,831,098	–	4,831,098
Interests in associates	–	–	–	106,132	–	106,132	–	106,132
Interests in jointly-controlled entities	–	70,455	–	–	–	70,455	–	70,455
Amounts due from jointly-controlled entities	–	159,417	–	–	–	159,417	–	159,417
Unallocated assets								626,650
Total assets								5,793,752
Liabilities								
Segment liabilities	43,340	1,317,561	1,134,520	158,074	(2,410,425)	243,070	–	243,070
Unallocated liabilities								2,185,262
Total liabilities								2,428,332
Other segment information:								
Capital expenditure	3,566	1,195	22	478	–	5,261	21,935	27,196
Fair value gains on investment properties, net	300	–	381,004	–	–	381,304	3,500	384,804
Release of exchange fluctuation reserve upon return of investment of a foreign subsidiary	–	(28,515)	–	–	–	(28,515)	–	(28,515)
Depreciation of property, plant and equipment	3,646	1,961	116	916	–	6,639	15,978	22,617
Amortisation of prepaid land ease payments	436	–	–	–	–	436	–	436
Gain on disposal of items of property, plant and equipment	–	–	–	–	–	–	(3,960)	(3,960)
Impairment of trade receivables	1,088	–	–	–	–	1,088	6,207	7,295
Impairment of other receivable	–	10,524	–	–	–	10,524	–	10,524

4. SEGMENT INFORMATION *(Continued)*

(b) Geographical segments

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

	Hong Kong	Mainland China	Macau	Europe	North America	Others	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 March 2009							
Segment revenue:							
Sales to external customers	**186,193**	**4,456**	**–**	**242,992**	**54,717**	**2,874**	**491,232**
Other segment information:							
Segment assets	**1,808,971**	**3,815,234**	**–**	**333**	**109,109**	**1,720**	**5,735,367**
Capital expenditure	**331**	**2,391**	**–**	**–**	**–**	**–**	**2,722**
Year ended 31 March 2008							
Segment revenue:							
Sales to external customers	557,012	3,857	110,510	275,977	988,107	5,384	1,940,847
Attributable to a discontinued operation	(239,670)	–	(110,510)	–	–	–	(350,180)
Revenue from continuing operations	317,342	3,857	–	275,977	988,107	5,384	1,590,667
Other segment information:							
Segment assets	2,571,179	3,081,659	–	500	137,695	2,719	5,793,752
Capital expenditure	23,008	3,632	–	556	–	–	27,196

5. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts; income from the sales of properties; gross rental income and property management income during the year.

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

		Group	
		2009	2008
	Note	***HK$'000***	*HK$'000*
Revenue			
Sales of goods		**296,374**	339,922
Sales of properties		**110,033**	1,156,454
Gross rental income		**82,374**	91,580
Property management income		**2,451**	2,711
Attributable to continuing operations reported in the consolidated income statement		**491,232**	1,590,667
Building construction and foundation piling revenue attributable to a discontinued operation	*12*	**–**	350,180
		491,232	1,940,847
Other income			
Bank interest income		**3,140**	10,127
Other interest income		**2,770**	3,840
Dividend income from listed investments at fair value through profit or loss		**1,117**	526
Others		**12,076**	9,547
		19,103	24,040
Gains			
Gain on disposal of items of property, plant and equipment		**169**	3,960
Release of exchange fluctuation reserve upon return of investment of a foreign subsidiary		**–**	28,515
Foreign exchange differences, net		**2,630**	9,816
		2,799	42,291
		21,902	66,331

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

	Group 2009 HK$'000	2008 HK$'000
Attributable to a discontinued operation *(note 12)*	–	5,964
Attributable to continuing operations reported in the consolidated income statement	**21,902**	60,367
	21,902	66,331

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	**73,813**	135,060
Interest on amounts due to related companies	–	452
Interest on finance leases	–	158
Total interest expense on financial liabilities not at fair value through profit or loss	**73,813**	135,670
Less: Interest capitalised under property development projects	**(40,654)**	(40,320)
	33,159	95,350
Attributable to a discontinued operation *(note 12)*	–	3,872
Attributable to continuing operations reported in the consolidated income statement	**33,159**	91,478
	33,159	95,350

7. PROFIT BEFORE TAX

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

	Group 2009 HK$'000	2008 HK$'000
Cost of properties sold	**110,129**	964,744
Cost of inventories sold	**230,070**	247,364
Depreciation	**6,868**	22,617
Less: Amount capitalised in contract costs	**–**	(725)
	6,868	21,892
Amortisation of prepaid land lease payments	**471**	436
Minimum lease payments under operating leases on land and buildings*	**20,200**	18,701
Auditors' remuneration	**2,782**	3,714
Employee benefit expense (including directors' remuneration *(note 8))*:		
Wages, salaries, allowances and benefits in kind	**76,719**	139,930
Pension scheme contributions	**2,473**	3,159
	79,192	143,089
Less: Amounts capitalised in contract costs	**–**	(33,184)
Amount capitalised under property development projects	**(8,179)**	–
	71,013	109,905
Gross rental income included in the following categories:		
Rental income	**(82,374)**	(91,580)
Other income	**(411)**	(375)
	(82,785)	(91,955)
Less: Outgoing expenses**	**45,651**	44,493
	(37,134)	(47,462)
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	**250,639**	(381,304)
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	**(5,910)**	(13,967)
Gain on disposal of items of property, plant and equipment	**(169)**	(3,960)
Fair value loss on equity investments at fair value through profit or loss	**24,430**	3,810
Impairment of trade receivables***	**815**	7,295
Write-off of negative minority interests	**–**	3,000
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.*

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

**** *The impairment of other receivable is included in "Administrative and other operating expenses" 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	**200**	225
Other emoluments:		
Salaries, allowances and benefits in kind	**5,730**	5,970
Performance related bonuses*	**3,000**	2,000
	8,730	7,970
	8,930	8,195

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

(a) Independent non-executive directors

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

	2009	2008
	HK$'000	*HK$'000*
Clement Kwok-Hung Young	**50**	50
Johnny Chung-Ah Wong	**–**	50
Peter Man-Kong Wong	**50**	50
James C. Chen	**50**	25
	150	175

There were 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	**–**	**3,000**	**1,500**	**–**	**4,500**
Herman Man-Hei Fung	**–**	**2,730**	**1,500**	**–**	**4,230**
	–	**5,730**	**3,000**	**–**	**8,730**
Non-executive directors:					
Madeline May-Lung Wong	**–**	**–**	**–**	**–**	**–**
William Chung-Yue Fan	**50**	**–**	**–**	**–**	**50**
	50	**–**	**–**	**–**	**50**
	50	**5,730**	**3,000**	**–**	**8,780**
2008					
Executive directors:					
James Sai-Wing Wong	–	3,000	1,000	–	4,000
Herman Man-Hei Fung	–	2,970	1,000	–	3,970
	–	5,970	2,000	–	7,970
Non-executive directors:					
Madeline May-Lung Wong	–	–	–	–	–
William Chung-Yue Fan	50	–	–	–	50
	50	–	–	–	50
	50	5,970	2,000	–	8,020

There was no arrangement 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	**4,837**	4,232
Performance related bonuses	**6,400**	6,052
Pension scheme contributions	**254**	241
	11,491	10,525

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

	Number of employees	
	2009	2008
HK$2,000,001 to HK$2,500,000	**–**	1
HK$2,500,001 to HK$3,000,000	**–**	–
HK$3,000,001 to HK$3,500,000	**1**	–
HK$3,500,001 to HK$4,000,000	**1**	1
HK$4,000,001 to HK$4,500,000	**–**	–
HK$4,500,001 to HK$5,000,000	**1**	1
	3	3

10. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. 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 – Hong Kong		
Charge for the year	**3,804**	4,713
Underprovision/(overprovision) in prior years	**319**	(10)
Current – Elsewhere		
Charge for the year	**2,897**	47,021
Underprovision/(overprovision) in prior years	**–**	1,052
Deferred *(note 23)*	**36,664**	31,823
Total tax charge for the year	**43,684**	84,599

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	**148,082**	545,333
Tax at the statutory tax rate of 16.5% (2008: 17.5%)	**24,434**	95,433
Effect of different rates of companies operating in other jurisdictions	**25,596**	35,025
Adjustments in respect of current tax of previous periods	**319**	1,042
Effect on opening deferred tax of decrease in rates	**(4,515)**	–
Adjustment in respect of deferred tax arising from change in tax base of certain investment properties	**–**	(15,687)
Income not subject to tax	**(10,651)**	(50,973)
Expenses not deductible for tax	**8,325**	17,700
Tax losses utilised from previous periods	**(2,149)**	(2,116)
Tax losses not recognised	**8,341**	6,380
Profits and losses attributable to jointly-controlled entities and associates	**(6,351)**	(1,449)
Others	**335**	(756)
Tax charge at the Group's effective rate of 29.5% (2008: 15.5%)	**43,684**	84,599
Represented by:		
Tax charge attributable to a discontinued operation *(note 12)*	**–**	1,080
Tax charge attributable to continuing operations reported in the consolidated income statement	**43,684**	83,519
	43,684	84,599

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

The shares of net tax credit attributable to associates and jointly-controlled entities amounting to HK$883,000 (2008: tax charge of HK$628,000) and HK$5,743,000 (2008: Nil), respectively, are included in "Share of profits and losses of jointly-controlled entities and associates" on the face of the consolidated income statement.

11. PROFIT 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$25,563,000 (2008: HK$54,581,000) which has been dealt with in the financial statements of the Company (note 38(b)).

12. DISCONTINUED OPERATION

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

The results of the construction segment for the period from 1 April 2007 to the date of disposal is presented below:

	Period from 1 April 2007 to the date of disposal *HK$'000*
Revenue	350,180
Cost of sales	(299,215)
	50,965
Other income	5,964
Administrative expenses	(62,716)
Fair value gains on investment properties	3,500
Finance costs	(3,872)
Loss before tax	(6,159)
Tax	(1,080)
Loss for the period	(7,239)
Attributable to:	
Equity holders of the Company	(6,229)
Minority interests	(1,010)
	(7,239)

12. DISCONTINUED OPERATION *(Continued)*

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

	2008 *HK$'000*
Net cash inflow from operating activities	4,794
Net cash inflow from investing activities	3,039
Net cash inflow from financing activities	3,955
Net cash inflow	11,788

Loss per share:	
Basic, from the discontinued operation	1.13 cents
Diluted, from the discontinued operation	N/A

The calculation of basic loss per share from the discontinued operation is based on:

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

No diluted earnings per share from the discontinued operation for the year ended 31 March 2008 is computed as there was no diluting event during that year.

13. DIVIDEND

	2009 ***HK$'000***	2008 *HK$'000*
Proposed final – 4 HK cents (2008: 4 HK cents) per ordinary share	**22,055**	22,055

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

14. EARNINGS 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 of a subsidiary and the dilution effect on earnings assuming there is a full conversion of the convertible bonds of a subsidiary, where applicable. The number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation.

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

	2009 ***HK$'000***	2008 *HK$'000*
Profit/(loss) attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation:		
From continuing operations	**73,533**	240,534
From a discontinued operation	**–**	(6,229)
	73,533	234,305
Interest on convertible bonds of a subsidiary, net of tax and interest capitalisation	**6,164**	22,621
Dilution of earnings arising from the full conversion of convertible bonds of a subsidiary	**(8,657)**	(39,083)
Profit attributable to ordinary equity holders of the Company after the full conversion of the convertible bonds of a subsidiary	**71,040**	217,843
Attributable to:		
Continuing operations	**71,040**	224,072
Discontinued operation	**–**	(6,229)
	71,040	217,843

15. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold land and buildings Hong Kong HK$'000	Leasehold land and buildings Mainland China HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Motor vehicles HK$'000	Furniture, fixtures and equipment HK$'000	Total HK$'000
31 March 2009							
At 1 April 2008:							
Cost	56,300	58,780	14,401	8,385	5,039	13,124	156,029
Accumulated depreciation and impairment	(15,195)	(11,125)	(12,109)	(7,033)	(2,349)	(9,213)	(57,024)
Net carrying amount	41,105	47,655	2,292	1,352	2,690	3,911	99,005
At 1 April 2008, net of accumulated depreciation and impairment	41,105	47,655	2,292	1,352	2,690	3,911	99,005
Additions	–	–	–	9	1,903	810	2,722
Disposals	–	–	–	–	(95)	(55)	(150)
Depreciation provided during the year	(1,132)	(1,825)	(788)	(626)	(1,218)	(1,279)	(6,868)
Exchange realignment	–	1,079	24	29	39	39	1,210
At 31 March 2009, net of accumulated depreciation and impairment	**39,973**	**46,909**	**1,528**	**764**	**3,319**	**3,426**	**95,919**
At 31 March 2009:							
Cost	56,300	60,120	14,567	8,576	6,584	13,640	159,787
Accumulated depreciation and impairment	(16,327)	(13,211)	(13,039)	(7,812)	(3,265)	(10,214)	(63,868)
Net carrying amount	**39,973**	**46,909**	**1,528**	**764**	**3,319**	**3,426**	**95,919**

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

Group

	Leasehold land and buildings Hong Kong	Leasehold land and buildings Mainland China	Leasehold improvements	Plant and machinery	Motor vehicles	Furniture, fixtures and equipment	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
31 March 2008							
At 1 April 2007:							
Cost	70,440	52,162	15,966	413,380	8,988	24,493	585,429
Accumulated depreciation and impairment	(16,430)	(8,482)	(12,795)	(319,557)	(6,517)	(19,099)	(382,880)
Net carrying amount	54,010	43,680	3,171	93,823	2,471	5,394	202,549
At 1 April 2007, net of accumulated depreciation and impairment	54,010	43,680	3,171	93,823	2,471	5,394	202,549
Additions	–	1,359	399	21,969	1,678	1,791	27,196
Assets disposed of in a discontinued operation *(note 39)*	(11,607)	–	(236)	(94,686)	(324)	(1,629)	(108,482)
Disposals	–	–	–	(4,337)	–	(169)	(4,506)
Depreciation provided during the year	(1,298)	(1,736)	(1,141)	(15,535)	(1,287)	(1,620)	(22,617)
Exchange realignment	–	4,352	99	118	152	144	4,865
At 31 March 2008, net of accumulated depreciation and impairment	41,105	47,655	2,292	1,352	2,690	3,911	99,005
At 31 March 2008:							
Cost	56,300	58,780	14,401	8,385	5,039	13,124	156,029
Accumulated depreciation and impairment	(15,195)	(11,125)	(12,109)	(7,033)	(2,349)	(9,213)	(57,024)
Net carrying amount	41,105	47,655	2,292	1,352	2,690	3,911	99,005

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

Details of the leasehold land and buildings are as follows:

	2009	2008
	HK$'000	*HK$'000*
Medium term leases:		
Hong Kong	**56,300**	56,300
Mainland China	**35,527**	34,734
Long term leases:		
Mainland China	**24,593**	24,046
	116,420	115,080

Company

	Furniture, fixtures and equipment
	HK$'000
31 March 2009	
At 1 April 2008:	
Cost	82
Accumulated depreciation	(75)
Net carrying amount	7
At 1 April 2008, net of accumulated depreciation	7
Depreciation provided during the year	(2)
At 31 March 2009, net of accumulated depreciation	**5**
At 31 March 2009:	
Cost	82
Accumulated depreciation	(77)
Net carrying amount	**5**

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

Company

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

16. PROPERTIES UNDER DEVELOPMENT

Group

	2009 *HK$'000*	2008 *HK$'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 18)*	**(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.

16. PROPERTIES UNDER DEVELOPMENT *(Continued)*

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 34(a)(ii) to the financial statements.

Further particulars of the Group's properties under development are included in "Particulars of Properties" on pages 121 to 124.

17. PREPAID LAND LEASE PAYMENTS

	Group	
	2009	2008
	HK$'000	*HK$'000*
At beginning of year	**16,755**	15,686
Recognised during the year	**(471)**	(436)
Exchange realignment	**377**	1,505
At end of year	**16,661**	16,755
Current portion	**(471)**	(436)
Non-current portion	**16,190**	16,319

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

18. INVESTMENT PROPERTIES

	Group	
	2009	2008
	HK$'000	*HK$'000*
Carrying amount at beginning of year	**2,378,828**	2,059,491
Additions, at cost	**14,356**	11,114
Transfer from properties held for sale	**35,676**	–
Transfer from properties under development *(note 16)*	**343,466**	–
Disposals	**(322,744)**	(93,995)
Disposal of subsidiaries *(note 39)*	**–**	(24,000)
Net gain from a fair value adjustment in a discontinued operation *(note 12)*	**–**	3,500
Net gain from a fair value adjustment	**103,174**	381,304
Exchange realignment	**10,859**	41,414
Carrying amount at end of year	**2,563,615**	2,378,828
Analysed 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	**600,800**	698,050
Medium term leasehold land and buildings in Mainland China	**1,181,815**	477,778
	2,563,615	2,378,828

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 Renminbi ("RMB") 8,164,000. 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 and Memfus Wong Surveyors 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 42(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 34(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 34(a)(v).

Further particulars of the Group's investment properties are included in "Particulars of Properties" on pages 121 to 124.

19. GOODWILL

Group

	HK$'000
At 1 April 2007, 31 March 2008, 1 April 2008 and 31 March 2009:	
Cost	2,463
Accumulated impairment	(2,463)
Net carrying amount	–

20. INVESTMENTS IN SUBSIDIARIES

	Company	
	2009	2008
	HK$'000	*HK$'000*
Listed shares in Hong Kong, at cost	**808,923**	796,395
Unlisted shares, at cost	**95,249**	95,379
	904,172	891,774
Market value of listed shares	**318,557**	597,489

The amounts due from and to subsidiaries included in the Company's current assets and current liabilities are unsecured, interest-free and have no fixed term of repayment. In the prior year, except for an amount due to a subsidiary amounting to HK$72,070,000 which was interest-bearing at the Hong Kong Inter-bank Offering Rate ("HIBOR") plus 1.3% per annum, the amounts due from and to subsidiaries included in the Company's current assets and current liabilities are unsecured, interest-free and have no fixed term of repayment.

Certain shares of a subsidiary held by the Group were pledged to secure the Group's bank borrowings, as further detailed in note 34(a)(iv).

During the year, the Group acquired additional equity interests in Hon Kwok Land Investment Company, Limited ("Hon Kwok"). Such acquisition of minority interests resulted in an excess over the cost of business combinations amounting to HK$31,740,000 (2008: HK$4,979,000).

On 27 June 2006, a wholly-owned subsidiary of Hon Kwok issued convertible bonds due June 2011 at par for a principal sum of HK$280 million (the "Bonds"). The Bonds are guaranteed by Hon Kwok and bear interest at the rate of 3.5% per annum, payable semi-annually in arrears. The bondholders have the rights, at any time on or after 27 July 2006 up to and including the seventh business date prior to 27 June 2011 to convert the Bonds into equity shares of Hon Kwok with a nominal value of HK$1.00 each at an initial conversion price of HK$4.00 per share, subject to adjustments in certain events. 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. Further particulars on the Bonds are set out in note 36 to the financial statements. Assuming a full conversion of the Bonds, the Company's equity interest in Hon Kwok would be reduced to 47.30% (2008: 46.20%). In the opinion of directors, despite the potential dilution of the Company's equity interest in Hon Kwok below 50%, in view of current shareholding structure of Hon Kwok, the Company has de facto control on the operating and financial policies of Hon Kwok and its subsidiaries.

20. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary share capital/ paid up registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Allwin Group Holdings Limited	BVI	US$1	–	100.00	Sourcing agent for garment
Billion Capital Development Limited	Hong Kong	HK$2	–	54.37	Property investment
Chinney Property Management Limited	Hong Kong	HK$100	–	54.37	Property management
Cosmos Wealth Development Limited [1]	Hong Kong	HK$1,000	–	54.37	Property development
CP Hotel & Guesthouse Management Limited (now known as "The Bauhinia Hotel Management Limited")	Hong Kong	HK$2	–	54.37	Property letting
CP Parking Limited	Hong Kong	HK$2	–	54.37	Carpark management
Crown Honour Developments Limited	Hong Kong	HK$2	–	54.37	Nominee services
Dongguan Chinney Garments Limited [#2]	People's Republic of China ("PRC")/ Mainland China	HK$9,000,000	–	100.00	Garment manufacturing
Dongguan Marigold Industry City Developing Co., Ltd. [#2]	PRC/ Mainland China	HK$50,000,000 [3]	–	100.00	Property holding and development
Full Yip Development Limited	BVI/Hong Kong	US$1	–	54.37	Property holding and letting
Global Wealth Development Limited	Hong Kong	HK$1,000	–	54.37	Property investment
Guangzhou Honkwok Fuqiang Land Development Ltd. [#2]	PRC/ Mainland China	RMB185,000,000	–	32.62 [4]	Property development
Guangzhou Honkwok Hengsheng Land Development Ltd. [#2]	PRC/ Mainland China	RMB220,000,000	–	40.78 [4]	Property development
Guangzhou Hua Yin Land Development Co., Ltd. [#2]	PRC/ Mainland China	RMB80,000,000 (2008: RMB8,000,000)	–	54.37	Property development
Guangzhou Sheng Jin Real Estate Information Consultancy Co., Ltd. [#2]	PRC/ Mainland China	RMB40,000,000	–	54.37	Property development

20. INVESTMENTS 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 Zhong Lu Da Dao Real Estate Development Co., Ltd. #2	PRC/ Mainland China	RMB90,000,000 (2008: RMB64,893,250)	–	54.37	Property development
Hon Cheong Limited 1	Hong Kong	HK$2	–	54.37	Property holding and letting
Hon Kwok Land Investment (China) Limited	Hong Kong	HK$2	–	54.37	Investment holding
Hon Kwok Land Investment Company, Limited	Hong Kong	HK$480,286,201	54.37	–	Investment holding
Hon Kwok Land Investment (Shenzhen) Co., Ltd. #2	PRC/ Mainland China	HK$30,000,000	–	54.37	Property development
Hon Kwok Land Treasury IV Limited	BVI	US$1	–	54.37	Financing
Hon Kwok Project Management Limited	Hong Kong	HK$2	–	54.37	Project management
Hon Kwok Treasury Limited	Hong Kong	HK$2	–	54.37	Financing
Honour Well Development Limited	Hong Kong	HK$2	–	54.37	Property holding and letting
Hotfield Land Investment (Chongqing) Co., Ltd. #2	PRC/ Mainland China	US$14,300,000 (2008: US$7,550,000)	–	54.37	Property holding and letting
Island Parking Limited	BVI/Hong Kong	US$10	–	54.37	Property holding and letting
J.L. Chinney (Holdings) Company Limited	BVI	US$1,250,000	100.00	–	Investment holding
J.L. Garment Manufacturers Limited	Hong Kong	HK$1,000,000	–	100.00	Garment trading
J.L. Group Company Limited	Hong Kong	HK$8,000,000	–	100.00	Garment trading
J.L. Investment Company Limited	Hong Kong	HK$10,000	–	100.00	Property holding
King Capital Development Limited	Hong Kong	HK$2	–	54.37	Property holding and letting
King Champion Limited	Hong Kong	HK$2	–	54.37	Property holding and letting

20. INVESTMENTS 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
Lido Parking Limited	BVI/Hong Kong	US$1	–	54.37	Property holding and letting
Multi-Investment Group Limited	BVI	US$1	–	100	Investment holding
One City Hall Place Limited #	Canada	Canadian Dollars ("CAD") 100	–	40.78 [4]	Property development
Shenzhen Guanghai Investment Co., Ltd. #2	PRC/ Mainland China	RMB467,273,375 (2008: RMB200,000,000)	–	54.37	Property development
Shenzhen Honkwok Huaye Development Co., Ltd. #2	PRC/ Mainland China	RMB50,000,000	–	54.37	Property holding and letting
Vast Champ Investment (Chongqing) Co., Ltd. #2	PRC/ Mainland China	US$2,200,000 (2008: US$2,000,000)	–	54.37	Property development
Wise Pacific Investment Limited	Hong Kong	HK$10,000	–	54.37	Money lending

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

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

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

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

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

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

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

21. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Share of net assets	**93,084**	67,157	**–**	–
Promissory note receivable from an associate	**40,113**	38,975	**40,113**	–
	133,197	106,132	**40,113**	–
Market value of listed shares	**24,406**	37,504	**–**	–

In the prior year, a promissory note with a principal value of HK$40,000,000 was receivable from a wholly-owned subsidiary of an associate of the Group, as part of the consideration for its purchase of the entire issued share capital of a subsidiary (note 39). On 30 July 2008, the promissory note was transferred to the Company from Chinney Contractors Company Limited, a 86.05% owned subsidiary of the Company, at a consideration equal to its principal sum of HK$40,000,000 plus any unpaid interest accrued upto the date of transfer. The promissory note is unsecured, bears interest at the rate of 5% per annum and matures on 26 October 2010.

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

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

In the prior year, the amounts due from associates included in the current assets are unsecured, interest-free and repayable on demand.

Particulars of the associates are as follows:

Name	Particulars of issued shares held	Place of incorporation	Percentage of ownership interest attributable to the Group
Chinney Alliance	Ordinary shares of HK$0.10 each	Bermuda	29.10

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

During the year, Chinney Alliance proposed an open offer of new shares on the basis of one offer share for every two shares held at a subscription price of HK$0.25 (the "Open Offer").

The Open Offer became unconditional on 3 October 2008 and the subscription monies of HK$14,424,000 were paid by the Company on 8 October 2008. A total of 57,697,898 new shares of HK$0.10 each were subscribed on 8 October 2008.

21. INVESTMENTS IN ASSOCIATES *(Continued)*

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

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

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

	2009	2008
	HK$'000	*HK$'000*
Total assets	**1,230,790**	1,038,671
Total liabilities	**(846,599)**	(738,455)
Revenue	**2,547,004**	1,546,750
Profit for the year	**44,771**	64,720

22. INTERESTS IN JOINTLY-CONTROLLED ENTITIES

	Group	
	2009	2008
	HK$'000	*HK$'000*
Share of net assets	**23,137**	54,169
Goodwill on acquisition	**16,286**	16,286
	39,423	70,455

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.

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

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

Name	Particulars of issued share capital/paid up registered capital	Place of incorporation/ registration	Percentage of Ownership interest	Percentage of Voting power	Percentage of Profit sharing	Principal activity
Foshan Nanhai XinDa Land Development Ltd.	Registered capital of HK$129,480,000	PRC	27.19	27.19	27.19	Property development
Guangzhou Lian Cheng Real Estate Co., Ltd.	Registered capital of RMB95,000,000	PRC	27.19	27.19	27.19	Property development
Hunnewell Limited	Ordinary share capital of HK$1,000,000	Hong Kong	27.19	27.19	27.19	Property development
King Success Limited	Ordinary share capital of HK$10,000	Hong Kong	27.19	27.19	27.19	Property development
Two City Hall Place Limited	Common share capital of CAD100	Canada	27.19	27.19	27.19	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	**184,054**	214,034
Total current assets	**3,322**	9,335
Total current liabilities	**(164,239)**	(169,200)
Net assets	**23,137**	54,169
Share of the jointly-controlled entities' results:		
Total revenue	**69,858**	848
Total expenses	**(44,619)**	(355)
Profit for the year	**25,239**	493

23. DEFERRED TAX

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

Group

	Depreciation allowance in excess of related depreciation *HK$'000*	**Revaluation of investment properties** *HK$'000*	**Tax losses** *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
At 1 April 2007	(18,166)	(153,189)	1,376	2,297	(167,682)
Exchange realignment	–	(9,718)	–	–	(9,718)
Disposal of subsidiaries *(note 39)*	17,119	–	(799)	–	16,320
Deferred tax charged to the income statement during the year *(note 10)*	(237)	(31,586)	–	–	(31,823)
Net deferred tax liabilities at 31 March 2008	(1,284)	(194,493)	577	2,297	(192,903)
Exchange realignment	–	(2,539)	–	–	(2,539)
Deferred tax credited/(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)*	30	(36,694)	–	–	(36,664)
Net deferred tax liabilities at 31 March 2009	**(1,254)**	**(233,726)**	**577**	**2,297**	**(232,106)**

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

	2009 ***HK$'000***	2008 *HK$'000*
Net deferred tax assets recognised in the consolidated balance sheet	**170**	159
Net deferred tax liabilities recognised in the consolidated balance sheet	**(232,276)**	(193,062)
	(232,106)	(192,903)

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 arising in Hong Kong of HK$1,135,887,000 (2008: HK$1,095,447,000) and in Mainland China of HK$12,489,000 (2008: HK$744,000) and the Company has tax losses arising in Hong Kong of HK$95,863,000 (2008: HK$72,489,000) that are available for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

23. DEFERRED TAX *(Continued)*

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).

24. LOAN RECEIVABLES

The loan receivables are unsecured, interest-bearing at 5% per annum and repayable by 60 monthly instalments between 31 January 2009 and 31 December 2013. The carrying amounts approximate to their fair values.

25. INVENTORIES

	Group	
	2009	2008
	HK$'000	*HK$'000*
Raw materials	**1,803**	1,512
Work in progress	**13,915**	16,303
	15,718	17,815

26. PROPERTIES HELD FOR SALE

Included in the balances are completed properties of HK$57,425,000 (2008: HK$195,851,000) and incomplete properties with established pre-sale programmes of HK$476,183,000 (2008: HK$330,252,000).

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

Certain of the Group's properties held for sale with an aggregate carrying value of HK$199,346,000 (2008: HK$366,503,000) at the balance sheet date were pledged to secure the banking facilities granted to the Group as detailed in note 34(a)(iii) to the financial statements.

27. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Listed equity investments in Hong Kong, at market value	**17,109**	41,539	**16,531**	40,828

The above equity investments at 31 March 2008 and 2009 were classified as held for trading.

The fair values for the above listed equity investments are determined based on the quoted bid prices on the Stock Exchange.

As at 31 March 2009, certain of the Group's listed equity investments with a carrying value of HK$16,531,000 (2008: HK$40,828,000) at the balance sheet date were pledged to secure the Group's bank borrowings, as further detailed in note 34(a)(vi) to the financial statements.

28. TRADE AND BILLS RECEIVABLES

	Group	
	2009	2008
	HK$'000	*HK$'000*
Trade and bills receivables	**26,283**	41,914
Impairment	**(1,794)**	(6,109)
	24,489	35,805

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

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

	Group	
	2009	2008
	HK$'000	*HK$'000*
Within 30 days	**9,350**	24,822
31 to 60 days	**904**	2,469
61 to 90 days	**1,669**	8,514
Over 90 days	**12,566**	–
	24,489	35,805

28. TRADE AND BILLS RECEIVABLES *(Continued)*

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

	Group	
	2009	2008
	HK$'000	*HK$'000*
At beginning of year	**6,109**	5,021
Impairment losses recognised *(note 7)*	**815**	7,295
Amount written off as uncollectible	**(5,034)**	(6,207)
Impairment loss reversed	**(96)**	–
At end of year	**1,794**	6,109

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of HK$1,794,000 (2008: HK$6,109,000) with a carrying amount of HK$1,794,000 (2008: HK$6,109,000). The individually impaired trade receivables relate to customers that were in financial difficulties and the receivables are not expected to be recovered. The Group does not hold any collateral or other credit enhancements over these balances.

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

	Group	
	2009	2008
	HK$'000	*HK$'000*
Neither past due nor impaired	**7,012**	23,367
Within 30 days past due	**16,795**	3,654
30 to 90 days past due	**578**	8,784
Over 90 days past due	**104**	–
	24,489	35,805

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 receivable at the balance sheet date (2008: Nil).

29. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Prepayments	**14,860**	2,982	**1**	4
Deposits	**10,705**	16,406	**–**	–
Other receivables	**19,352**	35,989	**67**	67
Impairment	**(10,524)**	(10,524)	**–**	–
	34,393	44,853	**68**	71

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

	Group	
	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 receivables 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 enhancements over these balances.

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

30. CASH AND CASH EQUIVALENTS

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Cash and bank balances	**250,936**	437,404	**9,982**	4,097
Time deposits	**115,215**	142,083	**–**	–
Cash and cash equivalents	**366,151**	579,487	**9,982**	4,097

At the balance sheet date, the cash and bank balances including time deposits of the Group denominated in RMB amounted to HK$157,772,000 (2008: HK$269,160,000). 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 time 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.

31. AMOUNTS DUE TO MINORITY SHAREHOLDERS

In the prior year, the amounts due to minority shareholders were unsecured, interest-free and repayable on demand.

32. TRADE PAYABLES AND ACCRUED LIABILITIES

Included in trade payables and accrued liabilities are trade payables of HK$26,412,000 (2008: HK$24,179,000). 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	**15,164**	16,715
31 to 60 days	**8,377**	5,318
61 to 90 days	**2,152**	524
Over 90 days	**719**	1,622
	26,412	24,179

The trade payables are non-interest-bearing and are normally settled on 30-day to 60-day terms.

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

33. BALANCES WITH THE IMMEDIATE HOLDING COMPANY AND RELATED COMPANIES

The balances with the immediate holding company and related companies are unsecured, interest-free and have no fixed terms of repayment. The carrying amounts of these balances approximate to their fair values.

34. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2009			2008		
	Effective interest rate *(%)*	**Maturity**	***HK$'000***	Effective interest rate *(%)*	Maturity	*HK$'000*
Group						
Current						
Bank loans – unsecured	**1.2**	**2009**	**56,000**	3.0 - 3.6	2008	93,200
Current portion of long term bank loans – secured	**1.0 - 5.4**	**2009-2010**	**466,091**	2.3 - 7.6	2008-2009	686,999
			522,091			780,199
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	2009-2010	725,267
			872,227			851,267
Convertible bonds *(note 36)*	**10.4**	**2011**	**299,475**	10.4	2011	279,980
			1,171,702			1,131,247
			1,693,793			1,911,446
Company						
Current						
Bank loans – secured	**1.3 - 1.72**	**2009**	**143,000**	2.33 - 2.97	2008	124,000

	Group		**Company**	
	2009 ***HK$'000***	2008 *HK$'000*	**2009** ***HK$'000***	2008 *HK$'000*
Analysed into:				
Bank loans repayable:				
Within one year	**522,091**	780,199	**143,000**	124,000
In the second year	**414,227**	317,200	**–**	–
In the third to fifth years, inclusive	**458,000**	534,067	**–**	–
	1,394,318	1,631,466	**143,000**	124,000
Other borrowings repayable:				
In the third to fifth years, inclusive	**299,475**	279,980	**–**	–
	1,693,793	1,911,446	**143,000**	124,000

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

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$366,503,000);

(iv) charges over shares of a subsidiary of the Group;

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

(vi) the pledge of certain of the Group's equity investments at fair value through profit or loss, with a carrying amount of HK$16,531,000 (2008: HK$40,828,000); and

(vii) the pledge of cash deposits equivalent to HK$60,000,000 (2008: Nil) provided by the ultimate holding company of the Group.

(b) In the prior year, certain of the Group's bank loans were secured by charges over shares in an associate with a carrying value of HK$65,157,000.

(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.

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**	–	219,200
Bank loans – secured	**–**	**1,128,318**	506,744	905,522

	Company			
	2009		2008	
	Fixed rate	**Floating rate**	Fixed rate	Floating rate
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Bank loans – secured	**–**	**143,000**	–	124,000

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

35. 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.

36. CONVERTIBLE BONDS

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

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

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

	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 *(note 34)*	**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.*

37. SHARE CAPITAL

	2009	2008
	HK$'000	*HK$'000*
Authorised:		
1,000,000,000 ordinary shares of HK$0.25 each	**250,000**	250,000
Issued and fully paid:		
551,368,153 ordinary shares of HK$0.25 each	**137,842**	137,842

38. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 45 and 46 of the financial statements.

(b) Company

	Notes	**Share premium account**	**Retained profits**	**Total**
		HK$'000	*HK$'000*	*HK$'000*
Balance at 1 April 2007		267,569	383,965	651,534
Profit for the year	*11*	–	54,581	54,581
Proposed final 2008 dividend	*13*	–	(22,055)	(22,055)
At 31 March 2008		267,569	416,491	684,060
Profit for the year	*11*	–	25,563	25,563
Proposed final 2009 dividend	*13*	–	(22,055)	(22,055)
At 31 March 2009		**267,569**	**419,999**	**687,568**

39. DISPOSAL OF SUBSIDIARIES

	Notes	2009 HK$'000	2008 HK$'000
Net assets/(liabilities) disposed of:			
Property, plant and equipment	15	–	108,482
Investment properties	18	–	24,000
Gross amount due from customers for contract work		–	47,975
Trade and bills receivables		–	61,614
Retention monies receivable		–	55,164
Amounts due from related companies		–	11,752
Amount due from a jointly-controlled entity		–	19
Prepayments, deposits and other receivables		–	16,220
Tax recoverable		–	1,226
Pledged deposits		–	32,587
Cash and cash equivalents		–	19,108
Gross amount due to customers for contract work		–	(59,276)
Trade payables and accrued liabilities		**(124)**	(66,918)
Amounts due to related companies		–	(16,938)
Amount due to the immediate holding company		**(72,833)**	–
Amount due to a minority shareholder		**(9,410)**	–
Amount due to a jointly-controlled entity		–	(97)
Retention monies payable		–	(14,849)
Tax payable		–	(85)
Interest-bearing bank borrowings		–	(116,784)
Obligations under finance leases		–	(18,579)
Deferred tax liabilities	23	–	(16,320)
		(82,367)	68,301
Minority interests		**8,490**	–
Unrealised profit retained in interests in associates		–	6,848
Waiver of a balance due from a disposed subsidiary		**72,833**	–
Gain on disposal of subsidiaries		**1,044**	16,802
		–	91,951

	2009 HK$'000	2008 HK$'000
Satisfied by:		
Cash consideration received	–	44,026
Issue of a promissory note	–	38,789
Set off by a balance payable	–	9,136
	–	91,951

39. DISPOSAL OF SUBSIDIARIES *(Continued)*

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

	2009 **HK$'000**	2008 *HK$'000*
Cash consideration	**–**	44,026
Interest bearing bank borrowings disposed of	**–**	116,784
Cash and cash equivalents and pledged deposits disposed of	**–**	(51,695)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	**–**	109,115

40. MAJOR NON-CASH TRANSACTIONS

(a) Acquisition of additional interest in a piece of land

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.

(b) Purchase consideration on disposal of subsidiaries

In the prior year, included in the aggregate consideration of HK$91,951,000 for disposal of subsidiaries, an amount of HK$9,136,000 was set off by a balance payable for disposal of subsidiaries by the Group.

(c) Acquisition of properties under development

Certain additions of properties under development of HK$78,393,000 during the year were not paid at the balance sheet date and were recorded as accrued liabilities.

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

41. CONTINGENT LIABILITIES

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

	Group		**Company**	
	2009 **HK$'000**	2008 *HK$'000*	**2009** **HK$'000**	2008 *HK$'000*
Guarantees given to banks in connection with facilities granted to subsidiaries	**–**	–	**165,000**	165,000

As at 31 March 2009, the banking facilities granted to the subsidiaries, subject to guarantees given to the banks by the Company, were not utilised (2008: HK$79,200,000).

41. CONTINGENT LIABILITIES *(Continued)*

(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.

42. 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	**14,740**	13,778
In the second to fifth years, inclusive	**15,855**	7,113
	30,595	20,891

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 34(a)(v).

At the balance sheet date, the Company had no operating lease arrangements as lessor (2008: Nil).

(b) As lessee

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

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

	Group	
	2009	2008
	HK$'000	*HK$'000*
Within one year	**16,148**	16,754
In the second to fifth years, inclusive	**15,128**	7,618
	31,276	24,372

The Company had no operating lease commitments at the balance sheet date (2008: Nil).

43. CAPITAL COMMITMENTS

In addition to the operating lease commitments detailed in note 42(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).

The Company did not have any significant capital commitments at the balance sheet date.

44. RELATED PARTY TRANSACTIONS

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

		2009	2008
	Notes	***HK$'000***	*HK$'000*
Management fee income received from an associate	*(i)*	**2,000**	2,000
Commission paid to the ultimate holding company	*(ii)*	**–**	2,625
Legal and professional fees paid to a firm of which a director of the Company is a consultant	*(iii)*	**122**	322
Interest income on a promissory note due from an associate	*(iv)*	**2,461**	428

Notes:

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

(ii) In the prior year, commission was paid to the ultimate holding company for the provision of cash security for certain bank loans granted to the Group and was charged at a rate mutually agreed 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.

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

(iv) The interest income was received from Chinney Alliance on the promissory note at 5% per annum.

(b) Other transactions with related parties:

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

44. RELATED PARTY TRANSACTIONS *(Continued)*

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

(ii) On 31 July 2008, the Company disposed of its entire 86.05% shareholding in Chinney Contractors Company Limited to Zuric Yuen-Keung Chan, a director of Chinney Alliance and a minority shareholder of Chinney Contractors Company Limited, for a consideration of HK$1, resulting in a gain on disposal of subsidiary of HK$1,044,000. Further details of the transaction are disclosed in note 39 to the financial statements.

(iii) On 11 May 2007, a wholly-owned subsidiary of Hon Kwok, 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 Hon Kwok 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 Hon Kwok 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.

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

(v) The Company's ultimate holding company pledged a deposit of HK$60,000,000 (2008: Nil) to a bank for a banking facility granted to the Company, as furthered detailed in note 34(a)(vii) to the financial statements.

(c) Outstanding balances with related parties:

As disclosed in the consolidated balance sheet, the Group and the Company had outstanding balances with its subsidiaries, associates, jointly-controlled entities, minority shareholders, related companies and the immediate holding company as at the balance sheet date. Particulars of the terms of the balances with subsidiaries, associates, jointly-controlled entities, minority shareholders, related companies and the immediate holding company are set out in notes 20, 21, 22, 31 and 33, respectively, to the financial statements.

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

	2009	2008
	HK$'000	*HK$'000*
Short term employee benefits	**8,930**	8,195

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

45. FINANCIAL INSTRUMENTS BY CATEGORY

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

2009

Financial assets

	Group		
	Financial assets at fair value through profit or loss *HK$'000*	**Loans and receivables** *HK$'000*	**Total** *HK$'000*
Promissory note receivable from an associate	–	40,113	40,113
Loan receivables	–	3,283	3,283
Equity investments at fair value through profit or loss	17,109	–	17,109
Trade and bills receivables	–	24,489	24,489
Financial assets included in prepayments, deposits and other receivables *(note 29)*	–	19,533	19,533
Amounts due from related companies	–	345	345
Amounts due from jointly-controlled entities	–	178,837	178,837
Cash and cash equivalents	–	366,151	366,151
	17,109	632,751	649,860

2009

Financial liabilities

	Group
	Financial liabilities at amortised cost *HK$'000*
Financial liabilities included in trade payables and accrued liabilities	174,358
Financial liabilities included in customer deposits	3,948
Amounts due to the immediate holding company	40,000
Promissory note payable	20,000
Convertible bonds	299,475
Interest-bearing bank borrowings	1,394,318
	1,932,099

45. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

2008

Financial assets

	Group		
	Financial assets at fair value through profit or loss *HK$'000*	Loans and receivables *HK$'000*	Total *HK$'000*
Promissory note receivable from an associate	–	38,975	38,975
Loan receivables	–	3,014	3,014
Equity investments at fair value through profit or loss	41,539	–	41,539
Trade and bills receivables	–	35,805	35,805
Financial assets included in prepayments, deposits and other receivables *(note 29)*	–	41,871	41,871
Amounts due from related companies	–	1,407	1,407
Amounts due from jointly-controlled entities	–	159,417	159,417
Amounts due from associates	–	13,106	13,106
Cash and cash equivalents	–	579,487	579,487
	41,539	873,082	914,621

2008

Financial liabilities

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

45. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

2009

Financial assets

	Company		
	Financial assets at fair value through profit or loss	**Loans and receivables**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
Promissory note receivable from an associate	–	40,113	40,113
Equity investments at fair value through profit or loss	16,531	–	16,531
Financial assets included in prepayments, deposits and other receivables	–	67	67
Amounts due from subsidiaries	–	74,071	74,071
Cash and cash equivalents	–	9,982	9,982
	16,531	124,233	140,764

2009

Financial liabilities

	Company
	Financial liabilities at amortised cost
	HK$'000
Financial liabilities included in trade payables and accrued liabilities	989
Amounts due to the immediate holding company	40,000
Amounts due to subsidiaries	10,000
Interest-bearing bank borrowings	143,000
	193,989

45. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

2008

Financial assets

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

2008

Financial liabilities

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

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

Foreign currency risk

The monetary assets and transactions of several subsidiaries of the Group are principally denominated in RMB, Euro dollars ("Euro") and CAD, which expose the Group to foreign currency risk. The Group currently has no particular hedging vehicles to hedge its exposure to foreign currency risk profile. It is the Group's policy to monitor foreign exchange exposure and to make use of appropriate hedging measures when required. Approximately 62% (2008: 63%) of the Group's sales are denominated in foreign currencies.

The following table demonstrates the sensitivity to a reasonably possible change in the CAD, Euro and RMB exchange 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 the fair value of monetary assets and liabilities).

	Increase/ (decrease) in exchange rate *%*	Increase/ (decrease) in profit after tax and equity *HK$'000*
2009		
If Hong Kong dollar weakens against CAD	**5**	**14**
If Hong Kong dollar strengthens against CAD	**5**	**(14)**
If Hong Kong dollar weakens against Euro	**5**	**344**
If Hong Kong dollar strengthens against Euro	**5**	**(344)**
If Hong Kong dollar weakens against RMB	**5**	**(194)**
If Hong Kong dollar strengthens against RMB	**5**	**194**
2008		
If Hong Kong dollar weakens against CAD	5	5,416
If Hong Kong dollar strengthens against CAD	5	(5,416)
If Hong Kong dollar weakens against Euro	5	579
If Hong Kong dollar strengthens against Euro	5	(579)
If Hong Kong dollar weakens against RMB	5	(214)
If Hong Kong dollar strengthens against RMB	5	214

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

Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the values of individual securities. The Group is exposed to equity price risk arising from individual equity investments classified as trading equity investments (note 27) as at 31 March 2009. The Group's listed investments are listed on the Stock Exchange and are valued at quoted market prices at the balance sheet date.

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

	Carrying amount of equity investments *HK$'000*	Increase in profit after tax *HK$'000*	Increase in equity* *HK$'000*
2009			
Investments listed in:			
Hong Kong – held-for-trading	**17,109**	**1,711**	**–**
2008			
Investments listed in:			
Hong Kong – held-for-trading	41,539	4,154	–

* *Excluding retained earnings*

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates. The interest rates and terms of repayment of the Group's borrowings are disclosed in note 34 to the financial statements. The Group's policy is to obtain the most favourable interest rates available for its borrowings. Management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

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

Interest rate risk *(Continued)*

The following table demonstrates the sensitivity to a reasonably possible change in interest rates at the balance sheet date, with all other variables held constant, of the Group's profit after tax and the Group's equity (through the impact on floating rate borrowings) 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**	**(8,087)**
RMB	**50**	**191**
Hong Kong dollar	**(100)**	**8,087**
RMB	**(50)**	**(191)**
2008		
Hong Kong dollar	100	(9,771)
RMB	50	670
Hong Kong dollar	(100)	9,771
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 loan receivables, a promissory note due from an associate, amounts due from jointly-controlled entities, amounts companies, cash and cash equivalents, and deposits and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

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

Further quantitative data in respect of the Group's exposure to credit risk arising from trade and bills receivables are disclosed in note 28 to the financial statements.

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

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 and bills 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, bank loans 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. 31% (2008: 41%) of the Group's debts, which comprise interest-bearing borrowings and convertible bonds, would mature in less than one year as at 31 March 2009 based on the carrying values 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	**15,715**	**158,643**	**–**	**–**	**174,358**
Financial liabilities included in customer deposits	**3,948**	**–**	**–**	**–**	**3,948**
Amount due to the immediate holding company	**40,000**	**–**	**–**	**–**	**40,000**
Promissory note payable	**–**	**–**	**20,000**	**–**	**20,000**
Convertible bonds	**–**	**–**	**–**	**348,735**	**348,735**
Interest-bearing bank borrowings	**–**	**547,173**	**428,958**	**463,075**	**1,439,206**
	59,663	**705,816**	**448,958**	**811,810**	**2,026,247**

			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	64,515	69,981	–	–	134,496
Financial liabilities included in customer deposits	4,843	–	–	–	4,843
Amounts due to related companies	44	–	–	–	44
Amounts due to minority shareholders	17,155	–	–	–	17,155
Convertible bonds	–	–	–	348,735	348,735
Interest-bearing bank borrowings	–	780,199	317,200	534,067	1,631,466
	86,557	850,180	317,200	882,802	2,136,739

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

Liquidity risk *(Continued)*

Company

		2009	
	On demand	**Less than 3 months**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
Financial liabilities included in trade payables and accrued liabilities	**861**	**128**	**989**
Amount due to the immediate holding company	**40,000**	**–**	**40,000**
Amounts due to subsidiaries	**10,000**	**–**	**10,000**
Interest-bearing bank borrowings	**–**	**143,119**	**143,119**
	50,861	**143,247**	**194,108**

		2008	
	On demand	Less than 3 months	Total
	HK$'000	*HK$'000*	*HK$'000*
Financial liabilities included in trade payables and accrued liabilities	819	676	1,495
Amounts due to subsidiaries	72,070	–	72,070
Interest-bearing bank borrowings	–	124,000	124,000
	72,889	124,676	197,565

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 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.

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

Capital management *(Continued)*

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

Group

	2009	2008
	HK$'000	*HK$'000*
Interest-bearing bank borrowings	**1,394,318**	1,631,466
Convertible bonds, the liability component	**299,475**	279,980
Less: Cash and cash equivalents	**(366,151)**	(579,487)
Net interest-bearing debts	**1,327,642**	1,331,959
Equity attributable to equity holders of the Company	**1,827,598**	1,758,007
Minority interests	**1,588,178**	1,607,413
Total equity	**3,415,776**	3,365,420
Gearing ratio	**39%**	40%

47. 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*
			(Restated)	(Restated)	(Restated)
RESULTS					
CONTINUING OPERATIONS					
REVENUE	**491,232**	1,590,667	921,466	1,670,095	856,905
Profit before tax	**148,082**	551,492	143,811	630,673	289,442
Tax charge	**(43,684)**	(83,519)	(63,125)	(152,821)	(2,576)
Profit for the year from continuing operations	**104,398**	467,973	80,686	477,852	286,866
DISCONTINUED OPERATION					
Loss for the year from a discontinued operation	**–**	(7,239)	(78,271)	(59,759)	(11,923)
PROFIT FOR THE YEAR	**104,398**	460,734	2,415	418,093	274,943
Attributable to:					
Equity holders of the Company	**73,533**	234,305	(26,975)	189,838	179,263
Minority interests	**30,865**	226,429	29,390	228,255	95,680
	104,398	460,734	2,415	418,093	274,943

	As at 31 March				
	2009	2008	2007	2006	2005
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS AND LIABILITIES					
TOTAL ASSETS	**5,735,367**	5,793,752	6,147,329	5,918,577	4,452,814
TOTAL LIABILITIES	**(2,319,591)**	(2,428,332)	(3,333,448)	(3,359,463)	(2,435,496)
NET ASSETS	**3,415,776**	3,365,420	2,813,881	2,559,114	2,017,318
MINORITY INTERESTS	**(1,588,178)**	(1,607,413)	(1,358,125)	(1,150,974)	(867,640)
SHAREHOLDERS' FUNDS	**1,827,598**	1,758,007	1,455,756	1,408,140	1,149,678

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	–	27.19
				Phase II – Planning stage	–	27.19
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	–	27.19
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	–	40.78
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	10/2009	32.62
				Phase II – Superstructure work in progress	4/2010	32.62
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	54.37
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	–	54.37

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	–	54.37
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	–	54.37
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	–	54.37
HONG KONG						
10. Lot 716 & Others in DD111, Yuen Long New Territories	–	35,386 sq.ft.	–	Temporary open storage	–	54.37

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	54.37

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	54.37
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	54.37
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	54.37
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	54.37
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	54.37

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	54.37

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	54.37
19. Lido Garden (麗都花園) 41-63 Castle Peak Road Sham Tseng Tsuen Wan New Territories	115	Medium term lease	54.37
20. Shining Court (順寧居) 439 Shun Ning Road Cheung Sha Wan Kowloon	26	Medium term lease	54.37

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 Chinney Investments, Limited (the "Company") will be held at Dragon Rooms 1-2, The Hong Kong Bankers Club, 43rd Floor, Gloucester Tower, The Landmark, 11 Pedder Street, Central, Hong Kong on Thursday, 10 September 2009 at 4:30 p.m. for the following purposes:

1. To receive and consider the audited financial statements, the reports of the directors and the independent auditors' report for the year ended 31 March 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$0.25 each in the capital of the Company and to make or grant offers, agreements and options, including warrants to subscribe for shares, which would or might require shares to be allotted, issued or dealt with, whether during or after the end of the Relevant Period be and is hereby generally and unconditionally approved, provided that, otherwise than pursuant to: (a) a rights issue where shares of the Company are offered for a period fixed by the directors to shareholders on a fixed record date in proportion to their then holdings of shares (subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or having regard to any legal restrictions under the laws of the relevant place, or the requirements of the relevant regulatory body or any stock exchange in that place); or (b) any scrip dividend or similar arrangement providing for the allotment of securities in lieu of the whole or part of a dividend on shares of the Company in accordance with the Articles of Association of the Company; or (c) the exercise of any options under any share option scheme of the Company or similar arrangement for the grant or issue to the employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company; or (d) a specific authority granted by the shareholders of the Company in general meeting, the additional shares allotted, issued or dealt with (including shares agreed conditionally or unconditionally to be allotted, issued or dealt with, whether pursuant to an option or otherwise) shall not in aggregate exceed 20% of the aggregate nominal amount of the issued share capital of the Company at the date of passing this Ordinary Resolution and the said approval shall be limited accordingly.

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.