CSI
資 本 策 略

Capital Strategic
Investment Limited

Stock code : 497

infinite
possibility to excel

Annual Report 2009

Content

Corporate Information

BOARD OF DIRECTORS

Non-Executive Director:
Chung Cho Yee, Mico (*Chairman*)

Executive Directors:
Hubert Chak
Kan Sze Man *(Company Secretary)*
Chow Hou Man

Independent Non-Executive Directors:
Lam Lee G.
Wong Sin Just
Cheng Yuk Wo

AUDIT COMMITTEE

Lam Lee G.
Wong Sin Just
Cheng Yuk Wo

REMUNERATION COMMITTEE

Chung Cho Yee, Mico
Lam Lee G.
Cheng Yuk Wo

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Industrial and Commercial Bank of China (Asia) Limited
The Bank of East Asia Limited
DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HONG KONG HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

3203
Bank of America Tower
12 Harcourt Road
Central, Hong Kong

AUDITORS

Deloitte Touche Tohmatsu
35/F., One Pacific Place
88 Queensway
Hong Kong

PRINCIPAL REGISTRARS

Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke HM 08
Bermuda

HONG KONG BRANCH SHARE REGISTRARS

Computershare Hong Kong Investor Services Limited
Rooms 1712-1716
17th Floor, Hopewell Centre
183 Queen's Road East, Hong Kong

STOCK CODE

497

COMPANY WEBSITE

www.csigroup.hk

REVIEW OF THE RESULTS

The Group reported a total revenue of approximately HK$669.4 million for the year ended 31st March, 2009, which was mainly generated from sale of properties and rental income, representing an increase of 66.3% from approximately HK$402.5 million recorded in last year.

The Group reported a consolidated profit attributable to the equity shareholders of the Company of HK$62.4 million for the year ended 31st March, 2009, representing a decrease of 80.8% compared with HK$325.4 million reported in 2008.

The reduction in profit was mainly attributable to impairments made on certain of the Group's property interests, reduction in contribution of profits from associates and jointly controlled entities and reduction in contribution of profits from sale of properties through disposal of subsidiaries.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained a healthy liquid position which included bank balances and cash of approximately HK$1,206.4 million and highly liquid investment for trading of approximately HK$212.4 million. The Group generally financed its operations through its internal resources and bank facilities provided by its principal bankers.

The Group's short-term bank borrowings increased from approximately HK$121.8 million as at 31st March, 2008 to approximately HK$891.0 million as at 31st March, 2009 and long-term bank borrowings increased from approximately HK$1,846.9 million as at 31st March, 2008 to approximately HK$1,973.1 million as at 31st March, 2009. All the bank borrowings were utilised in financing the Group's properties investment in generating recurring rental income. As a result, the Group's total bank borrowings increased from approximately HK$1,968.7 million as at 31st March, 2008 to approximately HK$2,864.1 million as at 31st March, 2009, and the Group's ratio of total debts (bank and other borrowing) to total assets was 47.3% (At 31st March, 2008: 38.1%). Over 90% of bank borrowings were denominated in Hong Kong dollars and were on a floating rate basis at short-term inter-bank offer rates. The maturity profile spread over a period of 10 years with approximately HK$891.0 million repayable within one year, HK$768.3 million repayable between one to five years, and HK$1,204.8 million over five years.

FOREIGN CURRENCY EXPOSURE

The majority of the Group's assets and liabilities were denominated in Hong Kong dollars and US dollars. As such, the fluctuation of foreign currencies did not have a significant impact on the performance, result and operation of the Group.

CONTINGENT LIABILITIES

Corporate guarantee given by the Group for banking facilities granted to:

	2009 HK$'000	2008 HK$'000
— jointly controlled entities	105,000	244,133
— associates	84,800	107,976
	189,800	352,109

At 31st March, 2009, aggregate amounts of HK$68,100,000 (2008: HK$204,633,000) had been utilised by its jointly controlled entities and HK$50,650,000 (2008: HK$71,800,000) had been utilised by its associates.

At 31st March, 2009, included in other payables amounted to HK$5,000 and HK$465,000 (2008: HK$36,000 and HK$1,613,000) represented the deferred income in respect of the financial guarantee contracts given to jointly controlled entities and associates respectively.

PLEDGE OF ASSETS

At balance sheet date, the following assets were pledged to secure banking facilities granted to the Group:

	2009 HK$'000	2008 HK$'000
Property, plant and equipment	2,039	2,128
Prepaid lease payments	90,661	93,047
Properties held for sale	4,264,816	3,028,300
Bank deposits	8,375	136,701
	4,365,891	3,260,176

CAPITAL COMMITMENT

	2009 HK$'000	2008 HK$'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of		
— the acquisition of property, plant and equipment	22,970	1,095
— the establishment of a subsidiary in the PRC	—	9,797
	22,970	10,892

Chairman's Statement

Chung Cho Yee, Mico
Chairman

On behalf of the Board of Directors (the "Board"), I am pleased to present the annual report of Capital Strategic Investment Limited (the "Company") and its subsidiaries (together the "Group") for the financial year ended 31st March, 2009.

BUSINESS REVIEW AND OUTLOOK

For the year ended 31st March, 2009, the Group reported a consolidated profit attributable to the equity shareholders of the Company of HK$62.4 million, compared with HK$325.4 million reported in 2008.

Total revenue for the Group was HK$669.4 million, compared with HK$402.5 million for the year ended 31st March, 2008.

Overview

The turmoil of the international financial markets and slackening global economic growth last year have resulted in significant corrections to the local stock and property markets. The deteriorating market environment, in particular in the last quarter of 2008, has created an adverse impact on the Group's business and operations, resulting in a significant decline in the financial results of the Group in the second half of the financial year.

Hong Kong

During this period of market volatility, the Group has swiftly taken measures to preserve cash and reduce capital expenditure including disposal of certain non-income generating assets such as House B at 12-16 Tai Tam Road for HK$110 million which was completed in May 2009 and a development site at Nos. 77 to 85 Jervois Street, Sheung Wan for HK$350 million which was completed in July 2009.

The existing rental properties in prime areas of Central, Wan Chai and Tsimshatsui continued to contribute stable operational cash flows with relatively low overall vacancy rate. HAN RESIDENCE, the Group's serviced apartments located at the heart of Tsimshatsui which commenced operation in February 2009 was well received by the market due to its excellent location and customer feedback has been extremely positive. Construction work of the Group's two development projects situated at 8 Hau Fook Street, Tsimshatsui and 1-3, Hoi Ping Road, Causeway Bay are progressing well with target completion towards the end of 2010. The Group would continue to monitor market environment and adopt appropriate strategy to reposition the properties in our portfolio to maximize return.

China

In Shanghai, renovation work of the Group's 57,000 square metres commercial and retail complex, the International Capital Plaza in Hongkou district in Shanghai, is entering its final stage with target completion in the last quarter of 2009 and pre-leasing activities have commenced.

Corporate Activities

Subsequent to the end of the financial year under review, the Group successfully completed a number of corporate transactions to strengthen its balance sheet and consolidated its investment in International Capital Plaza, Shanghai.

In May 2009, the Company redeemed about HK$394 million of the outstanding convertible notes of the Company at aggregate consideration of HK$265.5 million. The current outstanding 2011 convertible notes and 2012 convertible notes amount to HK$70.5 million and HK$58.7 million respectively.

In July 2009, the Group successfully completed the purchase of the term loan (the "Loan") outstanding of about HK$434 million granted by the Lehman Brothers to our Shanghai project, International Capital Plaza, for a consideration of about HK$236.5 million and the acquisition of all their minority equity interest in the project.

The Company also announced a rights issue in May 2009 to raise approximately HK$171 million (after expenses). The rights issue was anchored by substantial commitments from the Company's Chairman, Mr. Mico Chung and other existing institutional shareholders, including Stark Investments, Third Avenue and Value Partners. The rights issue was almost five times over-subscribed reflecting enormous support from shareholders and was successfully completed in July 2009.

Outlook

The local financial and property markets have recently stabilised and started to recover from its troughs. Whilst we remain cautious on the market in the near term, we are confident on the long-term economic prospects of Hong Kong and China and, in particular, the dynamic regional economy of China's first-tier cities such as Beijing and Shanghai, which have established a solid foundation for substantial growth in their emerging investment property sector.

After the redemption of convertible notes and the repurchase of the Loan at discount, the gearing of the Group has significantly reduced. The proceeds from the rights issue has further strengthened the financial position of the Group which could facilitate the implementation the Group's strategy of identifying and repositioning prime properties for value enhancement and creation of long term value for our shareholders.

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of 0.22 Hong Kong cent (2008: 0.8 Hong Kong cent) per share or an aggregate amount of approximately HK$15.8 million (2008: HK$39.5 million) for 2009, subject to the approval of shareholders of the Company at the 2009 Annual General Meeting, to shareholders whose names appear on the register of members of the Company on 27th August, 2009, payable on or around 18th September, 2009.

APPRECIATION

I would like to take this opportunity to express my appreciation to the support of our board members, shareholders, business partners and bankers throughout the years. I would also like to express my sincere thanks to our management team and all staff for their dedication and efforts to the continued success of the Group.

Chung Cho Yee, Mico
Chairman

Hong Kong, 27th July, 2009

Corporate Governance Report

The Company is obliged to comply with the requirements for continuing listing on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and is committed to practice high standard of corporate governance in its daily management and operations. The Company follows and applies the principles of the Code on Corporate Governance Practices (the "Corporate Governance Code") in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") in the year under review, save for exceptions explained in the following relevant paragraphs.

The board of directors of the Company (the "Board") acknowledged in this Corporate Governance Report that it is its responsibility for preparing the accounts for the year ended 31st March, 2009 together with the relevant notes. In this Corporate Governance Report, significant matters were discussed with appropriate cross-reference to relevant parts in this annual report.

The Board of Directors

The Board has 1 non-executive director, 3 executive directors and 3 independent non-executive directors ("INED"). Biographies of all current directors are set out on pages 14 and 18 of this annual report. All directors pay sufficient time and attention to the affairs of the Company. Every member of the Board is fully aware of his responsibilities as a director of the Company under the applicable laws and regulations. Non-executive directors provide their skills and expertise and serve different board committees of the Company. The Company provides appropriate cover on directors and officers liabilities insurance and the latest policy was renewed in May, 2009.

Bye-laws 102 (A) and 102 (B) are amended by a special resolution passed on 25th August, 2005 to the effect that all directors are subject to rotation at least once every three years. No specific term is imposed on the non-executive directors who are required to retire in accordance with the bye-laws of the Company. Additional and new directors filling up casual vacancy are subject to election in the next following general meeting.

The Company does not have the position of Chief Executive Officer. The Board is chaired by the non-executive director. The roles of chairman were adopted on 21st July, 2005. The Company created the position of Group Chief Operating Officer on 1st April, 2007 to oversee the daily management and operations of the Company.

The Board has resolved to meet regularly 4 times a year. During the year under review, the Board met on 24th July, 27th October and 19th December, 2008 and 9th March, 2009 and the attendance of each director is set out below:-

Name of Director	Number of Attendance
Chung Cho Yee, Mico	4/4
Hubert Chak	4/4
Kan Sze Man	4/4
Chow Hou Man	4/4
Wong Sin Just	2/4
Lam Lee G.	4/4
Cheng Yuk Wo	3/4

The Board of Directors (Continued)

In addition to the above regular board meetings, there were also various casual meetings and telephone conversations between non-executive directors and executive directors from time to time to discuss the businesses and overall direction of the Company.

Draft board minutes were circulated to all directors for comments after the meetings. The original board minutes are kept by the Company Secretary for inspection of the directors.

Board Committees

The Company has 3 regular board committees to oversee the businesses and corporate governance of the Group. All minutes are circulated to committee members and full records are kept by the Company Secretary.

Remuneration Committee, which comprises majority of INED, was established on 21st July, 2005. Its written terms of reference, which deal clearly with its authority and duties for a formal and transparent procedure to fix the remuneration package for all directors, were adopted on 21st July, 2005. The remuneration paid to the directors for the year ended 31st March, 2009 was set out on pages 57 to 58. During the year under review, the Remuneration Committee met on 24th July, 2008, 12th November, 2008 and 9th March, 2009.

Audit Committee which comprised of only INED, was established pursuant to the board meeting held on 2nd June, 1999 with its terms of reference adopted on the same day and revised on 21st July, 2005. During the year under review, the Audit Committee met on 24th July and 19th December, 2008.

Name of Non-executive Director	Number of Attendance Audit Committee	Number of Attendance Remuneration Committee
Chung Cho Yee, Mico	N/A	3/3
Wong Sin Just	2/2	N/A
Lam Lee G.	2/2	3/3
Cheng Yuk Wo	1/2	3/3

A General Executive Board Committee comprised of the executive directors was formed with terms of reference on 21st June, 2005. In addition, 2 executive board committees, with delegated power for specific purposes, were established in the year under review pursuant to board resolutions.

The members of the above committees had full access to board minutes, records, materials as well as the management and staff of the Company. The Company provides full supports to the above committees and arranges for professional advisors to give incidental advice whenever necessary.

Directors' Dealing in Shares of the Company

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix 10 of the Listing Rules relating to dealings in securities. Memorandum was sent to directors twice a year to draw their attention to the Model Code. The Company made specific enquiries to each director and had received their written confirmation of full compliance with the Model Code for the year ended 31st March, 2009.

Audit and Internal Control

Deloitte Touche Tohmatsu was appointed as the auditors of the Company in the annual general meeting held on 28th August, 2008. The Audit Committee with the mandate given by the shareholders at the general meeting fixed the audit fee of HK$800,000 for the financial year of 2009. The Company also engages Deloitte Touche Tohmatsu on other services during the year at a total fee of HK$300,000.

The Board acknowledged that it has the overall responsibility of the internal control system to enhance the awareness of risk management and assets protection. The internal control system is designed to provide reasonable policies and procedures to manage business risk and to avoid misstatement of the performance of the Company and its subsidiaries (the "Group"). The Company has a clearly defined organisation chart by functions, an effective filing system to maintain proper records for accounting and business transactions, well established procedures in approving payments and safeguarding the appropriate use of assets. The Group Legal Counsel of the Company also acts as the head of compliance to ensure the Group's compliance with applicable laws and regulations. The Company reviews its internal control system annually with the Audit Committee thereafter, taking effective actions on recommendation, if any, to improve its system.

Communication with Shareholders, General Meetings and Voting By Poll

All company announcements, circulars and notice of general meetings include an update list of directors with their designation. In the year under review, the Company had published 8 announcements and 1 circulars, on the websites of the Company and the Stock Exchange and convened 1 annual general meeting.

All company circulars relating to general meetings contains specific paragraph with reference to Bye-laws to clearly draw the attention of shareholders to procedures and their rights in demanding a poll vote. The chairman of general meetings provided extracts from Company's Bye-laws relating to voting procedures and the Chairman drew the attention of the shareholders to their rights to vote at the beginning of all meetings. With the assistance of the share registrar of the Company, all voting results are counted and recorded clearly. The results and the number of votes (for and against) were announced by the Chairman in the meeting and published on the websites of the Company and the Stock Exchange as soon as practicable.

Directors' Report

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

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries, associates and jointly controlled entities are set out in notes 47, 23 and 22, respectively to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

Details of the Group's results for the year are set out in the consolidated income statement on page 27.

CLOSURE OF REGISTERS

The register of members of the Company will be closed from Monday, 24th August, 2009 to Thursday, 27th August, 2009, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the final dividend which, if approved, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:00 p.m. on Friday, 21st August, 2009.

INVESTMENT PROPERTIES

Details of these and other movements in the investment properties of the Group during the year are set out in note 17 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of these and other movements in the property, plant and equipment of the Group during the year are set out in note 18 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the year are set out in note 34 to the consolidated financial statements.

BORROWINGS

Details of bank and other borrowings of the Group are set out in note 33 to the consolidated financial statements. No interest was capitalised by the Group during the year.

DISTRIBUTABLE RESERVES OF THE COMPANY

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

(a) it is, or would after payment be, unable to pay it liabilities as they become due; or

(b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium.

In the opinion of the directors, the Company's reserves available for distribution to shareholders as at 31st March, 2009 including contributed surplus and accumulated profits amounted to HK$1,521,002,000 (2008: HK$945,090,000).

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the aggregate sales attributable to the Group's five largest customers comprised approximately 84.4% of the Group's total sales and the sales attributable to the Group's largest customer were approximately 35.5% of the Group's total sales.

During the year, the aggregate purchases attributable to the Group's five largest suppliers comprised approximately 78.9% of the Group's total purchases and the purchases attributable to the Group's largest supplier were approximately 41.8% of the Group's total purchases.

Save as disclosed in Note 45 to the consolidated financial statements, at no time during the year did a director, an associate of a director or a shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) have an interest in any of the Group's five largest customers and suppliers.

DIRECTORS

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

Non-executive director:

Mr. Chung Cho Yee, Mico

Executive directors:

Mr. Hubert Chak
Mr. Kan Sze Man
Mr. Chow Hou Man

Independent non-executive directors:

Dr. Lam Lee G.
Dato' Wong Sin Just
Mr. Cheng Yuk Wo

Pursuant to Bye-law 99(A) of the Bye-Laws, Mr. Chung Cho Yee, Mico, Mr. Hubert Chak and Mr. Cheng Yuk Wo shall retire by rotation. All retiring directors, being eligible, offer themselves for re-election.

The directors proposed for re-election at the forthcoming annual general meeting do not have any service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

The terms of office of each non-executive director is the period up to the retirement by rotation in accordance with the Company's bye-laws.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

Chairman and Non-Executive Director

Mr. Chung Cho Yee, Mico, aged 48, Chairman and Non-Executive Director of the Company, joined the Group in 2004, and graduated from University College, University of London in the United Kingdom, with a law degree in 1983 and qualified as a solicitor in Hong Kong in 1986. Mr. Chung is currently holding directorships in PCCW Limited and HKC (Holdings) Limited, both being companies listed on the Stock Exchange. He was an independent non-executive director of CIAM Group Limited (formerly known as E2-Capital (Holdings) Limited) until 31 May 2008.

DIRECTORS AND SENIOR MANAGEMENT PROFILE (Continued)

Executive Directors

Mr. Hubert Chak, aged 48, joined the Company as Group Chief Operating Officer in 2007. He was an executive director of Pacific Century Premium Developments Limited and was also the company secretary and director of mergers and acquisitions of PCCW Limited until February 2007. He is an independent non-executive director of Tradelink Electronic Commerce Limited. Prior to joining the Pacific Century group in 1999, he worked for a number of international investment banks in Hong Kong and has more than 10 years' experience in corporate finance transactions in the region. He is a graduate of the University of Wales (now Known as Cardiff University) in the United Kingdom and holds a Master of Business Administration degree and a Bachelor of Science degree in Mechanical Engineering.

Mr. Kan Sze Man, aged 37, joined the Company as Group General Counsel in 2001. Mr. Kan is a qualified solicitor by profession. He graduated from Wadham College, Oxford University in the United Kingdom in 1993 and qualified as solicitor in Hong Kong in 1997. He has worked in the commercial department of a Hong Kong law firm and a U.K. City firm, until joining Hikari Tsushin International Limited (now known as China Oil and Gas Group Limited) as its senior vice president and legal counsel in early 2000. Mr. Kan was also an executive director of that company from 2001 to 2003. Mr. Kan is the brother-in-law of Mr. Chung Cho Yee, Mico, the non-executive Chairman of the Company and the controlling Shareholder of the Company.

Mr. Chow Hou Man, aged 38, joined the Company as Group Chief Financial Officer in 2001. Mr. Chow graduated from the Baptist University in Hong Kong and holds a Master of Business Administration degree from the Hong Kong Polytechnic University. He has over 10 years of financial experience in various companies listed in Hong Kong and overseas and an international firm of certified public accountants. He is a member of both the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.

Independent Non-Executive Directors

Dr. Lam Lee G., aged 49, joined the Group in 2001. He holds a Bachelor of Science in Mathematics and Sciences, a Master of Science in Systems Science, and a Master of Business Administration, all from the University of Ottawa in Canada, a Post-graduate Diploma in Public Administration from Carleton University in Canada, a Post-graduate Diploma in English and Hong Kong Law and a Bachelor of Laws (Hons) from Manchester Metropolitan University in the United Kingdom, a Postgraduate Certificate in Laws (and has completed the Bar Course) from the City University of Hong Kong, and a Doctor of Philosophy from the University of Hong Kong. Dr. Lam has over 26 years of multinational general management, corporate governance, investment banking, and direct investment experience. He is Chairman of Monte Jade Science and Technology Association of Hong Kong, and serves as an independent or non-executive director of several publicly-listed companies in the Asia Pacific region. Having served as a Part-time Member of the Central Policy Unit of the Government of the Hong Kong Special Administrative Region for two terms, Dr. Lam is a Member of the Jilin Province Committee of the Chinese People's Political Consultative Committee (CPPCC), a Member of the Hong Kong Institute of Bankers, a Board Member of the East-West Center Foundation, a Member of the Young Presidents' Organization, a Fellow of the Hong Kong Institute of Directors and a Member of its Corporate Governance Committee, a Member of the General Council and the Corporate Governance Committee of the Chamber of Hong Kong Listed Companies, and a Visiting Professor at the School of Economics & Management of Tsinghua University in Beijing.

DIRECTORS AND SENIOR MANAGEMENT PROFILE (Continued)

Independent Non-Executive Directors (Continued)

Dr. Lam is an independent non-executive director of Hutchison Harbour Ring Limited, Mingyuan Medicare Development Company Limited, Far East Holdings International Limited, Vongroup Limited and Mei Ah Entertainment Group Limited (all of which are listed on the Main Board of the Stock Exchange), China.com Inc. and Finet Group Limited (both are listed on the Growth Enterprise Market of the Stock Exchange), and a non-executive director of Glorious Sun Enterprises Limited and SW Kingsway Capital Holdings Limited (both are listed on the Main Board of the Stock Exchange). He was an independent non-executive director of Hutchison Global Communications Holdings Limited (whose shares were formerly listed on the Main Board of the Stock Exchange), Pearl Oriental Innovation Limited (whose shares are listed on the Main Board of the Stock Exchange), China Cyber Port (International) Company Limited and Timeless Software Limited (both are listed on the Growth Enterprise Market of the Stock Exchange). He was also an executive director, vice chairman and chief executive officer of Chia Tai Enterprises International Limited (whose shares are listed on the Main Board of the Stock Exchange).

Dato' Wong Sin Just, aged 43, joined the Group in 2001. Dato' Wong possesses over 20 years of accounting, investment banking and venture capital experience. He held senior positions with a number of international investment banks prior to joining the Company. Dato' Wong is currently the executive chairman of SBI E2-Capital Asia Securities Pte Ltd and the Non-executive chairman of Suncorp Technologies Limited (whose shares are listed on the Stock Exchange) as well as an independent non-executive director of China.com Inc. and China Zenith Chemical Group Limited (whose shares are listed on the Stock Exchange) and a non-independent non-executive director of Intelligent Edge Technologies Berhad (whose shares are listed on the Malaysia MESDAQ). He is also a non-executive director of China Renji Medical Group Limited (whose shares are listed on the Stock Exchange). He was the executive co-chairman of CIAM Group Limited (formerly E2-Capital (Holdings) Limited, (whose shares are listed on the Stock Exchange) up to May 2008. He is involved in various social and charitable organizations in Hong Kong and China and is the chairman of the General Donations and Special Events Committee of The Community Chest of Hong Kong. He holds a Bachelor Degree in Engineering from the University of London, England.

Mr. Cheng Yuk Wo, aged 48, joined the Group in 2002. Mr. Cheng is a fellow of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants, and a member of the Institute of Chartered Accountants of Ontario, Canada. Mr. Cheng had worked at Coopers and Lybrand (now known as PricewaterhouseCoopers) in London and with Swiss Bank Corporation (now known as UBS AG) in Toronto. He is an independent non-executive director of Chia Tai Enterprises International Limited, Chong Hing Bank Limited, Goldbond Group Holdings Limited, HKC (Holdings) Limited, South China Land Limited and 21 Holdings Limited, all being companies listed on the Stock Exchange. He was a non-executive director of Henry Group Holdings Limited and an independent non-executive director of Jessica Publications Limited (now known as Honbridge Holdings Limited). He is a co-founder of a Hong Kong merchant banking firm and is the proprietor of a certified public accountant practice in Hong Kong.

Mr. Cheng obtained a Master of Science (Economics) degree in Accounting and Finance from the London School of Economics, England and a Bachelor of Arts (Honours) degree in Accounting from the University of Kent, England.

DIRECTORS AND SENIOR MANAGEMENT PROFILE (Continued)

Senior Management

Hong Kong

Mr. Lee Kwan Yee, joined the Group in 2007 and is responsible for the property related investments of the Group. Mr. Lee has almost 20 years of experience in real estate investments having advised local and international investors on various types of projects. Mr. Lee was a director of Colliers International in Hong Kong and worked for a number of international surveying firms before joining the Group. Mr Lee is a member of the Royal Institute of Chartered Surveyors and the Hong Kong Institute of Surveyors.

Mr. Wong Chung Kwong, joined the Group in 2004 and is responsible for the property related investments of the Group. Mr. Wong has been working in the local and mainland real estate markets for 30 years and has solid experience in properties related projects such as leasing, sales and marketing, tenders and property management. Before joining the Group, Mr. Wong had worked in property development and management companies in Mainland China and Hong Kong.

Mr. Ho Lok Fai, joined the Group in 2005 and is responsible for the sales and leasing of properties of the Group. Mr. Ho possesses more than 15 years' experience in the office and commercial property market in Hong Kong and is specialized in analyzing market data and trends. Mr. Ho had worked in several property agency companies before joining the Group.

Mr. Chiu Sin-young Victor, joined the Group in 2008 and is responsible for design, project management and property improvement. Mr. Chiu is a registered architect and has over 10 year experience with leading architectural firms. His extensive experience in various projects includes master planning, infrastructure design, residential, commercial, civil, fit-out and hotel development in Hong Kong and Macau. Mr. Chiu completed his architectural education and also a MSc degree in Energy Efficient Buildings at Oxford Brookes University in the United Kingdom. He is a member of both the Hong Kong Institute of Architects and the Royal Institute of British Architects.

Mr. Fok Paul Anthony, joined the Group in 2008 and is responsible for the design and project management of the Group's property projects. Prior to joining the Group, Mr Fok worked for almost 5 years at Aedas, an international architecture firm and has participated in various projects involving with design, tendering, foundation and superstructure. Mr Fok is a graduate of Hong Kong University and holds a Master of Architecture degree. He is a member of the Hong Kong Institute of Architects.

DIRECTORS AND SENIOR MANAGEMENT PROFILE (Continued)

Senior Management (Continued)

Shanghai

Ms. Dong Yan, joined the Group in 2006. Ms. Dong was the deputy general manager of the Shanghai Real Estate Co. Ltd. Group, a large real estate developer in Shanghai for over 10 years and sat on the board of several of its real estate development and project companies. In this capacity, Ms. Dong oversaw development phase master planning and design work, as well as market positioning and sales activities. Before she joined the Group, she was a vice president of H&Q Asia Pacific. Ms. Dong received a post-graduate diploma on urban planning and inner city renewal course from Institute of Housing and Urban Development Studies, Rotterdam, Netherlands in 1993 and a management master degree from Norwegian School of Management (BI), and an EMBA from Antai School of Management, Jiao Tong University.

DIRECTORS' INTERESTS IN SHARES

Interests and short positions of the Directors in the Company and its associated corporations

As at 31st March, 2009, the interests and short positions of the Directors and the chief executive of the Company in shares, underlying shares or debentures of the Company or any its associated corporations (within the meaning of part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO") which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or decided to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register of the Company referred to therein or were required, pursuant to part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), to be notified to the Company and the Stock Exchange:

(i) Long positions in shares:

Name of Director	Nature of interests	Company/ name of associated corporation	Number of shares held (Note 1)	Derivative interests	Approximate percentage of total shareholding (%)
Chung Cho Yee, Mico ("Mr. Chung") (Note 2)	Beneficial owner	The Company	1,640,946,250 (L)		33.21
				163,535,735 (L)	3.31
	Interest of controlled corporation	The Company	1,638,846,250 (L)		33.17
				163,535,735 (L)	3.31
Wong Sin Just	Interest of controlled corporation	The Company	10,000,000 (L)	—	0.2

DIRECTORS' INTERESTS IN SHARES (Continued)

Interests and short positions of the Directors in the Company and its associated corporations (Continued)

(i) Long positions in shares: (Continued)

Notes:

(1) The letter "L" denotes a person's long position in such securities.

(2) Mr. Chung is the beneficial owner of 1,640,946,250 shares in the Company (being the aggregate of personal interest of Mr. Chung of 2,100,000 shares and the corporate interest held by Earnest Equity Limited ("Earnest Equity") of 1,638,846,250) and 163,535,735 shares relate to the derivative interests held by Earnest Equity in 2011 Convertible Notes and 2012 Convertible Notes. Earnest Equity, the entire issued share capital of which is held by Digisino Assets Limited ("Digisino"), as trustee of a discretionary trust founded by Mr. Chung, who together with his spouse and children are the current discretionary beneficiaries. Further, the entire issued share capital of Digisino is held by Mr. Chung and that both Digisino and Earnest Equity are corporations wholly-owned and controlled by him.

(ii) Long positions in the underlying shares of equity derivatives:

Name of Director	Option scheme type	Capacity	Number of options held (Note 3)	Approximate percentage of total shareholding (%)
Kan Sze Man	2001	Beneficial owner	19,375,000 (L)	0.39
	2002	Beneficial owner	15,625,000 (L)	0.31
Chow Hou Man	2001	Beneficial owner	4,187,500 (L)	0.08
	2002	Beneficial owner	15,625,000 (L)	0.31
Hubert Chak	2002	Beneficial owner	35,000,000 (L) (Note 2)	0.71

Notes:

(1) The letter "L" denotes a person's long position in such securities.

(2) There is a limit on the number of share options under the 2002 Scheme that may be exercised by each grantee during each period of 12 months commencing from date of grant (until five years after the date of grant), namely, the aggregate of (a) 20% of the total number of such share options granted and (b) any unused limits accumulated during previous period(s), subject to the written consent of the executive chairman of the Company to the exercise of share options exceeding such limit.

(3) The above information represented disclosure as at 31st March, 2009, and has not been adjusted to reflect the effect of rights issue as set out in note 35.

DIRECTORS' INTERESTS IN SHARES (Continued)

Interests and short positions of the Directors in the Company and its associated corporations (Continued)

Save as disclosed above, as at 31st March, 2009, none of the Directors and chief executive of the Company had any interest in any securities of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of listed companies as set out in the Listing Rules to be notified to the Company and the Stock Exchange.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed above and in notes 34 and 35 to the consolidated financial statements, at no time during the year, was the Company or its subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTOR'S INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance, to which the Company or its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

SUBSTANTIAL SHAREHOLDERS

As at 31st March, 2009, according to the register kept by the Company pursuant to Section 336 of SFO, and so far as is known to any Directors or the Company, the following persons, in addition to those interests disclosed above in respect of the Directors, had an interest or short position in shares and underlying shares which would fall to be disclosed to the Company under the provisions of the Divisions 2 and 3 of part XV of the SFO:

Long position

Name	Capacity	Number of shares	Derivative interests	Approximate shareholding percentage (%)
Lehman Brothers Holdings Inc.	Interest of controlled corporation (Note 1)	414,330,000		8.39
			477,273,873	9.66
Stark Investments (Hong Kong) Limited	Investment manager (Note 2)	471,980,000		9.55
			21,720,000	0.44
Stark Master Fund, Ltd.	Beneficial owner (Note 3)	454,226,000		9.19
			21,720,000	0.44
Third Avenue Management LLC	Investment manager	398,280,000		8.06
			—	—
Cheah Capital Management Limited	Interest of controlled corporation (Note 4)	395,080,000		7.99
			—	—
Cheah Cheng Hye	Person who set up a discretionary trust (Note 4)	395,080,000		7.99
			—	—
Cheah Company Limited	Interest of controlled corporation (Note 4)	395,080,000		7.99
			—	—
Hang Seng Bank Trustee International Limited	Trustee (Note 4)	395,080,000		7.99
			—	—
To Hau Yin	Interest of child under 18 or spouse (Note 4)	395,080,000		7.99
			—	—
Value Partners Group Limited	Interest of controlled corporation (Note 4)	395,080,000		7.99
			—	—
Value Partners Limited	Investment manager (Note 4)	395,080,000		7.99
			—	—

SUBSTANTIAL SHAREHOLDERS (Continued)

Long position (Continued)

Notes:

1. Lehman Brothers Commercial Corporations Asia Limited (in Liquidation), a company that held 414,330,000 shares in the Company and 477,273,873 shares relate to the derivative interests in 2011 Convertible Notes and 2012 Convertible Notes, is a company owned as to 50% by LBCCA Holdings I Inc. and owned as to 50% by LBCCA Holdings II Inc., respectively, which were, in turn wholly-owned subsidiaries of Lehman Brothers Holdings Inc.

2. Stark Investments (Hong Kong) Limited, being an investment manager, is deemed to be interested in 471,980,000 shares in the Company and 21,720,000 shares relate to certain derivative interests.

3. Stark Master Fund, Ltd. being an investment manger, is deemed to be interested in 454,226,000 shares in the Company and 21,720,000 shares relate to certain derivative interests.

4. The 395,080,000 shares in the Company held by Cheah Capital Management Limited, Cheah Cheng Hye, Cheah Company Limited, Hang Seng Bank Trustee International Limited, To Hau Yin, Value Partners Group Limited and Value Partner Limited are the same parcel of shares.

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

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

FINANCIAL ASSISTANCE AND GUARANTEE TO AFFILIATED COMPANIES

The Group had provided financial assistance to, and guarantee for, affiliated companies in the aggregate amount of HK$209,199,000, which represented approximately 3.45% of the Group's total assets value as at 31st March, 2009. In accordance with the requirement under Rule 13.22 of the Listing Rules, the pro forma combined balance sheet of those affiliated companies and the Group's attributable interests in those affiliated companies based on their latest financial statements available are presented below:

	Combined balance sheet HK$'000	Group's attributable interests HK$'000
Non-current assets	668,946	241,757
Current assets	502,298	152,301
Current liabilities	(459,264)	(178,982)
Non-current liabilities	(630,679)	(180,044)
	81,301	35,032

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set by the board of directors on the basis of their merit, qualifications and competence with reference to the prevailing market terms. In addition to salaries, discretionary bonuses may be rewarded to employees after assessment of the performance of the Group and the individual employee.

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

The Company has adopted a share option scheme as an incentive to directors and eligible employees, details of the scheme is set out in note 35 to the consolidated financial statements.

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

During the year, the Company repurchased its listed securities through the Stock Exchange as follows:

Month of the repurchases	Total number of ordinary shares repurchased	Highest price paid per share HK$	Lowest price paid per share HK$	Aggregate consideration HK$
April 2008	3,800,000	0.270	0.270	1,026,000

The above shares were cancelled upon repurchase.

Save as disclosed above, neither the Company nor its subsidiaries purchased, sold or redeem any of the Company's listed securities during the year.

PRE-EMPTIVE RIGHTS

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

CORPORATE GOVERNANCE

The Company is obliged to comply with the requirements for continuing listing on the Stock Exchange and is committed to practice high standard of corporate governance in its daily management and operations. The Company follows and applies the principles of the Code on Corporate Governance Practices in Appendix 14 to the Listing Rules in the year under review with exception of few deviations. Detailed information on the Company's corporate governance practices is set out in the Corporate Governance Report contained in pages 9 to 11 of this Annual Report.

CHARITABLE DONATIONS

During the year, the Group made charitable donations amounting to HK$254,800.

SUFFICIENCY OF PUBLIC FLOAT

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

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the past five financial years is set out on page 105 of the annual report.

AUDIT COMMITTEE

The audit committee has reviewed the consolidated financial statements of the Group for the year ended 31st March, 2009.

AUDITORS

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

On behalf of the Board

CHUNG CHO YEE, MICO
CHAIRMAN

27th July, 2009

Deloitte.
德勤

TO THE MEMBERS OF CAPITAL STRATEGIC INVESTMENT LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Capital Strategic Investment Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 27 to 104, which comprise the consolidated balance sheet as at 31st March, 2009, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31st 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 disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
27th July, 2009

Consolidated Income Statement

For the year ended 31st March, 2009

	NOTES	2009 HK$'000	2008 HK$'000
Revenue	5	**669,426**	402,534
Cost of sales		**(459,933)**	(194,885)
Gross profit		**209,493**	207,649
Other income	7	**25,879**	48,818
Administrative expenses		**(50,268)**	(68,822)
Finance costs	8	**(113,321)**	(120,842)
Impairment loss on/forfeiture of deposit paid for acquisition of properties held for sale	9	**(52,948)**	—
Investment income and loss from financial instruments, net	10	**(27,101)**	(28,312)
Share of results of jointly controlled entities		**136,436**	151,624
Share of results of associates		**(47,186)**	3,280
Change in fair value of investment properties		**—**	63,637
Loss on disposal of interests in subsidiaries	38	**—**	(16,174)
Gain on disposal of partial interests in subsidiaries	38	**—**	1,715
Profit before taxation		**80,984**	242,573
Taxation			
— Current and deferred tax	11	**(17,861)**	(27,316)
— Release of deferred taxation upon disposal of subsidiaries	11	**—**	98,529
Profit for the year	12	**63,123**	313,786
Attributable to:			
Equity holders of the Company		**62,373**	325,369
Minority interests		**750**	(11,583)
		63,123	313,786
Dividends paid	15	**39,525**	39,734
Dividends proposed	15	**15,760**	39,525
Earnings per share (HK cent(s))	16		
Basic		**1.00**	5.19
Diluted		**0.98**	4.70

Consolidated Balance Sheet

At 31st March, 2009

	NOTES	2009 HK$'000	2008 HK$'000
Non-Current Assets			
Investment properties	17	—	36,500
Property, plant and equipment	18	11,039	10,951
Prepaid lease payments	19	102,370	105,137
Available-for-sale investments	20	24,669	7,941
Conversion options embedded in convertible notes	20	3,041	—
Club memberships	21	6,860	6,860
Interests in jointly controlled entities	22	31,204	106,396
Interests in associates	23	7,937	39,378
Amount due from a jointly controlled entity	24	12,222	—
Amounts due from associates	24	63,738	33,586
Deposit paid for acquisition of property, plant and equipment		5,742	—
Deferred tax assets	25	2,698	2,675
		271,520	349,424
Current Assets			
Trade and other receivables	26	13,967	8,620
Prepaid lease payments	19	2,767	2,767
Deposit paid for acquisition of properties held for sale		—	176,201
Investments held for trading	27	212,441	86,242
Properties held for sale	28	4,329,832	3,190,668
Taxation recoverable		4,750	1,231
Amount due from a minority shareholder of a subsidiary	24	3,440	—
Amounts due from jointly controlled entities	24	14,489	274,646
Amounts due from associates	24	—	8,254
Pledged bank deposits	29	8,375	136,701
Bank balances and cash	29	1,197,978	929,650
		5,788,039	4,814,980
Current Liabilities			
Other payables and accruals	30	122,456	119,660
Derivative financial instruments	31	6,657	18,666
Convertible notes — due within one year	32	3,293	3,310
Taxation payable		24,903	33,456
Amounts due to minority shareholders of subsidiaries	24	9,641	10,376
Amount due to a jointly controlled entity	24	4,759	—
Amount due to an associate	24	2,000	4,000
Bank and other borrowings — due within one year	33	890,973	121,818
		1,064,682	311,286
Net Current Assets		4,723,357	4,503,694
		4,994,877	4,853,118

Consolidated Balance Sheet

At 31st March, 2009

	NOTES	2009 HK$'000	2008 HK$'000
Capital and Reserves			
Share capital	34	**39,525**	39,555
Reserves		**2,430,246**	2,438,240
Equity attributable to equity holders of the Company		**2,469,771**	2,477,795
Minority interests		**38,763**	43,160
Total Equity		**2,508,534**	2,520,955
Non-Current Liabilities			
Convertible notes — due after one year	32	**502,258**	472,224
Bank and other borrowings — due after one year	33	**1,973,122**	1,846,880
Deferred tax liabilities	25	**10,963**	13,059
		2,486,343	2,332,163
		4,994,877	4,853,118

The consolidated financial statements on pages 27 to 104 were approved and authorised for issue by the Board of Directors on 27th July, 2009 and are signed on its behalf by:

Chung Cho Yee, Mico
DIRECTOR

Hubert Chak
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31st March, 2009

	Attributable to equity holders of the Company											
	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Capital reserve HK$'000	Convertible notes equity reserve HK$'000	Contributed surplus HK$'000	Translation reserve HK$'000	Share option reserve HK$'000	Accumulated profits HK$'000	Total HK$'000	Minority interests HK$'000	Total equity HK$'000
At 1st April, 2007	39,413	836,213	163	1,910	18,398	276,058	—	—	929,867	2,102,022	—	2,102,022
Exchange differences arising on translation	—	—	—	—	—	—	17,450	—	—	17,450	11,192	28,642
Share of changes in reserves of a jointly controlled entity and an associate	—	—	—	(212)	—	—	35,750	—	—	35,538	—	35,538
Net income and expense recognised directly in equity	—	—	—	(212)	—	—	53,200	—	—	52,988	11,192	64,180
Profit for the year	—	—	—	—	—	—	—	—	325,369	325,369	(11,583)	313,786
Total recognised income and expense for the year	—	—	—	(212)	—	—	53,200	—	325,369	378,357	(391)	377,966
Recognition of equity-settled share-based payments	—	—	—	—	—	—	—	2,967	—	2,967	—	2,967
Recognition of equity component of convertible notes	—	—	—	—	49,252	—	—	—	—	49,252	—	49,252
Deferred tax liability on recognition of equity components of convertible notes	—	—	—	—	(11,839)	—	—	—	—	(11,839)	—	(11,839)
Issue of shares upon exercise of share options	320	5,056	—	—	—	—	—	—	—	5,376	—	5,376
Share repurchased and cancelled	(178)	—	178	—	—	—	—	—	(8,575)	(8,575)	—	(8,575)
Expense related to shares repurchase and cancelled	—	—	—	—	—	—	—	—	(31)	(31)	—	(31)
Dividend recognised as distribution	—	—	—	—	—	—	—	—	(39,734)	(39,734)	—	(39,734)
Acquired on acquisition of subsidiaries	—	—	—	—	—	—	—	—	—	—	43,551	43,551
At 31st March, 2008	39,555	841,269	341	1,698	55,811	276,058	53,200	2,967	1,206,896	2,477,795	43,160	2,520,955
Exchange difference arising on translation	—	—	—	—	—	—	3,911	—	—	3,911	2,553	6,464
Share of change in translation reserve of an associate	—	—	—	—	—	—	(331)	—	—	(331)	—	(331)
Net income and expense recognised directly in equity	—	—	—	—	—	—	3,580	—	—	3,580	2,553	6,133
Share of translation reserve released by a jointly controlled entity upon disposal of its subsidiaries	—	—	—	—	—	—	(35,750)	—	—	(35,750)	—	(35,750)
Profit for the year	—	—	—	—	—	—	—	—	62,373	62,373	750	63,123
Total recognised income and expense for the year	—	—	—	—	—	—	(32,170)	—	62,373	30,203	3,303	33,506
Recognition of equity-settled share-based payments	—	—	—	—	—	—	—	2,327	—	2,327	—	2,327
Acquisition of additional interest in a subsidiary	—	—	—	—	—	—	—	—	—	—	6,236	6,236
Share repurchased and cancelled	(30)	—	30	—	—	—	—	—	(1,026)	(1,026)	—	(1,026)
Expense related to shares repurchase and cancelled	—	—	—	—	—	—	—	—	(3)	(3)	—	(3)
Dividend recognised as distribution	—	—	—	—	—	—	—	—	(39,525)	(39,525)	—	(39,525)
Dividends paid to minority interests	—	—	—	—	—	—	—	—	—	—	(13,936)	(13,936)
At 31st March, 2009	39,525	841,269	371	1,698	55,811	276,058	21,030	5,294	1,228,715	2,469,771	38,763	2,508,534

The capital reserve represents the Group's share of the deemed capital contribution arising from interest free loans granted to an associate by its shareholders.

The contributed surplus of the Group represents the amount arising from capital reorganisation carried out by the Company during the year ended 31st March, 2003.

Consolidated Cash Flow Statement

For the year ended 31st March, 2009

	2009 HK$'000	2008 HK$'000
OPERATING ACTIVITIES		
Profit before taxation	**80,984**	242,573
Adjustments for:		
Finance costs	**113,321**	120,842
Interest income	**(21,487)**	(31,534)
Income from amortisation of financial guarantee contracts	**(1,179)**	(1,155)
Depreciation of property, plant and equipment	**4,544**	4,178
Release of prepaid lease payments	**2,767**	2,767
Gain on disposal of investment properties	**(569)**	—
Decrease in fair value of financial instruments	**37,791**	63,097
Share-based payment expenses	**2,327**	2,967
Share of results of jointly controlled entities	**(136,436)**	(151,624)
Share of results of associates	**47,186**	(3,280)
Loss on disposal of property, plant and equipment	**—**	597
Increase in fair value of investment properties	**—**	(63,637)
Loss on disposal of interests in subsidiaries	**—**	16,174
Gain on disposal of partial interests in subsidiary	**—**	(1,715)
Operating cash flow before movements in working capital	**129,249**	200,250
Increase in trade and other receivables	**(3,497)**	(7,535)
Increase in deposit paid for acquisition of properties held for sale	**—**	(176,201)
Increase in investments held for trading	**(168,208)**	(12,031)
Increase in conversion options embedded in convertible notes	**(3,041)**	—
Increase in properties held for sale	**(946,443)**	(684,275)
(Decrease) increase in other payables and accruals	**(76,872)**	56,250
Increase in derivative financial instruments	**(7,960)**	—
Net cash used in operations	**(1,076,772)**	(623,542)
Hong Kong Profits Tax paid	**(32,052)**	(6,920)
Interest paid	**(2,979)**	(45,654)
NET CASH USED IN OPERATING ACTIVITIES	**(1,111,803)**	(676,116)

Consolidated Cash Flow Statement

For the year ended 31st March, 2009

	NOTES	2009 HK$'000	2008 HK$'000
INVESTING ACTIVITIES			
Decrease (increase) in amounts due from jointly controlled entities		**235,935**	(253,864)
Dividend received from a jointly controlled entity		**186,378**	88,250
Decrease in pledged bank deposits		**128,326**	135,695
Proceeds on disposal of investment properties		**37,069**	—
Interest received		**19,637**	29,756
Proceeds on disposal of an associate		**25**	—
Increase in amount due from a minority shareholder of a subsidiary		**(3,440)**	—
Purchases of property, plant and equipment		**(4,632)**	(5,586)
Deposit paid for acquisition of property, plant and equipment		**(5,742)**	—
Purchases of available-for-sale investments		**(16,559)**	—
Increase in amounts due from associates		**(37,477)**	(5,499)
Proceeds on disposal of interests in subsidiaries (net of cash and cash equivalents disposed of)	38	**—**	785,635
Proceeds on disposal of partial interests in subsidiaries	38	**—**	67,038
Dividend received from an associate		**—**	7,816
Purchases of investment properties		**—**	(26,863)
Investments in associates		**—**	(33,456)
Acquisition of assets/additional interest in subsidiaries (net of cash and cash equivalents acquired)	39	**—**	(92,532)
Additions to prepaid lease payments		**—**	(95,433)
NET CASH FROM INVESTING ACTIVITIES		**539,520**	600,957
FINANCING ACTIVITIES			
New bank and other borrowings raised		**1,135,031**	553,800
Advance from jointly controlled entities		**6,259**	3,968
Repayments to minority shareholders of subsidiaries		**(735)**	—
Payment on repurchase of shares		**(1,029)**	(8,606)
Repayments to an associate		**(2,000)**	—
Dividends paid to a minority shareholder of a subsidiary		**(13,936)**	—
Dividends paid		**(39,525)**	(39,734)
Repayments of bank and other borrowings		**(243,454)**	(233,500)
Proceeds on issue of convertible notes		**—**	390,000
Proceeds on exercise of share options		**—**	5,376
Advance from an associate		**—**	4,000
Advance from minority shareholders of subsidiaries		**—**	2,772
Expenses on the issue of convertible notes		**—**	(9,360)
NET CASH FROM FINANCING ACTIVITIES		**840,611**	668,716
NET INCREASE IN CASH AND CASH EQUIVALENTS		**268,328**	593,557
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**929,650**	336,093
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash		**1,197,978**	929,650

1. GENERAL

The Company was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the section headed "Corporate Information" in the annual report.

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

The Company is an investment holding company. The activities of its principal subsidiaries, jointly controlled entities and associates are set out in notes 47, 22 and 23 respectively.

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

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

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC) — Int 12	Service Concession Arrangements
HK(IFRIC) — Int 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

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

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

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

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 1 (Revised)	Presentation of Financial Statements[3]
HKAS 23 (Revised)	Borrowing Costs[3]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[4]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[3]
HKAS 39 (Amendment)	Eligible Hedged Items[4]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[3]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[3]
HKFRS 3 (Revised)	Business Combinations[4]
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments[3]
HKFRS 8	Operating Segments[3]
HK(IFRIC)-Int 9 & HKAS 39 (Amendments)	Embedded Derivatives[5]
HK(IFRIC) — Int 13	Customer Loyalty Programmes[6]
HK(IFRIC) — Int 15	Agreements for the Construction of Real Estate[3]
HK(IFRIC) — Int 16	Hedges of a Net Investment in a Foreign Operation[7]
HK(IFRIC) — Int 17	Distributions of Non-cash Assets to Owners[4]
HK(IFRIC) — Int 18	Transfers of Assets from Customers[8]

1 Effective for annual periods beginning on or after 1st January, 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1st July, 2009

2 Effective for annual periods beginning on or after 1st January, 2009, 1st July, 2009 and 1st January, 2010, as appropriate

3 Effective for annual periods beginning on or after 1st January, 2009

4 Effective for annual periods beginning on or after 1st July, 2009

5 Effective for annual periods ending on or after 30th June, 2009

6 Effective for annual periods beginning on or after 1st July, 2008

7 Effective for annual periods beginning on or after 1st October, 2008

8 Effective for transfers on or after 1st July, 2009

The adoption of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1st April, 2010. HKAS 27 (Revised) will affect the Group's accounting treatment for changes in the parent's ownership interest in a subsidiary.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

Basis of consolidation

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

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

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

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

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Jointly controlled entities

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

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

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

When a group entity transacts with a jointly controlled entity of the Group, profits or losses are eliminated to the extent of the Group's interest in the jointly controlled entity.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interests in associates

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

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

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after assessment, is recognised immediately in profit or loss.

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

Revenue recognition

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

Revenue from sale of properties in the ordinary course of business is recognised when all of the following criteria are met:

- the significant risk and rewards of ownership of the properties are transferred to buyers;
- neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the properties are retained;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Management service income is recognised when services are provided.

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

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Rental income, including rental invoiced in advance from properties let under operating leases, is recognised on a straight-line basis over the term of the relevant leases.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation.

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair value using the fair value model. Gains or losses arising from changes in fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement in the year in which the item is derecognised.

Property, plant and equipment

Property, plant and equipment including buildings held for administrative purposes are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

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

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

Leasehold land held for undetermined future use

Leasehold land held for undetermined future use is classified as a prepaid lease payment under an operating lease. It is stated at cost and released to profit or loss on a straight line basis over the lease term.

Properties held for sale

Properties held for sale are stated at the lower of cost or net realisable value. Cost comprises all costs of purchase (including prepaid lease payments) and other direct cost to acquire the properties. Net realisable value is calculated at the actual or estimated selling price less related costs of marketing and selling.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in the consolidated income statement on a straight-line basis over the term of the relevant lease.

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Leasehold land and building

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification, unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is generally treated as a finance lease and accounted for as property, plant and equipment. To the extent the allocation of the lease payments can be made reliably, leasehold interests in land are accounted for as operating leases.

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Company's net investment in a foreign operation, in which case, such exchange differences are recognised in equity in the consolidated financial statements. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Borrowing costs

All borrowing costs are recognised as and included in finance costs in the consolidated income statement in the period in which they are incurred.

Retirement benefit schemes

Payments to the Mandatory Provident Fund Scheme/state-managed retirement benefit schemes are charged as an expense when employees have rendered services entitling them to the contributions.

Taxation

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

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

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

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

Financial assets

The Group's financial assets are classified into one of the three categories, including financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

Income is recognised on an effective interest basis for debt instruments.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss, include financial assets held for trading and those designated as at fair value through profit or loss on initial recognition.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at fair value through profit or loss (Continued)

At each balance sheet date subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade and other receivables, amount(s) due from a minority shareholder of a subsidiary, jointly controlled entities and associates, pledged bank deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, or loans and receivables or held-to-maturity investments.

At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss (see accounting policy on impairment loss on financial assets below).

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

Impairment of financial assets

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

For other financial assets, objective evidence of impairment could include:

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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

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

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

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

For available-for-sale debt investments, impairment losses are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity

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

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Convertible notes issued by the Group

Convertible notes issued by the Group that contain both the liability and conversion option components are classified separately into the respective items on initial recognition. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible notes and the fair value assigned to the liability component, representing the conversion option for the holder to convert the loan notes into equity, is included in equity (convertible notes equity reserve).

In subsequent periods, the liability component of the convertible notes is carried at amortised cost using the effective interest method. The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in the convertibles notes equity reserve until the embedded option is exercised (in which case the balance stated in convertible notes equity reserve will be transferred to share premium). Where the option remains unexercised at the expiry date, the balance stated in convertible notes equity reserve will be released to the accumulated profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible notes using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Other financial liabilities

Other financial liabilities including other payables, amount(s) due to minority shareholders of subsidiaries, a jointly controlled entity and an associate and bank and other borrowings are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

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

Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately.

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their economic risks and characteristics are not closely related to those of the host contacts and the host contacts are not measured at fair value with changes in fair value recognised in profit or loss.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contact at the higher of: (i) the amount determined in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 Revenue.

Derecognition

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Club memberships

Club memberships with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

Gains or losses arising from derecognition of club memberships are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated income statement when the asset is derecognised.

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees and consultants vested before to 1st January, 2005

The financial impact of share options granted is not recorded in the consolidated financial statements until such time as the options are exercised, and no charge is recognised in the consolidated income statement in respect of the value of options granted. Upon the exercise of the share options, the resulting shares issued are recorded as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded as share premium. Options which lapse or are cancelled prior to their exercise date are deleted from the register of outstanding options.

Share options granted to employees of vested on or after 1st January, 2005

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share option reserve).

At each balance sheet date, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognised in profit or loss, with a corresponding adjustment to share options reserve.

At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in equity (share option reserve) will be transferred to accumulated profits.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment loss

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. In addition, intangible assets with indefinite useful lives are tested for impairment annually, and whenever there is an indication that they may be impaired. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily obtainable from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The following are 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.

Estimated impairment on properties held for sale and deposits paid for acquisition of properties held for sale

Management reviews the recoverability of the Group's property interests held for sale and deposits paid for acquisition of such properties interests with reference to the current market environment whenever events or changes in circumstances indicate that the carrying amount of the assets exceeds its recoverable amount. Impairment for estimated irrecoverable amounts is recognised in profit and loss when there is objective evidence that the asset is impaired.

In determining whether impairment on the properties and the deposits is required, the Group takes into consideration the current market environment, the estimated market value of the properties held and to be acquired and/or the estimated net sale proceeds it expects to receive on disposals of the properties. If the market environment/circumstances changes significantly, resulting in a decrease in the recoverable amount of these property interests held and/or the deposits paid for acquisition of such properties, additional impairment loss may be required. For the year ended 31st March, 2009, an aggregate impairment loss on the Group's property interests held for sale, and impairment loss on/forfeiture of deposits paid for acquisition of properties held for sale amounted to approximately HK$101,451,000 (2008: HK$11,889,000) has been recognised in the consolidated income statement.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Fair value of derivative financial instruments

Derivatives financial instruments are carried at the balance sheet at fair value, as disclosed in note 31. The best evidence of fair value is quoted prices in an active market, where quoted prices are not available for a particular financial instrument, the Group uses the valuation provided by counterparty financial institution as the basis for fair value. The use of methodologies, models and assumptions in pricing and valuing these financial instruments is subjective and requires varying degrees of judgment by counterparty financial institutions, which may result in significantly different fair values and results.

5. REVENUE

Revenue represents the aggregate of the net amounts received and receivable from third parties for the year. An analysis of the Group's revenue for the year is as follows:

	2009 **HK$'000**	2008 HK$'000
Rental income	**143,249**	81,831
Sales of properties	**526,177**	320,703
	669,426	402,534

6. SEGMENTAL INFORMATION

Business segments

For management purposes, the Group is currently organised into three major operating divisions - property trading, property rental and securities investment.

These divisions are the basis on which the Group reports its primary segment information.

Principal activities of the divisions are as follows:

Property trading	—	Trading of properties
Property rental	—	Leasing of investment properties
Securities investment	—	Securities trading and investments

6. SEGMENTAL INFORMATION (Continued)

Business segments (Continued)

An analysis of the Group's revenue contribution to segment results and segmental assets and liabilities by business segments is as follows:

Consolidated Income Statement

	Property trading HK$'000	Property rental HK$'000	Securities investment HK$'000	Consolidated HK$'000
For the year ended 31st March, 2009				
Gross proceeds	668,878	548	104,103	773,529
Revenue				
Rental income	142,701	548	—	143,249
Income from sales of properties	526,177	—	—	526,177
	668,878	548	—	669,426
Interest income and dividend income	—	—	10,690	10,690
Segment revenue	668,878	548	10,690	680,116
RESULT				
Segment results	131,624	1,097	(32,921)	99,800
Unallocated expenses				(17,376)
Other income				22,631
Finance costs				(113,321)
Share of results of jointly controlled entities	—	136,436	—	136,436
Share of results of associates	87	(47,273)	—	(47,186)
Profit before taxation				80,984
Taxation				(17,861)
Profit for the year				63,123

6. SEGMENTAL INFORMATION (Continued)

Business segments (Continued)

Consolidated Income Statement (Continued)

	Property trading HK$'000	Property rental HK$'000	Securities investment HK$'000	Consolidated HK$'000
For the year ended 31st March, 2008				
Gross proceeds	388,069	14,465	277,935	680,469
Revenue				
Rental income	67,366	14,465	—	81,831
Income from sales of properties	320,703	—	—	320,703
	388,069	14,465	—	402,534
Interest income and dividend income	—	—	7,566	7,566
Segment revenue	388,069	14,465	7,566	410,100
RESULT				
Segment results	156,335	69,278	(35,194)	190,419
Unallocated expenses				(16,267)
Other income				48,818
Finance costs				(120,842)
Share of results of jointly controlled entities	92,691	58,933	—	151,624
Share of results of associates	—	3,280	—	3,280
Loss on disposal of interests in subsidiaries	—	(16,174)	—	(16,174)
Gain on disposal of partial interests in subsidiaries	1,715	—	—	1,715
Profit before taxation				242,573
Current and deferred tax				(27,316)
Release of deferred taxation upon disposal of a subsidiary				98,529
Profit for the year				313,786

6. SEGMENTAL INFORMATION (Continued)

Business segments (Continued)

Consolidated Balance Sheet

	Property trading HK$'000	Property rental HK$'000	Securities investment HK$'000	Consolidated HK$'000
As at 31st March, 2009				
ASSETS				
Segment assets	4,341,028	—	247,200	4,588,228
Interests in jointly controlled entities	474	30,730	—	31,204
Interests in associates	4,077	3,860	—	7,937
Amount due from a minority shareholder of a subsidiary	3,440	—	—	3,440
Amounts due from jointly controlled entities	—	26,711	—	26,711
Amounts due from associates	—	63,738	—	63,738
Unallocated corporate assets				1,338,301
Consolidated total assets				6,059,559
LIABILITIES				
Segment liabilities	33,602	—	6,657	40,259
Amounts due to minority shareholders to subsidiaries	9,641	—	—	9,641
Amount due to a jointly controlled entity	—	4,759	—	4,759
Amount due to an associate	2,000	—	—	2,000
Unallocated corporate liabilities				3,494,366
Consolidated total liabilities				3,551,025

6. SEGMENTAL INFORMATION (Continued)

Business segments (Continued)

Consolidated Balance Sheet (Continued)

	Property trading HK$'000	Property rental HK$'000	Securities investment HK$'000	Unallocated HK$'000	Total HK$'000
Other information for the year ended 31st March, 2009					
Capital expenditure on property, plant and equipment	—	—	—	4,632	4,632
Depreciation of property, plant and equipment	897	—	—	3,647	4,544
Release of prepaid lease payments	—	—	—	2,767	2,767
Gain on disposal of investment properties	—	569	—	—	569
Decrease in fair value of investments held for trading and derivative financial instruments	—	—	37,960	—	37,960

	Property trading HK$'000	Property rental HK$'000	Securities investment HK$'000	Consolidated HK$'000
As at 31st March, 2008				
ASSETS				
Segment assets	3,470,643	36,500	102,033	3,609,176
Interests in jointly controlled entities	474	105,922	—	106,396
Interests in associates	4,347	35,031	—	39,378
Amounts due from jointly controlled entities	—	274,646	—	274,646
Amounts due from associates	—	41,840	—	41,840
Unallocated corporate assets				1,092,968
Consolidated total assets				5,164,404
LIABILITIES				
Segment liabilities	107,886	411	31,368	139,665
Amount due to an associate	4,000	—	—	4,000
Unallocated corporate liabilities				2,499,784
Consolidated total liabilities				2,643,449

6. SEGMENTAL INFORMATION (Continued)

Business segments (Continued)

Consolidated Balance Sheet (Continued)

	Property trading HK$'000	Property rental HK$'000	Securities investment HK$'000	Unallocated HK$'000	Total HK$'000
Other information for the year ended 31st March, 2008					
Capital expenditure on					
— Investment properties	—	26,863	—	—	26,863
— Property, plant and equipment	—	—	—	5,595	5,595
— Prepaid lease payments	—	—	—	95,432	95,432
Depreciation of property, plant and equipment	1,134	248	—	2,796	4,178
Release of prepaid lease payments	—	—	—	2,767	2,767
Increase in fair value of investment properties	—	(63,637)	—	—	(63,637)
Decrease in fair value of investments held for trading and derivative financial instruments	—	—	36,033	—	36,033

Geographical segments

Over 90% of the Group's revenue by location of customers were derived from trading and rental of properties located in Hong Kong. Accordingly, no geographical segment analysis is presented.

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

	Carrying amount of segment assets		Additions to segment assets including investment properties, prepaid lease payment and property, plant and equipment	
	2009 HK$'000	2008 HK$'000	**2009 HK$'000**	2008 HK$'000
Hong Kong	**3,807,760**	3,072,293	**—**	26,863
People's Republic of China ("PRC")	**780,468**	536,883	**—**	—
	4,588,228	3,609,176	**—**	26,863

7. OTHER INCOME

	2009 HK$'000	2008 HK$'000
Bank interest income	**21,487**	31,534
Income from a jointly controlled entity (Note)	**1,500**	11,902
Amortisation of financial guarantee contracts	**1,179**	1,155
Gain on disposal of an investment property	**569**	—
Others	**1,144**	4,227
	25,879	48,818

Note: The amount represents the arrangement fee received from a jointly controlled entity. Details are set out in note 45.

8. FINANCE COSTS

	2009 HK$'000	2008 HK$'000
Interests on:		
Bank and other borrowings wholly repayable within five years	**28,187**	34,788
Bank and other borrowings not wholly repayable within five years	**45,323**	57,215
Convertible notes wholly repayable within five years	**39,811**	28,839
	113,321	120,842

9. IMPAIRMENT LOSS ON/FORFEITURE OF DEPOSIT PAID FOR ACQUISITION OF PROPERTIES HELD FOR SALE

During the year ended 31st March, 2009, an impairment loss of approximately HK$5,148,000 was made on the deposit paid for acquisition of properties held for re-sale. The directors of the Company considered the decrease in estimated fair value of the relevant properties held which will be for re-sale is greater than the deposit made, therefore, full provision was made.

During the year, the Group entered into a sale and purchase agreement for the acquisition of certain properties in Hong Kong. An amount of HK$47,800,000 was paid to the vendor, an independent third party, as a deposit for the acquisition. Due to the fluctuation of the property markets, the management determined not to complete the transaction. A cancellation agreement was subsequently entered into with the vendor pursuant to which the entire amount of the said deposit was forfeited. All obligations, covenants and undertakings contained in the relevant sale and purchase agreement were released and the vendor would have no claim against the Group in respect of the proposed acquisition.

10. INVESTMENT INCOME AND LOSS FROM FINANCIAL INSTRUMENTS, NET

	2009 HK$'000	2008 HK$'000
Interest income from:		
— investments held for trading	8,046	6,014
— available-for-sale investments	74	74
Dividend income from:		
— investments held for trading	915	320
— available-for-sale investments	1,655	1,158
Increase (decrease) in fair values of:		
— investments held for trading	(42,009)	(17,367)
— available-for-sale investments	169	155
— derivative financial instruments	4,049	(18,666)
	(27,101)	(28,312)

The following is the analysis of the investment income and (loss) gain from respective financial instruments:

	2009	2008
— investments held for trading	(33,048)	(11,033)
— available-for-sale investments	1,898	1,387
— derivative financial instruments	4,049	(18,666)
	(27,101)	28,312

11. TAXATION

	2009 HK$'000	2008 HK$'000
The charge comprises:		
Hong Kong Profits Tax		
— Current year	19,198	18,301
— Underprovision in prior years	782	220
	19,980	18,521
Deferred taxation (note 25)	(2,119)	8,795
	17,861	27,316
Release of deferred taxation upon disposal of subsidiaries (note 25)	—	(98,529)
	17,861	(71,213)

11. TAXATION (Continued)

On 26th June, 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. Therefore, Hong Kong Profits Tax is calculated at 16.5% (2008: 17.5%) of the estimated assessable profit for the year.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The tax charge (credit) for the year can be reconciled to the profit before taxation per the consolidated income statement as follows:

	2009 HK$'000	2008 HK$'000
Profit before taxation	80,894	242,573
Taxation at Hong Kong Profits Tax rate of 16.5% (2008: 17.5%)	13,362	42,450
Tax effect of expenses not deductible for tax purpose	9,460	8,938
Tax effect of income not taxable for tax purpose	(5,575)	(5,625)
Tax effect of share of results of jointly controlled entities	(22,512)	(26,534)
Tax effect of share of results of associates	7,786	(574)
Tax effect of tax losses not recognised	15,407	8,604
Effect of different tax rates of subsidiaries operating in other jurisdiction	(256)	(309)
Underprovision in prior years	782	220
Decrease in opening deferred tax liabilities resulting from decrease in applicable tax rate	(593)	—
Recognition of deferred tax liabilities previously not recognised	—	200
Release of deferred taxation upon disposal of subsidiaries	—	(98,529)
Others	—	(54)
Tax charge (credit) for the year	17,861	(71,213)

12. PROFIT FOR THE YEAR

	2009 HK$'000	2008 HK$'000
Profit for the year has been arrived at after charging:		
Directors' remuneration (note 13):		
Fees	**300**	300
Salaries and other benefits	**7,897**	5,493
Bonus	**1,329**	11,764
Contributions to retirement benefits schemes	**367**	363
Share-based payments	**1,086**	1,385
	10,979	19,305
Other staff costs:		
Salaries and other benefits	**11,608**	10,116
Bonus	**1,575**	1,461
Contributions to retirement benefits schemes	**801**	725
Share-based payments	**1,241**	1,582
Total staff costs	**26,204**	33,189
Auditor's remuneration	**800**	833
Depreciation of property, plant and equipment	**4,544**	4,178
Release of prepaid lease payments	**2,767**	2,767
Cost of properties held for sale recognised as an expense	**382,772**	173,577
Loss on disposal of property, plant and equipment	**—**	597
Impairment loss on properties held for sale (included in cost of sales)	**48,503**	11,889
Foreign exchange losses	**468**	—
and after crediting:		
Foreign exchange gain	**—**	1,983
Net rental income from investment properties after outgoings of HK$13,000 (2008: HK$2,376,000)	**535**	12,089

13. DIRECTORS' REMUNERATION

The emoluments paid or payable to each of seven (2008: eight) directors were as follows:

For the year ended 31st March, 2009

	Mr. Chung Cho Yee, Mico HK$'000	Mr. Hubert Chak HK$'000	Mr. Kan Sze Man HK$'000	Mr. Chow Hou Man HK$'000	Dr. Lam Lee G. HK$'000	Dato' Wong Sin Just HK$'000	Mr. Cheng Yuk Wo HK$'000	Total HK$'000
Directors								
Fee	—	—	—	—	100	100	100	300
Salaries and other benefits	1,900	3,033	1,950	1,014	—	—	—	7,897
Bonus	—	500	500	329	—	—	—	1,329
Contributions to retirement benefits schemes	—	177	123	67	—	—	—	367
Share-based payment	—	1,086	—	—	—	—	—	1,086
	1,900	4,796	2,573	1,410	100	100	100	10,979

For the year ended 31st March, 2008

	Mr. Chung Cho Yee, Mico HK$'000	Mr. Hubert Chak HK$'000	Mr. Kan Sze Man HK$'000	Mr. Chow Hou Man HK$'000	Ms. Ma Wai Man, Catherine HK$'000 (Note)	Dr. Lam Lee G. HK$'000	Dato' Wong Sin Just HK$'000	Mr. Cheng Yuk Wo HK$'000	Total HK$'000
Directors									
Fee	—	—	—	—	—	100	100	100	300
Salaries and other benefits	—	2,333	1,420	876	864	—	—	—	5,493
Bonus	10,000	564	600	400	200	—	—	—	11,764
Contributions to retirement benefits schemes	—	145	101	64	53	—	—	—	363
Share-based payment	—	1,385	—	—	—	—	—	—	1,385
	10,000	4,427	2,121	1,340	1,117	100	100	100	19,305

Note: Ms. Ma Wai Man, Catherine resigned as an executive director on 30th September, 2007.

13. DIRECTORS' REMUNERATION (Continued)

No directors waived any emoluments during both years.

During both years, no emoluments were paid by the Group to any director as an inducement to join or upon joining the Group or as compensation for loss of office.

14. EMPLOYEES' REMUNERATION

The five individuals with the highest emoluments in the Group included three (2008: three) directors of the Company whose emoluments are set out in note 13. The emoluments of the remaining two (2008: two) individuals were as follows:

	2009 HK$'000	2008 HK$'000
Salaries and other benefits	2,188	1,622
Contribution to retirement benefits schemes	144	81
Bonus	680	—
Share-based payments	620	1,582
	3,632	3,285

Their emoluments were within the following bands:

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

15. DIVIDENDS

	2009 HK$'000	2008 HK$'000
Dividend recognised as distribution during the year — Final dividend of HK0.8 cent per share for 2008 (2008: Final dividend of HK0.8 cent per share for 2007)	39,525	39,734

A final dividend for the year 2008 of HK0.8 cent per share amounting to HK$39,525,000 was paid to shareholders during the year.

A final dividend for the year 2007 of HK0.8 cent per share amounting to HK$39,734,000 was paid to shareholders during the year ended 31st March, 2008.

A final dividend of HK0.22 cent per share amounting to HK$15,760,000 has been proposed by the directors and is subject to approval by the shareholders at the forthcoming annual general meeting.

16. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	2009 HK$'000	2008 HK$'000
Earnings		
Earnings for the purpose of basic earnings per share: (profit for the year attributable to equity holders of the Company)	62,373	325,369
Effect of dilutive potential ordinary shares:		
Interest on convertible notes	—	28,839
Earnings for the purpose of diluted earnings per share	62,373	354,208
Number of shares		
		(restated)
Weighted average number of ordinary shares for the purpose of basic earnings per share (in thousands)	6,256,460	6,270,092
Effect of dilutive potential ordinary shares (in thousands):		
Share options	83,787	188,797
Convertible notes	—	1,080,658
Weighted average number of ordinary shares for the purpose of diluted earnings per share (in thousands)	6,340,247	7,539,547

For the year ended 31st March, 2009, the computation of diluted earnings per share does not assume the conversion of the Company's outstanding convertible notes since their exercise would result in increase in earnings per share for the year.

The weighted average number of ordinary shares for both years for the purpose of basic and diluted earnings per share has been adjusted to reflect the effect of share subdivision during the year ended 31st March, 2008 and rights issue subsequent to 31st March, 2009 as set out in note 34.

17. INVESTMENT PROPERTIES

	HK$'000
FAIR VALUE	
At 1st April, 2007	736,000
Additions	26,863
Eliminated on disposal of a subsidiary (note 38)	(790,000)
Increase in fair value recognised in the consolidated income statement	63,637
At 31st March, 2008	36,500
Disposal	(36,500)
At 31st March, 2009	—

On 5th September, 2007, the Group disposed of a subsidiary which had an investment property. The fair value of the Group's investment property at the date of disposal was arrived by the directors of the Company with reference to the valuation carried out on 15th July, 2007 by Knight Frank Petty Limited, independent qualified professional valuers not connected with the Group. Knight Frank Petty Limited is a member of the Hong Kong Institute of Surveyors, and have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation was arrived by reference at using the direct comparison method, based on market evidence of transaction prices for similar properties. In the opinion of directors of the Company, there was no material difference on the fair value of the investment property between 15th July, 2007 and 5th September, 2007.

The fair value of the Group's investment properties at 31st March, 2008 has been arrived at on the basis of a valuation carried out on that date by RHL Appraisal Limited, independent qualified professional valuers not connected with the Group. RHL Appraisal Limited is a member of the Hong Kong Institute of Surveyors, and have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation was arrived at using the direct comparison method, based on price information of comparable properties of similar size, character and location.

All of the Group's property interests were held under long-term operating leases in Hong Kong to earn rentals and were measured using the fair value model and classified and accounted for as investment properties. As at 31st March, 2008, the carrying amount of such property interests amounted to HK$36,500,000.

All of the Group's investment properties have been disposed of during the year. As at 31st March, 2009, the Group had no property interests accounted for as investment properties.

18. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Buildings	Furniture, fixtures and office equipment	Motor vehicles	Vessel	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
COST						
At 1st April, 2007	—	—	1,935	2,396	13,997	18,328
Additions	3,232	2,217	146	—	—	5,595
Disposals	—	—	(1,217)	—	—	(1,217)
At 31st March, 2008	3,232	2,217	864	2,396	13,997	22,706
Additions	227	2,645	149	1,611	—	4,632
At 31st March, 2009	3,459	4,862	1,013	4,007	13,997	27,338
DEPRECIATION						
At 1st April, 2007	—	—	1,022	1,033	6,142	8,197
Provided for the year	646	89	74	573	2,796	4,178
Eliminated on disposals	—	—	(620)	—	—	(620)
At 31st March, 2008	646	89	476	1,606	8,938	11,755
Provided for the year	683	194	13	894	2,760	4,544
At 31st March, 2009	1,329	283	489	2,500	11,698	16,299
CARRYING VALUES						
At 31st March, 2009	2,130	4,579	524	1,507	2,299	11,039
At 31st March, 2008	2,586	2,128	388	790	5,059	10,951

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

Leasehold improvements	20%
Buildings	Over the shorter of the terms of the relevant lease or 2.5%
Furniture, fixtures and office equipment	20%
Motor vehicles	20%
Vessel	20%

The Group's buildings comprise properties erected on land held under medium-term leases in Hong Kong.

19. PREPAID LEASE PAYMENTS

All of the Group's prepaid lease payments comprise leasehold land held under medium-term leases in Hong Kong and analysed for reporting purposes as:

	2009 HK$'000	2008 HK$'000
Non-current asset	**102,370**	105,137
Current asset	**2,767**	2,767
	105,137	107,904

Certain of the above prepaid lease payments is pledged to secure the general banking facilities granted to the Group. Details are set out in note 42.

20. AVAILABLE-FOR-SALE INVESTMENTS/CONVERSION OPTIONS EMBEDDED IN CONVERTIBLE NOTES

Available-for-sale investments analysed for reporting purposes as non-current assets comprises:

	2009 HK$'000	2008 HK$'000
Unlisted equity securities, at cost	**5,005**	5,005
Unlisted debt securities, at fair value	**19,664**	2,936
	24,669	7,941

The carrying value of unlisted equity securities represents a 8.27% (2008: 8.27%) interest in MC Founder Limited ("MC Founder"). MC Founder is incorporated in Hong Kong and engaged in the trading of mobile phones. The Group's interest in MC Founder is measured at cost less impairment at each balance sheet date because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

20. AVAILABLE-FOR-SALE INVESTMENTS/CONVERSION OPTIONS EMBEDDED IN CONVERTIBLE NOTES (Continued)

The unlisted debt securities represents the fair value of debt elements of and the conversion options embedded in the convertible notes issued by three companies whose shares are listed on the Stock Exchange.

During the year ended 31st March, 2009, the Group purchased two convertible notes with principal amounts of HK$24,000,000 issued by ITC Properties Group Limited ("ITC Properties 2011") and HK$10,000,000 issued by Golden Resources Development International Limited ("Golden Resources 2014"). Both companies are public limited liability companies with their shares listed on the Stock Exchange. ITC Properties 2011 carries interest at 1% per annum with maturity on 15th June, 2011 at redemption amount of 110% of the principal amount. Golden Resources 2014 carries interest at 2% per annum with maturity on 4th March, 2014 at redemption amount of 100% of the principal amount.

Included in the balance as at 31st March, 2008 and 2009 is also the convertible notes issued by Hanny Holdings Limited ("Hanny 2011"), a public limited liability company with its shares listed on the Stock Exchange. Hanny 2011 carries interest at 2% per annum with maturity on 15th June, 2011 at redemption amount of 100% of the principal amount.

The Group has classified the debt element of the convertible notes as available-for-sale investments and the embedded derivative component as conversion option embedded in convertible notes on initial recognition.

The fair value of debt element was calculated based on the present value of contractually determined stream of future cash flows discounted at the required yield, which was determined with reference to the credit rating of the convertible notes issuer and remaining time to maturity.

Conversion options embedded in convertible notes represent the conversion option element of the convertible notes purchased by the Group and are measured at fair value using the binomial option pricing model at each balance sheet date.

The fair value of each component of the convertible notes on initial recognition and at the balance sheet date are determined by the directors of the Company with reference to the valuation performed by Greater China Appraisal Limited, a firm of independent valuers not connected with the Group.

21. CLUB MEMBERSHIPS

	2009 HK$'000	2008 HK$'000
Club memberships, at cost	**6,860**	6,860

The directors are of the opinion that there were no impairment on the club memberships since the market prices less cost to sell are higher than its carrying value.

22. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	2009 HK$'000	2008 HK$'000
Cost of unlisted investments in jointly controlled entities	**11,226**	11,226
Share of post-acquisition profits, net of dividend received	**19,886**	59,328
Share of translation reserve of a jointly controlled entity	**—**	35,750
Capital contribution - Financial guarantee contracts	**92**	92
	31,204	106,396

As at 31st March, 2008 and 2009, the Group had interests in the following jointly controlled entities:

Name of entity	Form of business structure	Place/ Country of incorporation	Principal place of operation	Class of share held	Proportion of nominal value of issued capital held by the Group Directly	Indirectly	Principal activities
Favor Win Limited	Incorporated	British Virgin Islands	Hong Kong	Ordinary	—	50%	Investment holding
Singon Holdings Limited ("Singon")	Incorporated	Hong Kong	Macau	Ordinary	—	50%	Property investment
Vast Faith Limited ("Vast Faith")	Incorporated	British Virgin Islands	PRC	Ordinary	50%	—	Property investment
Winner Ever Limited ("Winner Ever")	Incorporated	British Virgin Islands	Hong Kong	Ordinary	—	50%	Property investment

22. INTERESTS IN JOINTLY CONTROLLED ENTITIES (Continued)

The summarised financial information, extracted from relevant management accounts of jointly controlled entities for the year ended 31st March, 2009, in respect of the Group's interests in the jointly controlled entities which have been prepared following the available audited financial statements for the year ended 31st December, 2008, is set out below:

	2009 HK$'000	2008 HK$'000
Non-current assets	116,839	719,705
Current assets	54,866	73,591
Total assets	171,705	793,296
Non-current liabilities	128,332	373,912
Current liabilities	12,261	313,080
Total liabilities	140,593	686,992
Net assets	31,112	106,304
Revenue	—	180,317
Other income	148,534	88,866
Expenses	12,098	117,559
Profit for the year	136,436	151,624

The Group has discontinued recognition of its share of losses of certain jointly controlled entities. The amounts of unrecognised share of those jointly controlled entities, both for the year and cumulatively, are as follows:

	2009 HK$'000	2008 HK$'000
Unrecognised share of losses (profit) of jointly controlled entities for the year	84	(470)
Accumulated unrecognised share of losses of jointly controlled entities	578	494

23. INTERESTS IN ASSOCIATES

	2009 HK$'000	2008 HK$'000
Costs of unlisted investment in associates	33,552	33,552
Share of post-acquisition results, net of dividend received	(30,999)	633
Share of capital reserve of an associate	1,367	1,698
Capital contribution — Financial guarantee contracts	4,017	3,495
	7,937	39,378

At 31st March, 2008 and 2009, the Group had interests in the following associates:

Name of entity	Place of incorporation	Place of operation	Proportion of nominal value of issued share capital held indirectly by the Company 2009	2008	Principal activities
Clemenceau Mauritius Holdings	Mauritius	Singapore	25%	25%	Property investment
Expert Vision Limited	British Virgin Islands	Hong Kong	25%	25%	Property investment
Femville Pte. Ltd.	Singapore	Singapore	20%	20%	Property trading, estate agency and related investments
Orient Centre Limited	Hong Kong	Hong Kong	—	25%	Investment holding
Trend Rainbow Limited	Hong Kong	Hong Kong	40%	40%	Property investment

23. INTERESTS IN ASSOCIATES (Continued)

The summarised combined financial information, extracted from relevant management accounts of associates for the year ended 31st March, 2009, in respect of the Group's associates which have been prepared following the available audited financial statements for the year ended 31st December, 2008, is set out below:

	2009 HK$'000	2008 HK$'000
Total assets	**827,834**	879,620
Total liabilities	**(808,757)**	(751,988)
Net assets	**19,077**	127,632
Group's share of net assets of associates	**3,920**	35,883
Revenue	**38,730**	225,960
Expenses	**197,807**	197,507
(Loss) profit for the year	**(159,076)**	28,453
Group's share of (loss) profit of associates for the year	**(47,186)**	3,280

24. AMOUNT(S) DUE FROM (TO) JOINTLY CONTROLLED ENTITIES/ ASSOCIATES/MINORITY SHAREHOLDERS OF SUBSIDIARIES

	2009 HK$'000	2008 HK$'000
Amounts due from jointly controlled entities included in		
— non-current assets (Note i)	12,222	—
— current assets (Note ii)	14,489	274,646
	26,711	274,646
Amounts due from associates included in:		
— non-current assets (Note iii)	63,738	33,586
— current assets (Note iv)	—	8,254
	63,738	41,840
Amount due from a minority shareholder of a subsidiary included in current asset (Note iv)	3,440	—
Amounts due to minority shareholders of subsidiaries included in current liabilities (Note v)	9,641	10,376
Amount due to a jointly controlled entity included in current liabilities (Note v)	4,759	—
Amount due to an associate included in current liabilities (Notes v and vi)	2,000	4,000

The above balances due from the various parties were neither past due nor impaired and had no default record based on historical information.

24. AMOUNT(S) DUE FROM (TO) JOINTLY CONTROLLED ENTITIES/ ASSOCIATES/MINORITY SHAREHOLDERS OF SUBSIDIARIES (Continued)

Notes:

(i) The amount is unsecured, non-interest bearing and repayable on demand. In the opinion of the directors, settlement is neither planned nor likely to occur in the foreseeable future. The directors considered that the amount forms part of the net investment in the jointly controlled entity. Included in the amounts is a share of loss of a jointly controlled entity of HK$12,000,000 (2008: nil) recognised in excess of the cost of investment.

(ii) The amounts are unsecured, non-interest bearing and expected to be recovered within one year.

Included in the balance at 31st March, 2008 was an advance of HK$237,024,000 made by the Group to a jointly controlled entity to enable it to acquire Bracewood Developments Limited ("Bracewood"), which indirectly holds the Novel Plaza located at No. 128 Nanjing West Road, Shanghai, the PRC. During the year, the amount was fully repaid with sales proceed from the disposal of Bracewood by the jointly controlled entity.

(iii) The amounts are unsecured, non-interest bearing and repayable on demand. In the opinion of the directors, settlement is neither planned nor likely to occur in the foreseeable future. Accordingly, the amounts were classified as non-current. The directors considered that the amounts form part of the net investments in the relevant associates. Included in the amounts is a share of losses of associates of HK$20,480,000 (2008: HK$4,901,000) recognised in excess of respective cost of investments.

(iv) The amounts are unsecured, non-interest bearing and are expected to be recovered within one year.

(v) The amount is unsecured, non-interest bearing and repayable on demand.

(vi) The entire amount is denominated in Singapore Dollars ("SGD"), which is different from the functional currency of the relevant group entity.

25. DEFERRED TAXATION

The following are the major deferred tax liabilities (assets) recognised and movements thereon during the current and prior year:

	Revaluation of investment properties HK$'000	Accelerated tax depreciation HK$'000	Convertible notes HK$'000	Tax losses HK$'000	Total HK$'000
At 1st April, 2007	85,928	5,227	—	(2,876)	88,279
Charge to equity for the year	—	—	11,839	—	11,839
Charge (credit) to consolidated income statement for the year	11,187	4,105	(5,170)	(1,327)	8,795
Release of deferred tax upon disposal of subsidiaries	(97,028)	(1,501)	—	—	(98,529)
At 31st March, 2008	87	7,831	6,669	(4,203)	10,384
Effect of change in tax rate	(5)	(447)	(381)	240	(593)
Charge (credit) to consolidated income statement for the year	(82)	4,128	(4,953)	(619)	(1,526)
At 31st March, 2009	—	11,512	1,335	(4,582)	8,265

25. DEFERRED TAXATION (Continued)

As at 31st March, 2009, the Group had unused tax losses of approximately HK$181,881,000 (2008: HK$84,752,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK$27,770,000 (2008: HK$24,017,000) of these unused tax losses. No deferred tax asset has been recognised in respect of the remaining unused tax losses of HK$154,111,000 (2008: HK$60,735,000) due to unpredictability of future profits streams. Such tax losses can be carried forward indefinitely.

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

	2009 **HK$'000**	2008 HK$'000
Deferred tax assets	**2,698**	2,675
Deferred tax liabilities	**(10,963)**	(13,059)
	(8,265)	(10,384)

26. TRADE AND OTHER RECEIVABLES

The Group allows its trade customers with a credit period normally ranging from 30 days to 90 days. The aged analysis of the trade receivables at the balance sheet dates are as follows:

	2009 **HK$'000**	2008 HK$'000
Trade receivables:		
0 - 30 days	**1,270**	1,483
31 - 90 days	**209**	—
	1,479	1,483
Other receivables	**4,569**	1,969
Prepayments and deposits	**7,919**	5,168
	13,967	8,620

Before accepting new customers, the Group will assess and understand the potential customer's credit quality and defines its credit limit. Credit limits attributed to each customer are reviewed regularly.

The counterparty of the entire trade receivable balance was neither past due nor impaired and had no default record based on historical information.

27. INVESTMENTS HELD FOR TRADING

Investments held for trading comprise:

	2009 HK$'000	2008 HK$'000
Listed equity securities	11,183	34,590
Unlisted equity securities (Note i)	11,794	—
	22,977	34,590
Listed debt securities (Note ii)	189,464	2,405
Unlisted debt securities (Note iii)	—	49,247
	189,464	51,652
	212,441	86,242
Total and reported as:		
Listed		
Hong Kong	61,505	34,590
Elsewhere	139,142	2,405
Unlisted	11,794	49,247
	212,441	86,242

Notes:

(i) Unlisted equity securities represent units in investment funds managed by financial institutions. The underlying assets of the funds comprise unlisted bonds issued by government, central banks, banks and corporate entities in Asia. The Group had the right to ask the funds to redeem such investment units at the redemption price provided by the investment fund managers. The fair value of the investment fund was based on valuation provided by investment fund managers with reference to the value of the underlying assets of the funds. An increase in fair value change on unlisted equity securities of HK$94,000 (2008: nil) was recognised in the consolidated income statement for the year ended 31st March, 2009.

(ii) The carrying value of listed debt securities at 31st March, 2009 represent non-interest bearing bonds and bonds with fixed interest of 0.25% to 9.38% (2008: 5.45%) per annum. The maturity date of the listed debt securities ranging from 31st July, 2009 to 26th March, 2014 (2008: 24th November, 2010). Their fair values are determined based on quoted market bid prices and ask prices available from the market.

The majority of the debt securities portfolios are of good credit quality with good credit rating assigned by international credit agencies. Good credit quality is typically demonstrated by strong capacities to meet commitments, with negligible or low risks of default and/or low levels of expected loss. The Group's portfolio of these debt securities is diversified along geographic and industry sectors.

(iii) The carrying value of unlisted debt securities at 31st March, 2008 represented fixed interest rate institutional bonds carrying interest ranging from 8.5% to 9% per annum. The maturity date of the unlisted debt bonds ranging from 12th October, 2009 to 22nd September, 2013. The quoted prices of the unlisted debt securities are readily and regularly available from brokers, banks and other financial institutions, in an over the counter market. The entire amount of the unlisted debt securities were disposed of during the year.

27. INVESTMENTS HELD FOR TRADING (Continued)

The amount of Group's investments held for trading denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2009 HK$'000	2008 HK$'000
United States Dollars ("USD")	**73,650**	49,143
Renminbi ("RMB")	**5,171**	—
SGD	**8,235**	—
	87,056	49,143

28. PROPERTIES HELD FOR SALE

The Group's carrying amounts of properties held for sale comprise:

	2009 HK$'000	2008 HK$'000
Properties held for sale in Hong Kong under:		
Long term lease	**710,294**	595,570
Medium term lease	**2,466,254**	1,900,010
Short term lease	**374,494**	158,935
	3,551,042	2,654,515
Properties held for sale outside Hong Kong under medium term lease	**778,790**	536,153
	4,329,832	3,190,668
Analysed as:		
At cost	**3,377,832**	2,554,668
At net realisable value	**952,000**	636,000
	4,329,832	3,190,668

In the opinion of the directors, the properties held for sale are expected to be realised in normal business cycle of two to three years.

Certain of the above properties held for sale is pledged to secure the general facilities granted to the Group. Details are set out in note 42.

29. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

Pledged bank deposits represent deposits pledged to banks to secure bank overdrafts, short term bank borrowings and undrawn facilities granted to the Group and are therefore classified as current assets.

The pledged bank deposits carry variable interest rate at ranged from 0.02% to 3.70% per annum (2008: 0.36% to 5.62% per annum). The pledged bank deposits will be released upon the settlement of the relevant bank borrowings.

Bank balances and cash comprises bank balances and cash and short-term bank deposits with an original maturity of three months or less. The bank balances carry variable interest rates ranging from 0.01% to 4.11% (2008: 0.01% to 5.48%) per annum.

The amounts of Group's pledged bank deposits denominated in a currency other than the functional currencies of the relevant group entities are set out below:

	2009 HK$'000	2008 HK$'000
USD	—	97,684

The amounts of Group's bank balances and cash denominated in currencies other than functional currencies of the relevant group entities are set out below:

	2009 HK$'000	2008 HK$'000
USD	357,755	289,111
British Pounds ("GBP")	22,452	—
	380,207	289,111

30. OTHER PAYABLES AND ACCRUALS

The following is the breakdown of other payables at the balance sheet date:

	2009 HK$'000	2008 HK$'000
Accruals	87,180	65,210
Receipt in advance	1,832	31,547
Other payables	33,444	22,903
	122,456	119,660

31. DERIVATIVE FINANCIAL INSTRUMENTS

	Liabilities	
	2009 **HK$'000**	2008 HK$'000
Interest rate collar contract (Note i)	**6,657**	—
Equity accumulators contracts (Note ii)	**—**	18,666
	6,657	18,666

Notes:

(i) Major terms of the interest rate collar as at 31st March, 2009 are as follows:

Notional amount	Contract period	Cap rate	Floor rate
HK$400,000,000	From 30th June, 2009 to 31st May, 2013	4.5% per annum	2% per annum

During the contract period, the interest rate collar is settled quarterly on a net basis based on a notional amount of HK$400,000,000.

The Group receives from the counterparty the difference between the cap rate and the Hong Kong dollars HIBOR if the Hong Kong dollars HIBOR on the payment date during the contract period is higher than the cap rate.

The Group pays the counterparty the difference between the Hong Kong dollars HIBOR and the floor rate if Hong Kong dollars HIBOR on the payment date during the contract period is lower than the floor rate.

If the applicable transaction rate on a payment date lies between the floor rate and the cap rate, no exchange of cash flows between the counterparty and the Group is resulted.

The fair value was arrived at on the basis of using valuations provided by the counterparty financial institution as at balance sheet date with reference to market data such as volatility of the derivatives, settlement date, settlement price and interest rates.

(ii) At 31st March, 2008, the Group had outstanding equity accumulators contracts with maturity dates ranging from 13th October, 2008 to 29th October, 2008.

The equity accumulator contracts contain terms such as the strike price of the underlying equity securities, settlement dates, lot of shares traded on each settlement date, and the knock-out price.

At each settlement date until the maturity of the equity accumulators contracts, unless the contracts had been terminated (as described below), the Group holds an obligation to buy the shares of the underlying equity securities at the strike price of the contracts. Likewise, the counterparty financial institution holds an obligation to sell shares at the strike price.

The equity accumulator contracts are terminated prior to the maturity if the market price on a particular settlement date is higher than the predetermined knock-out price.

The equity accumulator contracts are derivative financial instruments and are measured at fair value at balance sheet date. The fair value are determined based on valuation provided by the counterparty financial institution, which is determined based on inputs such as share price of the underlying equity securities, the knock-out price of the contractors and volatility of the underlying equity securities. All equity accumulator contracts matured during the year.

32. CONVERTIBLE NOTES

1.5% convertible notes due 2011 (2011 Convertible Notes)

On 17th May, 2007, the Company entered into nine subscription agreements with eight independent third parties and Earnest Equity Limited ("Earnest Equity"), a private limited company wholly-owned by a director of the Company, whereby each of which agreed to subscribe for an aggregate principle amount of HK$133,000,000 unsecured 1.5% convertible notes due 2011 ("2011 Convertible Notes") issued by the Company. The principal amounts subscribed by the independent third parties and Earnest Equity were HK$118,000,000 and HK$15,000,000, respectively.

The 2011 Convertible Notes bear interest at 1.5% per annum and will mature on 13th June, 2011. The holders of the 2011 Convertible Notes have the right to convert their 2011 Convertible Notes into ordinary shares of HK0.8 cent each of the Company at any time during the period from the 7th day after the date of the issue of 2011 Convertible Notes up to and including the date which is 7 days prior to 13th June, 2011.

Unless previously converted, the Company will redeem the 2011 Convertible Notes on the maturity date at 110% of the principal amount of the 2011 Convertible Notes then outstanding.

The 2011 Convertible Notes contain two components, namely the liability and equity elements. The effective interest rate of the liability element of 2011 Convertible Notes is 6.59% per annum. The equity elements is presented in equity under the heading of "convertible notes equity reserve".

Upon full conversion of the 2011 Convertible Notes at the conversion price of HK$0.313 per ordinary share of HK0.8 cent each in the share capital of the Company as adjusted to reflect the effect of share subdivision and rights issue as define and set out in note 34 (subject to anti-dilutive adjustments), a total of 424,920,128 new ordinary shares would be issued by the Company upon the exercise of the conversion rights attached to the 2011 Convertible Notes.

During each of the two years ended 31st March, 2009 and 2008, none of the 2011 Convertible Notes were converted.

Subsequent to the balance sheet date, the Company has entered into agreements with certain independent third parties and completed the redemption of 2011 Convertible Notes with an aggregate principal amount of HK$62,500,000 of the 2011 Convertible Notes at an aggregate consideration of HK$43,750,000, representing a 30% discount to the outstanding principal amount (inclusive of interest). The remaining outstanding aggregate principal amount under the 2011 Convertible Notes was HK$70,500,000, which is convertible into 225,239,616 new shares at the conversion price of HK$0.313 as adjusted to reflect the effect of share subdivision and rights issue as defined and set out in note 34 (subject to anti-dilutive adjustments).

32. CONVERTIBLE NOTES (Continued)

2% convertible notes due 2012 (2012 Convertible Notes)

On 7th June, 2007, the Company entered into seven subscription agreements of which five independent third parties, Lehman Brothers Commercial Corporation Asia Limited ("Lehman Brothers") and Centar Investments (Asia) Limited ("Centar Investments"), a fund managed by Stark Investments (Hong Kong) Limited ("Stark Investments"), agreed to subscribe for an aggregate principal amount of HK$390,000,000 unsecured 2% convertible notes due 2012 (the "2012 Convertible Notes") issued by the Company. The principal amounts subscribed by the independent third parties, Lehman Brothers and Centar Investments were HK$257,400,000, HK$78,000,000 and HK$54,600,000 respectively.

Lehman Brothers was a substantial shareholder of one of the Company's non-wholly owned subsidiaries. As at 7th June, 2007, Lehman Brothers and Stark Investments held 464,200,000 and 511,060,000 ordinary shares of HK0.8 cent each in the share capital of the Company, representing approximately 9.35% and 10.29% of the total issued share capital of the Company, respectively.

The 2012 Convertible Notes bear interest at 2% per annum and will mature on 12th July, 2012. The holders of the 2012 Convertible Notes have the right to convert their 2012 Convertible Notes into shares of HK0.8 cent each of the Company at any time during the period from the 7th day after the date of the issue of the 2012 Convertible Notes ("Issue Date") up to and including the date which is 7 days prior to 12th July, 2012.

At any time after 3 years from the Issue Date, the Company may redeem unexercised 2012 Convertible Notes at an amount equal to outstanding principal amount of the 2012 Convertible Notes plus a premium calculated to provide a yield of 5.5% per annum (inclusive of interest of 2% per annum) from the Issue Date to the date of redemption if the spot price was at least 140% of the conversion price of each convertible note for any 15 trading days out of the 20 consecutive trading days prior to the date of redemption notice.

Unless previously converted, purchased or redeemed, the Company will redeem the 2012 Convertible Notes on the maturity date at 119.38% of the principal amount of the 2012 Convertible Notes then outstanding.

The 2012 Convertible Notes contain two components, namely the liability and equity elements. The effective interest rate of the liability component of 2012 Convertible Notes is 9.15% per annum. The equity element is presented in equity under the heading of "convertible notes equity reserve".

Upon full conversion of the 2012 Convertible Notes at the conversion price of HK$0.429 per ordinary share of HK0.8 cent each in the share capital of the Company as adjusted to reflect the effect of share subdivision and rights issue as defined and set out in note 34 (subject to anti-dilutive adjustments), a total of 909,090,909 new ordinary shares would be issued by the Company upon the exercise of the conversion rights attached to the 2012 Convertible Notes.

During each of the two years ended 31st March, 2009, none of the 2012 Convertible Notes were converted.

32. CONVERTIBLE NOTES (Continued)

2% convertible notes due 2012 (2012 Convertible Notes) (Continued)

Subsequent to the balance sheet date, the Company has entered into agreements with certain independent third parties and pursuant to which the Company redeemed the 2012 Convertible Notes with an aggregate principal amount of HK$331,300,000 of the 2012 Convertible Notes at an aggregate consideration of HK$221,776,000, representing a 33% discount to the outstanding principal amount (inclusive of interest). The remaining outstanding aggregate principal amount under the 2012 Convertible Notes was HK$58,700,000, which is convertible into 136,829,836 new shares at the conversion price of HK$0.429 as adjusted to reflect the effect of shares subdivision and rights issue as defined and set out in note 34 (subject to anti-dilutive adjustments).

The movement of the liability component of the convertible notes for the year is set out below:

	2009 HK$'000	2008 HK$'000
Carrying amount at the beginning of the year	475,534	121,202
Issue of convertible notes	—	331,388
Interest charge	39,811	28,839
Interest paid	(9,794)	(5,895)
Carrying amount at the end of the year	505,551	475,534
Analysed for reporting purposes as:		
Current liability	3,293	3,310
Non-current liability	502,258	472,224
	505,551	475,534

33. BANK AND OTHER BORROWINGS

	2009 HK$'000	2008 HK$'000
Secured bank borrowings	**2,511,218**	1,968,698
Secured other borrowings	**352,877**	—
	2,864,095	1,968,698
Bank and other borrowings:		
Within one year	**890,973**	121,818
More than one year, but not exceeding two years	**143,678**	77,025
More than two years, but not exceeding three years	**158,099**	132,225
More than three years, but not exceeding four years	**204,849**	572,300
More than four years, but not exceeding five years	**261,688**	184,480
More than five years	**1,204,808**	880,850
	2,864,095	1,968,698
Less: Amount due within one year shown under current liabilities	**(890,973)**	(121,818)
	1,973,122	1,846,880

The secured bank and other borrowings were secured by certain of the Group's property, plant and equipment, prepaid lease payments, bank deposits and properties held for sale. The carrying amount of the assets pledged are disclosed in note 42.

The amounts of Group's bank and other borrowings denominated in a currency other than the functional currency of the relevant group entity are set out below:

	2009 HK$'000	2008 HK$'000
Hong Kong dollars	**120,000,000**	—

33. BANK AND OTHER BORROWINGS (Continued)

The bank borrowings carry variable interest rate. At 31st March, 2009, the effective interest rates ranged from 0.7% to 6.1% (2008: 1.6% to 6.3%) per annum, which are also equal to contracted interest rates for bank borrowings. Interest is repriced every six months.

The other borrowings carry floating rate interest at HIBOR plus 6.5% per annum. The range of effective interest rates on the Group's other borrowings is 7.4% to 10.9% per annum.

The other borrowings with principal amount of HK$352,877,000 was advanced from Lehman Brothers which is in liquidation as at 31st March, 2009. The loan is repayable in April 2010. Pursuant to a loan purchase agreement dated 22th May, 2009 and a resolution passed at a special general meeting on 2nd July, 2009, the Company had bought back the loan with accrued interest from Lehman Brothers at an aggregate consideration of HK$236,500,000. Details are set out in note 48.

Included in the balance of bank and other borrowings classified as current is an amount of HK$181,378,000 granted by a bank to a non-wholly owned subsidiary of the Company. As stipulated in the relevant banking facilities letter, due to the minor change in the respective shareholdings in a subsidiary prior to obtaining the pre-approval by the bank, the said loan is classified as current. Subsequent to 31st March, 2009, the bank has issued a waiver letter and approved such change in shareholdings.

34. SHARE CAPITAL

	Notes	**Number of shares**	**Amount**
			HK$'000
Authorised:			
Ordinary shares of HK4 cents each			
at 1st April, 2007		4,500,000,000	180,000
Share subdivision	(i)	18,000,000,000	—
Ordinary shares of HK0.8 cent each			
at 31st March, 2008 and 31st March, 2009		22,500,000,000	180,000
Issued and fully paid:			
Ordinary shares of HK4 cents each			
at 1st April, 2007		985,338,700	39,413
Exercise of share options	(ii)	8,000,000	320
Share subdivision	(i)	3,973,354,800	—
Share repurchased and cancelled	(iii)	(22,330,000)	(178)
Ordinary shares of HK0.8 cent each			
at 31st March, 2008		4,944,363,500	39,555
Share repurchased and cancelled	(iii)	(3,800,000)	(30)
Ordinary shares of HK0.8 cent each			
at 31st March, 2009		4,940,563,500	39,525

34. SHARE CAPITAL (Continued)

Notes:

(i) Pursuant to an announcement of the Company dated 20th April, 2007 and an ordinary resolution passed on 22nd May, 2007, a share subdivision was approved with effect from 23rd May, 2007 in which each of the then existing issued and unissued shares of HK4 cents each in the share capital of the Company would be subdivided into five shares of HK0.8 cent each.

As at 23rd May, 2007 and immediately prior to the share subdivision, the authorised share capital of the Company was HK$180,000,000 divided into 4,500,000,000 shares, of which 993,338,700 shares were issued and fully paid. On this basis, immediately after the share subdivision, the authorised share capital of the Company comprised 4,966,693,500 issued shares and 17,533,306,500 unissued shares of par value HK0.8 cent each.

(ii) During the year ended 31st March, 2008, 8,000,000 shares of HK4 cents each of the Company were issued upon the exercise of 8,000,000 share options at an exercise price of HK$0.672 per share. The shares issued rank pari passu with the then existing shares in all respects.

(iii) During the current and prior year, the Company repurchased its own shares through the Stock Exchange as follows:

For the year ended 31st March, 2009

Month of repurchase	No. of ordinary shares HK0.8 cent each	Price per share Highest	Price per share Lowest	Aggregate consideration paid
		HK$	HK$	HK$'000
April 2008	3,800,000	0.27	0.27	1,026

For the year ended 31st March, 2008

Month of repurchase	No. of ordinary shares HK0.8 cent each	Price per share Highest	Price per share Lowest	Aggregate consideration paid
		HK$	HK$	HK$'000
September 2007	17,680,000	0.395	0.365	6,761
January 2008	4,650,000	0.390	0.390	1,814
	22,330,000			8,575

The above shares were cancelled upon repurchase.

None of the Company's subsidiaries purchased, sold or redeem any of the Company's listed securities during the year.

(iv) In July 2009, the Company has issued and allotted 2,223,253,574 ordinary shares of HK0.8 cent each to the then existing qualifying shareholders on the basis of 9 rights shares for every 20 shares held (the "Rights Issue") at a subscription price of HK$0.078 per rights share. The net proceeds of approximately HK$170.9 million will be used by the Company mainly for the repayment of debt and/or as general working capital of the Company. The new shares issued rank pari passu in all respects with the existing shares. Details of the Rights Issue are set out in a prospectus of the Company dated 18th June, 2009.

35. SHARE OPTION SCHEMES

2001 Scheme

On 13th June, 2001, the Company adopted a share option scheme (the "2001 Scheme"), for the primary purpose of providing incentives to directors and eligible employees. The 2001 Scheme will expire on 12th June, 2011. Under the 2001 Scheme, the board of directors of the Company may grant options to eligible employees, including executive directors of the Company and its subsidiaries, to subscribe for shares in the Company.

The total number of shares in respect of which options may be granted under the 2001 Scheme is not permitted to exceed the higher of 10% of the shares of the Company in issue at any point in time excluding any shares issued pursuant to the 2001 Scheme or such other limit as may be permitted under the Listing Rules. The number of shares in respect and which options may be granted to any individual is not permitted to exceed the higher of 25% of the number of shares issued and issuable under the 2001 Scheme and any other limit as may be permitted under the Listing Rules.

Options granted must be taken up within 60 days of the date of grant, upon payment of HK$1 per grant. Options may be exercised at any time from the date of grant to the 10th anniversary of the date of grant. In each grant of options, the board of directors may at their discretion determine the specific exercise period. The exercise price is determined by the directors of the Company, and will not be less than the higher of the 80% of average closing price of the Company's shares for the five business days immediately preceding the date of grant, and the nominal value of the Company's shares.

The 2001 Scheme was terminated on 26th August, 2002.

2002 Scheme

On 26th August, 2002, the Company adopted a new share option scheme (the "2002 Scheme"), for the primary purpose of providing incentives to directors and eligible employees. The 2002 Scheme will expire on 25th August, 2012. Under the 2002 Scheme, the board of directors of the Company may grant options to eligible employees, including executive directors of the Company and its subsidiaries, to subscribe for shares in the Company.

The total number of shares which may be issued upon exercise of all options to be granted under the 2002 Scheme (excluding those options that have already been granted by the Company prior to date of approval of the 2002 Scheme) must not in aggregate exceed 10% of the shares in issue at the adoption date unless the Company obtains a fresh approval from its shareholders.

Options granted must be taken up within 60 days of the date of grant, upon payment of HK$1 per grant. Subject to the limits discussed below, options may be exercised at any time from the date of grant to the 25th August, 2012. In each grant of options, the board of directors may at their discretion determine the specific exercise period. The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price, (ii) the average price of the Company's shares for the five business days immediately preceding the date of grant, and (iii) the nominal value of the Company's shares.

35. SHARE OPTION SCHEMES (Continued)

2002 Scheme (Continued)

There is limits on the number of share options under the 2002 Scheme that may be exercised by each grantee during each period of 12 months commencing from date of grant (until five years after the date of grant), namely, the aggregate of (a) 20% of the total number of such share options granted and (b) any unused limits accumulated during previous period(s), subject to the written consent of the executive chairman of the Company to the exercise of share options exceeding such limit.

At 31st March, 2008 and 2009, the number of shares in respect of which options had been granted and remained outstanding under the 2001 Scheme and the 2002 Scheme were 69,290,352 and 295,997,626, representing 1.1% and 4.7% of the issued share capital of the Company at that date respectively.

The following tables disclose movements in the Company's share option during the two years ended 31st March, 2009 whereas the exercise price and number of options have been adjusted to reflect the effect of share subdivision and right issue as define and set out in note 34:

	Option scheme type	Date of grant	Exercise price HK$	Exercisable period	Number of options outstanding at 1.4.2007	Granted during the year	Exercised during the year	Lapsed during the year	Number of options outstanding at 31.3.2008 and 31.3.2009
Directors									
Kan Sze Man	2001	30.8.2001	0.1061	30.8.2001 – 12.6.2011	24,534,562	–	–	–	24,534,562
	2002	23.9.2002	0.0884	23.9.2002 – 25.8.2012	19,785,938	–	–	–	19,785,938
Chow Hou Man	2001	30.8.2001	0.1061	30.8.2001 – 12.6.2011	5,302,631	–	–	–	5,302,631
	2002	23.9.2002	0.0884	23.9.2002 – 25.8.2012	19,785,938	–	–	–	19,785,938
Hubert Chak	2002	3.10.2007	0.3198	3.10.2007 – 25.8.2012	–	44,320,500	–	–	44,320,500
Total for directors					69,409,069	44,320,500	–	–	113,729,569

35. SHARE OPTION SCHEMES (Continued)

2002 Scheme (Continued)

	Option scheme type	Date of grant	Exercise price HK$	Exercisable period	Number of options outstanding at 1.4.2007	Granted during the year	Exercised during the year	Lapsed during the year	Number of options outstanding at 31.3.2008 and 31.3.2009
Employees and consultants									
	2001	30.8.2001	0.1061	30.8.2001 — 12.6.2011	90,105,159	—	(50,652,000)	—	39,453,159
	2002	23.9.2002	0.0884	23.9.2002 — 25.8.2012	90,223,875	—	—	—	90,223,875
	2002	8.1.2004	0.0884	8.1.2004 — 25.8.2012	47,486,250	—	—	—	47,486,250
	2002	9.1.2004	0.0948	9.1.2004 — 25.8.2012	23,743,125	—	—	—	23,743,125
	2002	3.10.2007	0.3198	3.10.2007 — 25.8.2012	—	50,652,000	—	—	50,652,000
Total for employees and consultants					251,558,409	50,652,000	(50,652,000)	—	251,558,409
Grand total					320,967,478	94,972,500	(50,652,000)	—	365,287,978
Exercisable as at 31st March, 2008 and 2009									365,287,978

In respect of share option exercised during the year ended 31st March, 2008, the weighted average share prices at date of exercise were HK$0.28, as adjusted to reflect the effect of share subdivision set out in note 34.

During the year ended 31st March, 2008, options were granted on 3rd October, 2007. The estimated fair values of the options granted on that date is HK$0.077 per option as adjusted to reflect the effect of share subdivision set out in note 34.

35. SHARE OPTION SCHEMES (Continued)

2002 Scheme (Continued)

These fair values were calculated using the binomial option pricing model. The inputs into the model, as adjusted to reflect the effect of share subdivision set out in note 34 were as follows:

	3rd October, 2007
Share price	HK$0.3198
Exercise price	HK$0.3198
Expected share volatility	35.28%
Time to maturity	5 years
Weighted average risk-free rate	4.08%
Expected dividend yield	1.98%

Expected volatility was determined by using the historical volatility of the Company's share price over the previous 2 years. The expected life used in the model was adjusted, based on management's best estimate, for the effects of non transferability, exercise restrictions and behavioural considerations.

The binomial option pricing model has been used to estimate the fair value of the options. The variable and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

The Group recognised the total expense of HK$2,327,000 for the year ended 31st March, 2009 (2008: HK$2,967,000) in relation to share option granted by the Company.

36. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of debt, which includes the convertible notes disclosed in note 32 and bank and other borrowings disclosed in note 33, and equity attributable to equity holders of the Company, comprising issued share capital, various reserves and accumulated profits.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendation of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

37. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2009 HK$'000	2008 HK$'000
Financial assets		
Financial assets at fair value through profit or loss		
Investments held for trading	212,441	86,242
Designated at fair value through profit or loss	3,041	—
	215,482	86,242
Loans and receivables		
Trade and other receivables	6,048	3,452
Amount due from a minority shareholder of a subsidiary	3,440	—
Amounts due from jointly controlled entities	26,711	274,646
Amounts due from associates	63,738	41,840
Pledged bank deposits	8,375	136,701
Bank balances and cash	1,197,978	929,650
	1,306,290	1,386,289
Available-for-sale financial assets		
Available-for-sale investments	24,669	7,941
Financial liabilities		
At amortised cost		
Other payables	33,444	22,903
Amounts due to minority shareholders of subsidiaries	9,641	10,376
Amount due to a jointly controlled entity	4,759	—
Amount due to an associate	2,000	4,000
Convertible notes	505,551	475,534
Bank and other borrowings	2,864,095	1,968,698
	3,419,490	2,481,511
Derivative financial instruments	6,657	18,666

37. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies

The Group's major financial instruments include investments held for trading, trade and other receivables, amount(s) due from a minority shareholder of a subsidiary, jointly controlled entities and associates, pledged bank deposits, bank balances and cash, available-for-sale investments, conversion options embedded in convertible notes, other payables, amount(s) due to minority shareholders of subsidiaries, a jointly controlled entity and an associate, convertible notes, bank and other borrowings and derivative financial instruments. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risks, interest rate risk and equity and other price risks), credit risk and liquidity risk. 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.

Market risks

(i) Currency risk

The Group operates in Hong Kong with most of the transactions denominated and settled in Hong Kong dollars, the functional currency of relevant group entities.

The Group is mainly exposed to the RMB, SGD and GBP arising from foreign currency investments held for trading, pledged bank deposits, bank balances and cash, amount due to an associate and bank and other borrowings.

The carrying amounts of the Group's foreign currency denominated assets and liabilities at the reporting date are as follows:

	Assets		Liabilities	
	2009 HK$'000	2008 HK$'000	**2009 HK$'000**	2008 HK$'000
USD	**431,405**	435,938	**—**	—
RMB	**5,171**	—	**—**	—
SGD	**8,235**	457	**(2,000)**	(4,000)
GBP	**22,452**	—	**—**	—
Hong Kong dollars	**—**	—	**(120,000)**	—

37. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risks (Continued)

(i) Currency risk (Continued)

The following table details the Group's sensitivity to a 5% (2008: 5%) increase and decrease in the functional currency of each group entity against the above foreign currencies. 5% (2008: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items other than the items denominated in USD as the directors consider that the Group's exposure to USD is insignificant on the ground that HKD is pegged to USD, and adjusts their translation at the year end for a 5% (2008: 5%) change in foreign currency rate. A positive number below indicates a decrease in profit where the above foreign currencies strengthen 5% (2008: 5%) against the functional currency of each group entity. For a 5% (2008: 5%) weakening of the above foreign currencies against the functional currency of each group entity, there would be an equal and opposite impact on the profit and the balance below would be opposite.

	2009 **HK$'000**	2008 HK$'000
Profit for the year	**3,596**	146

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to debt element of convertible notes held (included in available-for-sale investments) and investments held for trading and convertible notes liabilities issued by the Company as set out in notes 20, 27 and 32 respectively.

The Group is also exposed to cash flow interest rate risk in relation to variable-rate pledged bank deposits, bank balances and bank and other borrowings as set out in notes 29 and 33 respectively. It is the Group's policy to keep its borrowings (other than convertible notes issued) at floating rate of interests so as to minimise the fair value interest rate risk.

The Group's exposures to interest rates risk on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR arising from the Group's Hong Kong dollars denominated borrowings and rate determined by the People's Bank of China arising from the Group's RMB denominated borrowings.

37. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risks (Continued)

(ii) Interest rate risk (Continued)

Sensitivity analysis for cash flow interest rate risk

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments. For variable rate pledged bank deposits, bank balances and bank and other borrowings, the analysis is prepared assuming the amounts outstanding at the balance sheet date were outstanding for the whole year. An increase or decrease of 10 basis points for pledged bank deposits and bank balances and 50 basis point for bank and other borrowings is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 10 or 50 basis points higher/lower, as appropriate, and all other variables were held constant, the Group's profit for the year ended 31st March, 2009 would decrease/increase by HK$14,320,000 (2008: decrease/increase by HK$9,834,000).

No sensitivity analysis for derivative financial instruments has been presented since the effect of which to the Group's profit for the year ended 31st March, 2009 is insignificant.

The Group's sensitivity to interest rate has increased during the year mainly due to increase in variable rate bank and other borrowing. In management's opinion, the sensitivity analysis is unrepresentative of inherent interest rate risk as the year end exposure does not reflect the exposure during the year.

(iii) Equity and other price risks

The Group is exposed to equity and other price risks through its investments in investments held for trading and derivative financial instruments. The management manages this exposure by maintaining a portfolio of investments with different risks. The Group's equity and other price risks are mainly concentrated on listed equity and debt securities quoted in the open markets and those derivative financial instruments linked directly with the listed equity instrument listed in Stock Exchange. In addition, the Group has appointed a special team to monitor the price risks and will consider hedging the risk exposure should the need arise.

37. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risks (Continued)

(iii) Equity and other price risks (Continued)

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity and other price risks at the balance sheet date. In management's opinion, the sensitivity analysis is unrepresentative of inherent equity and other price risk as the year end exposure does not reflect the exposure during the year.

If the prices of the respective equity securities had been 5% (2008: 5%) higher/lower, profit for the year ended 31st March, 2009 would increase/decrease by HK$959,000 (2008: increase/decrease by HK$2,860,000) as a result of the changes in fair value of equity securities held for trading and derivative financial instruments.

If the prices of the respective debt securities had been 5% (2008: 5%) higher/lower, profit for the year ended 31st March, 2009, would increase/decrease by HK$7,910,000 (2008: increase/decrease by HK$100,000) as a result of the changes in fair values of debt securities.

The Group's sensitivity to equity and other price risk has increased during the year mainly due to the increase in investments held for trading. In the management's opinion, the sensitivity analysis is unrepresentative of the inherent equity price risk as the year end exposure does not reflect the exposure during the year.

Credit risk

As at 31st March, 2009, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arising from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated balance sheet; and
- the amount of contingent liabilities in relation to corporate guarantee issued by the Group as disclosed in note 41.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks and financial institutions with high credit ratings assigned by international credit-rating agencies.

37. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk (Continued)

The credit risk on investments in listed debt securities is limited because majority of the counterparties are corporations with high credit-ratings assigned by international credit-rating agencies.

The credit quality of the listed debt securities as set out in note 27 is analysed by external credit-ratings by Moody's as follows:

	2009	2008
	%	%
Aa2 to A3	52.2	100.0
Baa2	5.1	—
Ba3	10.8	—
Unrated	31.9	—
	100.0	100.0

The Group does not have significant concentration of credit risk on investment in listed debt securities as counterparties are diversified.

The Group has concentration of credit risk as 100% (2008: 95%) of the amounts due from jointly controlled entities are due from two (2008: one) jointly controlled entity and 100% (2008: 87%) of the amounts due from associates are due from two (2008: two) associates. The jointly controlled entities and associates are private companies and mainly located in Hong Kong. In order to minimize the credit risk, the management of the Group has monitored the repayment ability of the jointly controlled entities and associates continuously. The counterparties of the entire amounts due from jointly controlled entities and associates that were neither past due nor impaired had no default record based on historical information.

The Group's geographical concentration of credit risk is mainly in the Hong Kong, which accounted for over 90% of the Group's recognised financial assets as at 31st March, 2009 and 2008.

37. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk

The Group has net current assets of approximately HK$4,723,357,000 as at 31st March, 2009 (2008: HK$4,503,694,000). The Group has sufficient funds to finance its current working capital requirements.

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures the compliance with loan covenants.

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

For derivative instruments settle on net basis, undiscounted net cash outflow are presented.

	Weighted average interest rate	On demand	1-3 months	3 months to 1 year	1-2 years	2-5 years	More than 5 years	Total undiscounted cash flows	Total carrying amount at 31st March, 2009
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2009									
Other payables	—	33,444	—	—	—	—	—	33,444	33,444
Amounts due to minority shareholders of subsidiaries	—	9,641	—	—	—	—	—	9,641	9,641
Amount due to a jointly controlled entity	—	4,759	—	—	—	—	—	4,759	4,759
Amount due to an associate	—	2,000	—	—	—	—	—	2,000	2,000
Convertible notes - liability component (Note)	1.5/2.0	—	1,995	7,800	9,795	625,578	—	645,168	505,551
Bank and other borrowings	2.41/9.66	—	283,351	645,638	147,141	639,695	1,233,853	2,949,678	2,864,095
		49,844	285,346	653,438	156,936	1,265,273	1,233,853	3,644,690	3,419,490
Derivative financial instruments — net settle	N/A	—	—	6,657	—	—	—	6,657	6,657

37. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

	Weighted average interest rate %	On demand HK$'000	1-3 months HK$'000	3 months to 1 year HK$'000	1-2 years HK$'000	2-5 years HK$'000	More than 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount at 31st March, 2008 HK$'000
2008									
Other payables	—	22,903	—	—	—	—	—	22,903	22,903
Amounts due to minority shareholders of subsidiaries	—	10,376	—	—	—	—	—	10,376	10,376
Amount due to an associate	—	4,000	—	—	—	—	—	4,000	4,000
Convertible notes - liability component (Note)	1.5/2.0	—	1,995	7,800	9,795	635,372	—	654,962	475,534
Bank and other borrowings	4.41/10.5	72,120	6,345	44,480	80,422	1,044,697	919,695	2,167,759	1,968,698
		109,399	8,340	52,280	90,217	1,680,069	919,695	2,860,000	2,481,511
Derivative financial instruments — net settle	N/A	—	18,666	—	—	—	—	18,666	18,666

Note: This is categorised based on contractual term of redemption obligation at maturity. The holders of the convertible notes can convert the notes into the Company's share anytime.

At 31st March, 2009 and 2008, the directors consider that it was not probable the counterparties to financial guarantee contracts will claim under the contracts. Consequently, the undiscounted cash flows of financial liabilities arising from the financial guarantee contracts is insignificant and has not been presented above.

37. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value

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

- the fair value of financial assets with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices respectively;

- the fair value of derivative financial instruments are determined based on valuations as at balance sheet date with reference to market data such as volatility of the derivatives, settlement date, settlement price and interest rates; and

- the fair value of other financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions. For option-based derivatives, the fair value is estimated using option pricing model (binomial option pricing model).

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

38. DISPOSAL OF INTERESTS/PARTIAL INTERESTS IN SUBSIDIARIES

For the year ended 31st March, 2008

Disposal of interests in subsidiaries

(a) On 5th September, 2007, the Group disposed of its subsidiaries, Global Equity Assets Limited and CSI Investment Limited, both of which were engaged in the sale and leasing of properties, to a third party.

(b) On 5th October, 2007, the Group disposed of its subsidiary, Bowick International Limited, which has made a initial deposit for the acquisition of properties held for sale, to a third party.

(c) On 21st December, 2007, the Group disposed of a 50% interest in its wholly owned subsidiary, Singon, which had made initial deposit to an independent third party for acquisition of properties held for sale in Macau. After the completion of the disposal, Singon became a jointly controlled entity of the Group. HK$2 and HK$24,135,000 were recognised as interest in the jointly controlled entity and amount due from the jointly controlled entity as set out in notes 22 and 24, respectively.

38. DISPOSAL OF INTERESTS/PARTIAL INTERESTS IN SUBSIDIARIES (Continued)

For the year ended 31st March, 2008 (Continued)

Disposal of interests in subsidiaries (Continued)

(c) The net assets disposed at the relevant dates of disposals were as follows:

	2008			
	Global Equity Assets Limited and CSI Investment Limited HK$'000	Bowick International Limited HK$'000	Singon HK$'000	Total HK$'000
Net assets disposed of:				
Investment properties	790,000	—	—	790,000
Trade and other receivables	12,585	3,805	48,270	64,660
Bank balances and cash	22	—	—	22
Other payables	(28,430)	—	—	(28,430)
Taxation payable	(286)	—	—	(286)
Bank and other borrowings	(79)	—	—	(79)
Deferred tax liabilities	(98,529)	—	—	(98,529)
	675,283	3,805	48,270	727,358
Transfer to interests in jointly controlled entities	—	—	(24,135)	(24,135)
(Loss) gain on disposal of subsidiaries	(18,768)	2,594	—	(16,174)
Release of deferred tax liabilities upon disposal of subsidiaries	98,529	—	—	98,529
	755,044	6,399	24,135	785,578
Satisfied by:				
Cash	755,044	6,399	24,135	785,578
Net cash inflow arising on disposal:				
Cash consideration received	755,044	6,399	24,135	785,578
Bank balances and cash and bank overdrafts (included in bank and other borrowings) disposed of	57	—	—	57
	755,101	6,399	24,315	785,635

38. DISPOSAL OF INTERESTS/PARTIAL INTERESTS IN SUBSIDIARIES (Continued)

For the year ended 31st March, 2008 (Continued)

Disposal of interests in subsidiaries (Continued)

The subsidiaries disposed of during the year ended 31st March, 2008 contributed approximately HK$15,414,000 to the Group's revenue and contributed approximately HK$64,906,000 to the Group's profit before taxation for the period from 1st April, 2007 to the respective dates of disposal.

The subsidiaries disposed of during the year ended 31st March, 2008, generated approximately HK$29,643,000 in the Group's net operating cash flows, and utilised approximately HK$26,903,000 and HK$4,900,000 in respect of investing activities and financing activities, respectively.

Disposal of partial interest in subsidiaries

On 10th July, 2007, the Group disposed of a 49% interest in its wholly owned subsidiary, Joyful Sonic Limited and its subsidiaries ("Joyful Sonic Group") together with a loan due to the Group of HK$65,323,000 to an independent third party at a consideration of HK$67,038,000. Joyful Sonic Group engaged in leasing of properties in Hong Kong. The gain on the partial disposal of the subsidiaries of HK$1,715,000 was recognised in the consolidated income statement during the year ended 31st March, 2008.

39. ACQUISITION OF ASSETS/ADDITIONAL INTEREST IN SUBSIDIARIES

For the year ended 31st March, 2008

Acquisition of assets

On 20th April, 2007, the Group acquired properties held for sale through the purchase of a 60% interest in the issued share capital of SH Fortress Ltd. and its subsidiaries, Lanrich International Limited and Lei Fu Real Estate (Shanghai) Company Ltd., for a cash consideration of US$9,600,000 (equivalent to approximately HK$74,880,000). This transaction has been accounted for as acquisition of assets as the acquisition does not meet the definition of a business combination.

39. ACQUISITION OF ASSETS/ADDITIONAL INTEREST IN SUBSIDIARIES (Continued)

For the year ended 31st March, 2008 (Continued)

Acquisition of assets (Continued)

The net assets acquired in the transaction are as follows:

	HK$'000
Net assets acquired:	
Property, plant and equipment	9
Properties held for sale	452,740
Trade and other receivables	499
Bank balances and cash	98,396
Other payables	(3,213)
Bank and other borrowings	(430,000)
	118,431
Minority interest	(43,551)
	74,880
Total consideration satisfied by:	
Cash	74,880
Net cash inflow arising on acquisition:	
Cash consideration paid	(74,880)
Bank balances and cash acquired	98,396
	23,516

Acquisition of additional interest in subsidiaries

On 3rd January, 2008, the Group acquired 49% interest in the issued share capital of Joyful Sonic Group together with a loan due to minority shareholders of HK$65,322,000 at consideration of HK$116,048,000. The 49% interest of Joyful Sonic Group was previously disposed of by the Group on 10th July, 2007 as set out in note 38. In view of potential capital appreciation of the properties held for sale, the directors of Company decided to acquire back the 49% equity interest.

40. OPERATING LEASE COMMITMENTS

The Group as lessee

The Group has made approximately HK$161,000 (2008: HK$1,215,000) minimum lease payments during the year in respect of office premises.

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2009 **HK$'000**	2008 HK$'000
Within one year	**—**	412

Operating lease payments represent rentals payable by the Group for its office premise. Leases are negotiated for a term of one year and rentals are fixed for one year.

The Group as lessor

Property rental income earned during the year was HK$143,249,000 (2008: HK$81,831,000). Certain of the properties have committed tenants for the next two to three years.

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments:

	2009 **HK$'000**	2008 HK$'000
Within one year	**93,487**	81,072
In the second to fifth years inclusive	**85,761**	52,206
	179,248	133,278

For certain properties, the Group has assigned to the banks all its right, title and benefit as lessor of relevant properties and amount receivable from lessees for certain banking facilities granted to the Group.

41. CONTINGENT LIABILITIES

Corporate guarantee given by the Group for banking facilities granted to:

	2009 HK$'000	2008 HK$'000
— jointly controlled entities	**105,000**	244,133
— associates	**84,800**	107,976
	189,800	352,109

At 31st March, 2009, amounts of HK$68,100,000 (2008: HK$204,633,000) had been utilised by its jointly controlled entities and HK$50,650,000 (2008: HK$71,800,000) had been utilised by its associates.

At 31st March, 2009, include in other payables amounting to HK$5,000 and HK$465,000 (2008: HK$36,000 and HK$1,613,000) represented the deferred income in respect of the financial guarantee contracts given to jointly controlled entities and associates respectively.

42. PLEDGE OF ASSETS

At balance sheet date, the following assets were pledged to secure banking facilities granted to the Group:

	2009 HK$'000	2008 HK$'000
Property, plant and equipment	**2,039**	2,128
Prepaid lease payment	**90,661**	93,047
Properties held for sale	**4,264,816**	3,028,300
Bank deposits	**8,375**	136,701
	4,365,891	3,260,176

43. CAPITAL COMMITMENT

	2009 HK$'000	2008 HK$'000
Capital expenditure contracted for but not provided in the Consolidated financial statements in respect of		
— the acquisition of property, plant and equipment	22,970	1,095
— the establishment of a subsidiary in the PRC	—	9,797
	22,970	10,892

44. RETIREMENT BENEFIT SCHEMES

The Group participates in a Mandatory Provident Fund Scheme ("MPF Scheme") established. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rules of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme. No forfeited contributions are available to reduce the contributions payables in the future years.

The employees employed by the operations in the PRC are members of the state-managed retirement benefit schemes operated by the PRC government. The PRC operations are required to contribute a certain percentage of payroll cost to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make specified contributions.

The retirement benefit scheme contributions relating to the MPF Scheme and stated-managed retirement benefit schemes charged to the consolidated income statement of HK$1,168,000 (2008: HK$1,088,000) represent contributions paid and payable to the scheme by the Group at rates specified in the rules of the schemes.

45. RELATED PARTY DISCLOSURES

(a) During the year, the Group entered into the following significant transactions with related parties:

Name of Company	Nature of transactions	2009 HK$'000	2008 HK$'000
Vast Faith	Arrangement fee received by the Group	3,000	—
Gain Resources Limited	Arrangement fee received by the Group	—	15,870
Shanghai Yong Tai Real Estate Development Co. Ltd.	Asset management fee received by the Group	—	889
Cycle Company Limited and Gunnell Properties Limited	Management fee received and receivable by the Group	—	367

In the opinion of the directors, the above transactions were undertaken in the ordinary course of business on terms mutually agreed between the Group and the related parties.

Vast Faith is a jointly controlled entity of the Group.

Each of Gain Resources Limited, Shanghai Yong Tai Real Estate Development Co. Ltd., Cycle Company Limited and Gunnell Properties Limited are wholly-owned subsidiaries of certain jointly controlled entities of the Group.

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year is as follows:

	2009 HK$'000	2008 HK$'000
Short-term benefits	12,094	18,879
Post-employment benefits	511	444
Share-based payments	2,327	2,967
	14,932	22,290

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

46. BALANCE SHEET OF THE COMPANY

The balance sheet of the Company as at 31st March, 2009 is as follows:

	2009 HK$'000	2008 HK$'000
Total assets	3,197,952	3,115,480
Total liabilities	(734,680)	(1,230,447)
	2,463,272	1,885,033
Share capital	39,525	39,555
Reserves (Note)	2,423,747	1,845,478
	2,463,272	1,885,033

Note:

Reserves

	Share premium HK$'000	Capital redemption reserve HK$'000	Convertible note equity reserve HK$'000	Contributed surplus HK$'000	Share option reserve HK$'000	Accumulated profits HK$'000	Total HK$'000
At 1st April, 2007	836,213	163	18,398	338,410	—	205,087	1,398,271
Profit for the year and total recognised income for the year	—	—	—	—	—	449,933	449,933
Recognition of equity-settled share based payment	—	—	—	—	2,967	—	2,967
Recognition of equity component on convertible notes	—	—	49,252	—	—	—	49,252
Deferred tax liability on recognition of equity components of convertible notes	—	—	(11,839)	—	—	—	(11,839)
Issue of shares upon exercise of share options	5,056	—	—	—	—	—	5,056
Share repurchased and cancelled	—	178	—	—	—	(8,575)	(8,397)
Expense related to shares repurchase and cancelled	—	—	—	—	—	(31)	(31)
Dividend recognised as distribution	—	—	—	—	—	(39,734)	(39,734)
At 31st March, 2008	841,269	341	55,811	338,410	2,967	606,680	1,845,478
Profit for the year and total recognised income for the year	—	—	—	—	—	616,466	616,466
Recognition of equity-settled share based payment	—	—	—	—	2,327	—	2,327
Share repurchased and cancelled	—	30	—	—	—	(1,026)	(996)
Expense related to shares repurchase and cancelled	—	—	—	—	—	(3)	(3)
Dividend recognised as distribution	—	—	—	—	—	(39,525)	(39,525)
At 31st March, 2009	841,269	371	55,811	338,410	5,294	1,182,592	2,423,747

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the principal subsidiaries at 31st March, 2009 are as follows:

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid ordinary share capital	Proportion of nominal value of issued share capital held by the Company 2009 %	2008 %	Principal activities
Ahead Lucky Limited	Hong Kong	HK$1	100	—	Property holding and leasing of property
Base Mark Limited	Hong Kong	HK$1	100	100	Property holding and leasing of property
City Plan Limited	Hong Kong	HK$1	100	100	Property holding and leasing of property
CSI Financial Holdings Limited	Hong Kong	HK$100	100	100	Sales of securities and investment holding
CSI Property Services Limited	Hong Kong	HK$2	100	100	Provision of property management service
Earn Centre Limited	Hong Kong	HK$2	100	100	Property holding and leasing of property
Far Beyond Limited	Hong Kong	HK$10,000	90	—	Property holding and leasing of property
Golden United Limited	Hong Kong	HK$1	100	100	Property holding and leasing of property
Lei Fu Real Estate (Shanghai) Co. Ltd. (Note)	PRC	Registered and paid-up capital US$46,138,000	76	60	Property holding
Mark Well Investment Limited	Hong Kong	HK$100	100	100	Sale of securities and investment holding

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid ordinary share capital	Proportion of nominal value of issued share capital held by the Company		Principal activities
			2009 %	2008 %	
Noble Rays Holdings Limited	Hong Kong	HK$1	100	100	Property holding and leasing of property
Plan View Limited	Hong Kong	HK$1	100	100	Property holding and leasing of property
Shine Wise Limited	Hong Kong	HK$1	100	100	Property holding and leasing of property
Sun Force Limited	Hong Kong	HK$1	100	100	Property holding and leasing of property
Upper City Limited	British Virgin Islands	HK$8	100	—	Property holding and leasing of property
Vast Asset Limited	Hong Kong	HK$1	100	—	Property holding and leasing of property
Well Clever International Limited	British Virgin Islands	HK$8	100	100	Sale of securities and investment holding

Note: Lei Fu Real Estate (Shanghai) Co. Ltd., is a wholly foreign owned enterprise established in the PRC.

None of the subsidiaries had issued any debt securities subsisting at the end of the year or at any time during the year.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

48. POST BALANCE SHEET EVENTS

(i) Subsequent to the balance sheet date, the Company entered into agreements with certain independent third parties pursuant to which to the Company repurchase part of the 2011 Convertible Notes and 2012 Convertible Notes with an aggregate carrying amounts of the liability components of HK$383,991,000 at an aggregate consideration of approximately HK$265,526,000. The Group is in the process of determining the financial effects of the transaction.

(ii) In July 2009, 2,223,253,574 rights shares have been issued and allotted at a subscription price of HK$0.078 per right share on the basis of 9 rights shares for every 20 shares held.

(iii) Pursuant to a resolution passed at a special general meeting held on 2nd July, 2009, the Company agreed to buy back the secured other borrowings from Lehman Brothers (the "Loan") as set in note 33 under a loan purchase agreement dated 22nd May, 2009 entered into by the Group with Lehman Brothers and its liquidator at an aggregate consideration of HK$236.5 million. The outstanding principal amount of the Loan with accrued interests is HK$434 million as at the date of the agreement.

In July 2009, the Group acquired 24% interest in the issued share capital of SH Fortress Ltd., a non-wholly owned subsidiary of the Group from a related company of Lehman Brothers at a consideration of US$1,800,000 (equivalent to approximately HK$13,950,000). The fair value of the attributable amount of net assets acquired in the transaction approximated the consideration paid.

The transactions were completed in July 2009. The Group is in the process of determining the financial effects of the transactions.

Financial Summary

Summary of the consolidated results and of the assets and liabilities of the Group for each of the five years ended 31st March, 2009 is set out below:

(a) Results

	Year ended 31st March,				
	2005 HK$'000	2006 HK$'000	2007 HK$'000	2008 HK$'000	**2009** **HK$'000**
Revenue	373,332	371,638	101,558	402,534	**669,426**
Profit before taxation	212,740	159,485	321,293	242,573	**80,984**
Taxation					
— Current tax and deferred tax	(31,582)	(18,146)	(42,681)	(27,316)	**(17,861)**
— Release of deferred taxation upon disposal of subsidiaries	—	—	—	98,529	**—**
Profit for the year	181,158	141,339	278,612	313,786	**63,123**
Attributable to:					
Equity holders of the Company	181,521	140,283	276,644	325,369	**62,373**
Minority interests	(363)	1,056	1,968	(11,583)	**750**
	181,158	141,339	278,612	313,786	**63,123**

(b) Assets and liabilities

	At 31st March,				
	2005 HK$'000	2006 HK$'000	2007 HK$'000	2008 HK$'000	**2009** **HK$'000**
Total assets	1,514,416	1,621,026	3,600,824	5,164,404	**6,059,559**
Total liabilities	656,806	408,882	1,498,802	2,643,449	**3,551,025**
	857,610	1,212,144	2,102,022	2,520,955	**2,508,534**
Equity attributable to equity holders of the Company	857,610	1,211,088	2,102,022	2,477,795	**2,469,771**
Minority interests	—	1,056	—	43,160	**38,763**
	857,610	1,212,144	2,102,022	2,520,955	**2,508,534**

Schedule of Properties held by the Group

As at 31st March, 2009

MAJOR PROPERTIES

Particulars of major properties held by the Group at 31st March, 2009 as follows:

PROPERTIES HELD FOR SALE

	Location	Use	Group's interest	Approximate site area (sq.ft.)	Approximate gross floor area (sq.ft.)
(i)	Hong Kong				
	G/F-1/F, Unit 501, 503 6/F-10/F, 12/F-14/F, 1506-1508 17/F-24/F & 105 Carparks in AXA Centre, No. 151 Gloucester Road, Hong Kong	Commercial	100%	N/A	262,480
	Nos. 23, 25 Ashley Road, Kowloon, Hong Kong	Commercial	100%	N/A	41,310
	No. 27 Ashley Road, Kowloon, Hong Kong	Commercial	100%	N/A	20,218
	House B, Nos. 12-16 Tai Tam Road, Hong Kong	Residential	100%	N/A	5,193
	Eton Building, No. 288 Des Voeux Road, Central, Hong Kong	Commercial	100%	N/A	42,602
	Nos. 77-85 Jervois Street and Nos. 16-22 Burd Street, Sheung Wan, Hong Kong	Commercial/ Residential	100%	6,500	N/A
	Mohan's Building, Nos. 14-16 Hankow Road, Kowloon, Hong Kong	Commercial	100%	N/A	39,958
	Shop on Ground Floor and Mezzanine Floor and Kiosks 1, 2 and 3 on Ground Floor, Offices on 1/F-4/F, 7/F, 9/F-13/F, 22/F-25/F Yue Tai Commercial Building, Nos. 128-129 Connaught Road, Central, Hong Kong	Commercial	100%	N/A	26,176
	Ground Floor, 21 Ashley Road, Kowloon, Hong Kong	Commercial	100%	N/A	1,280
	Offices 4&5 on 5/F, Bank of America Tower, No. 12 Harcourt Road, Hong Kong	Commercial	100%	N/A	3,377
	No. 45 Blue Pool Road, Happy Valley, Hong Kong	Residential	90%	N/A	37,014
	Nos. 30-30A Stanley Street, Hong Kong	Commercial	100%	N/A	9,228
(ii)	The PRC				
	1318 North Sichuan Road, Hongkou District, Shanghai, PRC	Commercial	76%	N/A	612,030