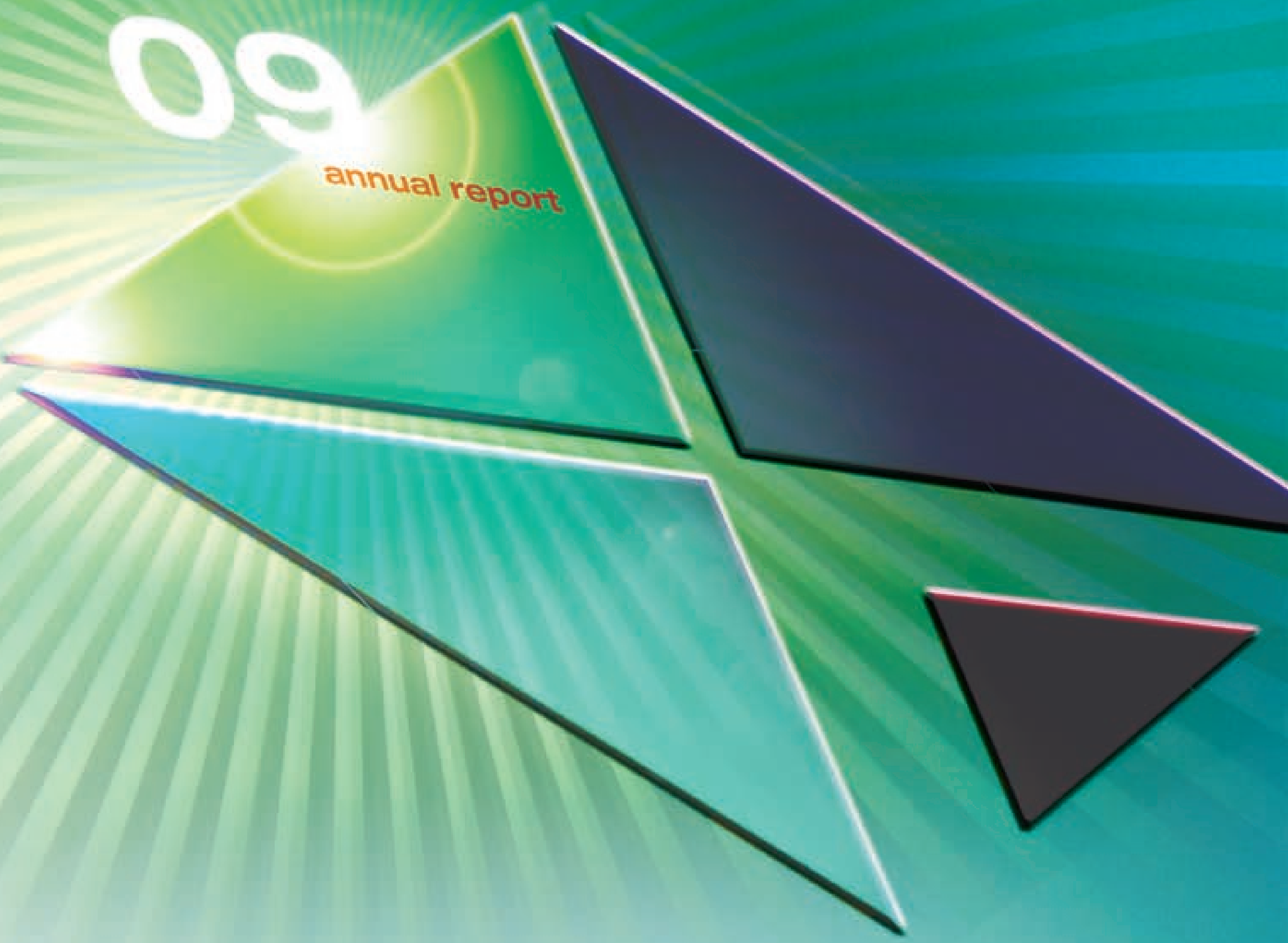

中國置業投資控股有限公司*

CHINA PROPERTIES INVESTMENT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 736

* For identification purposes only

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors
Yu Wai Fong *(Chairman)*
Au Tat On

Independent Non-Executive Directors
Lai Wai Yin, Wilson
Lam Man Yui
Cao Jie Min

COMPANY SECRETARY

Yip Yuk Sing

AUTHORISED REPRESENTATIVES

Yu Wai Fong
Yip Yuk Sing

AUDITOR

CCIF CPA Limited

PRINCIPAL BANKER

ICBC (Asia)

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Room 2001, 20/F
Lippo Centre, Tower Two
89 Queensway Road
Hong Kong

HONG KONG SHARE REGISTRAR

Tricor Secretaries Limited
26/F, Tesbury Centre
28 Queen's Road East
Hong Kong

WEBSITE

http://www.736.com.hk

LEGAL ADVISER

Michael Li & Co

STOCK CODE

736

CHAIRMAN'S STATEMENT

I am pleased to present the annual results of China Properties Investment Holdings Limited ("company") and its subsidiaries ("group") for the year ended 31 March 2009 to the shareholders.

FINANCIAL RESULTS

For the year under review, the group's turnover was approximately HK$19.6 million. The audited net loss for the year was approximately HK$216.9 million and the basic loss per share was HK12.3 cents. The loss for the year was mainly due to the unrealized loss on change of fair value of the investment properties of the group amounted approximately HK$252.3 million.

BUSINESS AND OPERATION REVIEW

The group continued to focus on the property investment business for the year. As at 31 March 2009, the aggregate gross floor area of the investment properties being held by the group was approximately 10,736 square meters and the average occupancy rates were 100% during the year. The investment properties are leased to third parties under operating leases with lease terms ranging from two years to ten years. The rental income generated from the investment properties amounted to approximately HK$16.3 million for the year.

For the purpose of diversification of existing business portfolio of the group, on 29 July 2008 the company entered into a non-legally binding memorandum of understanding with an independent third party regarding the proposed acquisition of iron and copper mine sites in Hubei Province of PRC. Such memorandum of understanding was terminated subsequently due to the global economic downturn under the impact of global financial crisis. However, the directors of the company are still optimistic about the mining industry in view of the increasing demand in non-ferrous metals in the long run.

Prospects

Although there is recent improvement in the market sentiment of Shanghai property market, the board is not optimistic on the overall trend of the property market in the PRC in the long run due to unforeseeable and uncontrollable factors during the period of global recession. The directors consider that in view of the slower economic growth of the PRC and uncertainty in the economic recovery period, the prospect of the real property market in Shanghai will continue to be affected. As such, a subsidiary of the company entered into a sale and purchase agreement dated 22 June 2009 between the independent third parties for disposal of a property in Shanghai, details of which are set out in the circular of the company dated 14 July 2009.

CHAIRMAN'S STATEMENT

Recently, the PRC government has decisively promulgated a series of economic stimulus measures and reinstated non-ferrous industry. Various measures have been put in place to stimulate domestic demand and stabilize market conditions. All these measures would likely to have a positive impact on the non-ferrous industry in the PRC. In view of the possible continual economic growth in the PRC, it is expected that demand for non-ferrous metals will be sustainably high in long run. The directors hence consider that it is beneficial for the group to penetrate into the non-ferrous metals industry as an alternative investment opportunity to diversify the existing business portfolio of the group and to broaden the group's income source. As such, the company entered into the sale and purchase agreement dated 4 June 2009 between Gold Trinity International Limited for the acquisition of a copper and molybdenum mine in Inner Mongolia, the PRC, details of which are set out in the circular of the company dated 30 June 2009. The directors consider that such acquisition will enable the group to diversify its current business to participate in the non-ferrous market, which will broaden the group's income base and improve its financial performance.

It is also the intention of the company to continue with its existing businesses in property investment. However, as the board is not optimistic on the overall trend of the property market in the PRC in the long run as mentioned above, we will not rule out any opportunities to dispose of the existing investment properties held by the group at a price which is acceptable to the board.

GRATITUDE

Taking this opportunity, I would like to thank all shareholders and business partners for their continuous supports. I also thank for my fellow directors and staff members for their dedication and contribution to the group during the year.

YU WAI FONG
Chairman

Hong Kong, 24 July 2009

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Ms. Yu Wai Fong, aged 46, was appointed as the chairman, executive director and chief executive officer of the company in March 2009. Ms. Yu has extensive experience in corporate management, corporate finance, mergers and acquisitions. She is responsible for the overall management, strategic planning and business development of the group.

Mr. Au Tat On, aged 53, was appointed as an executive director of the company in May 2006. Mr. Au received a bachelor's degree in business administration from Chu Hai College in 1989 and has nearly 28-year experience in banking operations and financing. He is responsible for the general management of the group.

Independent non-executive Directors

Mr. Lam Man Yui, aged 26, was appointed as an independent non-executive director, member of audit committee and member of remuneration and nomination committee of the company in January 2009. Mr. Lam holds a bachelor of science degree from the University of London. He has extensive experience in banking and marking. He is currently a director of an international consultancy company and a director of New Century Forum, Hong Kong.

Mr. Lai Wai Yin, Wilson, aged 44, was appointed as an independent non-executive director, member of audit committee and member of remuneration and nomination committee of the company in April 2009. Mr. Lai is a fellow member of the Association of International Accountants, United Kingdom and a practising member of the Hong Kong Institute of Certified Public Accountants. He graduated from Hong Kong Shue Yan University majoring in accounting. During the 20 years in the audit profession, Mr. Lai gained extensive experience in the audits of Hong Kong listed companies and multi-national companies engaged in manufacturing, construction, property investment and software development businesses as well as audits of US Securities and Future Commission regulated clients. In addition, he had involved in many initial public offering projects and due diligence works in the People's Republic of China, Hong Kong SAR, Singapore and the United States. He is currently the sole proprietor of Wilson W.Y. Lai & Co., Certified Public Accountants.

Ms. Cao Jie Min, aged 24, was appointed as an independent non-executive director, member of audit committee and member of remuneration and nomination committee of the company in May 2009. Ms. Cao holds a bachelor of laws in international economy degree from the Shanghai Institute of Foreign Trade. Ms. Cao currently holds a practicing certificate issued by the Ministry of Justice P.R.C. She is currently working in the international settlement department of the Bank of Tokyo – Mitsubishi UFJ (Shanghai branch).

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Senior Management

Mr. Yip Yuk Sing, aged 44, was appointed as the chief financial officer and company secretary of the company in May 2008. Mr. Yip has extensive experience in accounting and financial management. Prior to joining the company, Mr. Yip served as the financial controller and company secretary of a Hong Kong listed company. He holds a bachelor's degree in Accounting and a Master degree in Corporate Finance. He is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants.

Mr. Hon Wei, aged 38, was appointed as the director and legal representative of Shanghai Xiang Chen Hang Place The Industry Co. Limited, a wholly-owned subsidiary of the company, in December 2008. Mr. Hon has extensive experience in banking and business management. Prior to his appointment, Mr. Hon served as the general manager of an investment company in Shanghai for five about years and served as a manager of Bank of Shanghai.

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Results

For the year under review, the group's turnover was approximately HK$19.6 million (2008: approximately HK$18.7 million), representing an increase of approximately 4.8% compared with last year.

The audited net loss for the year was approximately HK$216.9 million (2008: approximately HK$28.8 million) and the loss per share for was HK12.3 cents. The loss for the year was mainly due to the unrealized loss on change of fair value of the investment properties of the group. As at 31 March 2009, the investment properties of the group were revalued at approximately HK$229.2 million (2008: approximately HK$470.7 million) by an independent professional valuer, Castores Magi (Hong Kong) Limited. The group recorded a loss on fair value change of investment properties approximately HK$252.3 million in its income statement for the year. However, there was no cash flow impact on the group for such loss. Meanwhile, the corresponding accumulated deferred tax provision for the investment properties of the group was reduced by approximately HK$61.9 million for the year which helped to relieve the overall losses of the group.

The administrative expenses and other operating expenses of the group for the year amounted to approximately HK$35.4 million (2008: approximately 21.0 million), including written off of deposit on purchase of investment properties amounted to approximately HK$16.9 million (2008: Nil). The finance cost of the group amounted to approximately HK$8.8 million (2008: approximately 6.0 million) which was incurred for the bank loans under the security of two investment properties in Shanghai.

Business Review

The group continued to focus on the property investment business for the year. As at 31 March 2009, the aggregate gross floor area of the investment properties being held by the group was approximately 10,736 square meters and the average occupancy rates were 100% for during the year. The investment properties are leased to third parties under operating leases with lease terms ranging from two years to ten years. The rental income generated from the investment properties amounted to approximately HK$16.3 million for the year.

Liquidity and Financial Resources

As at 31 March 2009, the group's net current liabilities were approximately HK$7.5 million (2008: net current assets of approximately HK$35.4 million), including cash and bank balance of approximately HK$6.4 million (2008: approximately HK$25.0 million).

The group had borrowings of approximately HK$102.8 million as at 31 March 2009 (2008: approximately HK$109.4 million). All of the borrowings were bank loans under security, of which 13.3% were due within one year from balance sheet date, 6.6% were due more than one year but not exceeding two years, 30.4% were due more than two years but not exceeding five years and 49.7% were due more than five years. The gearing ratio, defined as the percentage of total bank borrowings to shareholders' funds, was approximately 77% (2008: 32%).

MANAGEMENT DISCUSSION AND ANALYSIS

Investment Position

The group does not have any significant investment position in stocks, bonds and other financial derivatives as at 31 March 2009.

Foreign Exchange Exposure

As most of the group's assets and liabilities are denominated in Renminbi and the liabilities of the group are well covered by its assets, the group does not have any significant exposure to foreign exchange fluctuation. During the period under review, the group did not use any financial instruments for hedging purposes.

Capital Structure

There was no changes in capital structure of the company for the year ended 31 March 2009.

Charges on group's Assets

Aa at 31 March 2009, the group's investment properties with a value of HK$123,811,000 were pledged to secure general banking facilities granted to Shanghai Xiang Chen Hang Place The Industry Co. Limited, a wholly-owned subsidiary of the group.

Contingent Liabilities

As at 31 March 2009, the group does not have any material contingent liability (2008: Nil).

Acquisition and Disposal of Subsidiaries

There were no material acquisitions and disposals of subsidiaries and affiliated companies of the group during the year ended 31 March 2009.

Employees

As at 31 March 2009, the group had 28 employees (2008: 42). The remuneration was determined with reference to statutory minimum wages, market terms and the performance, qualification and experience of individual employees. The group provides contributory provident fund and insurance scheme to the employees. Share option scheme and incentive schemes are adopted to encourage personal commitment of employees.

REPORT OF THE DIRECTORS

The directors ("director") of the company herein present their report and the audited financial statements of the company and the group for the year ended 31 March 2009.

PRINCIPAL ACTIVITIES

The principal activity of the company is investment holding. The principal activities of its subsidiaries are set out in note 18 to the financial statements.

RESULTS AND DIVIDENDS

The results of the group for the year ended 31 March 2009 are set out in the consolidated income statement on page 21.

The directors do not recommend the payment of any dividends in respect of the year.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the group for the last five financial years, as extracted from the audited financial statements and reclassified as appropriate, is set out on page 81. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property, plant and equipment of the company and property, plant and equipment, and investment properties of the group during the year are set out in notes 16 and 17 to the financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the company's share capital and share options during the year, together with the reasons therefor, are set out in notes 26 and 27 to the financial statements.

PRE-EMPTIVE RIGHTS

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the company, nor any of its subsidiaries purchased, redeemed or sold any of the company's listed securities during the year ended 31 March 2009.

REPORT OF THE DIRECTORS

RESERVES

Details of movements in the reserves of the company and the group during the year are set out in note 28 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

As at 31 March 2009, the aggregate amount of reserves available for distribution to equity holders of the company was approximately HK$91,097,000 (2008: approximately HK$186,188,000) subject to the restriction on the share premium account.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, turnover attributable to the group's five largest customers accounted for approximately 87% of the total turnover for the year and turnover attributable to the largest customer included therein amounted to approximately 28%. Purchases from the group's five largest suppliers accounted for 100% of the total purchases for the year and purchases from the largest supplier included therein amounted to approximately 75%.

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

DIRECTORS

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

EXECUTIVE DIRECTORS:

Yu Wai Fong *(Chairman) (Appointed on 2 March 2009)*
Zhao Qing Ji *(Resigned on 2 March 2009)*
Au Tat On

INDEPENDENT NON-EXECUTIVE DIRECTORS:

Lam Man Yui *(Appointed on 21 January 2009)*
Lai Wai Yin, Wilson *(Appointed on 1 April 2009)*
Cao Jie Min *(Appointed on 4 May 2009)*
Yeung Yuen Hei *(Resigned on 21 January 2009)*
Chan Mei Bo, Mabel *(Resigned on 1 April 2009)*
Wang Dong *(Resigned on 4 May 2009)*

REPORT OF THE DIRECTORS

According to bye-law 87(1), one-third of the directors for the time being, or if their number is not three or a multiple of three, then the number nearest to but not less than one-third shall retire from office by rotation at every annual general meeting. A retiring director shall be eligible for re-election. According to bye-law 86(2), any director appointed to fill a casual vacancy on the board or as an addition to the existing board shall hold office only until the next following annual general meeting of the company and shall then be eligible for re-election at that meeting.

In accordance with the bye-law 87(1), Mr. Au Tat On will retire by rotation and, being eligible, will offer himself for re-election at the forthcoming annual general meeting.

In accordance with the bye-law 86(2), Ms. Yu Wai Fong, Mr. Lam Man Yui, Mr. Lai Wai Yin, Wilson and Ms. Cao Jie Min appointed by the board during the year, shall hold office until the forthcoming general meeting and, being eligible, offer himself/herself for re-election as executive/independent non-executive director (as the case may be) at the meeting.

There are no service contracts entered into between the company and the independent non-executive directors. They will be subject to the general requirement of retirement by rotation under the bye-laws of the company.

The company has received the annual written confirmation from each of the independent non-executive directors of the company of their independence to the company. The company considers that all of the independent non-executive directors are independent in accordance with the guidelines set out in the Listing Rules.

DIRECTORS' BIOGRAPHIES

Biographical details of the directors are set out on page 5 of the annual report.

DIRECTORS' REMUNERATION

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

DIRECTORS' SERVICE CONTRACTS

None of the directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the company which is not determinable by the company within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN CONTRACTS

None of the directors had interests in any contract of significance subsisting during or at the financial year ended 31 March 2009 in relation to the business of the group taken as a whole.

REPORT OF THE DIRECTORS

DIRECTORS' INTEREST AND SHORT POSITIONS IN SHARES

As at 31 March 2009, the interests and short positions of the directors of the company in the share capital of the company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the company pursuant to Section 352 of the SFO, or as otherwise notified to the company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") as set out in Appendix 10 to the Listing Rules, were as follows:

LONG POSITIONS IN SHARES OF THE COMPANY

Name of director	Capacity of shares held	No. of Shares held	Percentage of issued share capital
Yu Wai Fong	Beneficial owner	562,630,358	29.07%

The Interests of directors in the share options of the company are separately disclosed in the note 27 to the financial statements.

Save as disclosed above, as at 31 March 2009, none of directors had registered an interest or short position in the shares of the company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the share option scheme in note 27 to the financial statements, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES

As at 31 March 2009, so far as was known to the directors of the company, the following parties being directly or indirectly interested or deemed to be interested in 5% or more of the issued share capital of the company, were recorded in the register kept by the company under section 336 of the SFO:

REPORT OF THE DIRECTORS

LONG POSITIONS IN SHARES OF THE COMPANY

Name	**Capacity of shares held**	**No. of Shares held**	**Percentage of issued share capital**
Yu Wai Fong	Beneficial owner	562,630,358	29.07%
Xie Hong Miao	Beneficial owner	128,840,000	7.31%
Xu Dong	Beneficial owner	121,585,000	6.89%

Save as disclosed above, as at 31 March 2009, no other interest or short position in the share of the company were recorded in register required to be kept under section 336 of the SFO.

CONNECTED TRANSACTIONS

Significant related party transactions entered into by the group during the year ended 31 March 2009, which do not constitute connected transactions under the Listing Rules, are disclosed in note 30 to the financial statements.

POST BALANCE SHEET EVENTS

Details of the significant post balance sheet events of the group are set out in note 33 to the financial statements.

PUBLIC FLOAT

Based on information that is publicly available to the company and within the knowledge of directors of the company, the company maintained a sufficient public float throughout the year ended 31 March 2009.

AUDITOR

The financial statements for the year ended 31 March 2009 were audited by CCIF CPA Limited. A resolution will be submitted to the forthcoming annual general meeting to re-appoint CCIF CPA Limited as auditor of the company.

ON BEHALF OF THE BOARD

Yu Wai Fong
Chairman

Hong Kong, 24 July 2009

CORPORATE GOVERNANCE REPORT

In view of the corporate governance practices, the company has adopted a set of clear guidelines to explain its policies, practices and procedures which aim at meeting our shareholders' expectations. The company has committed to maintain a high standard of corporate governance based on the principles of the code provisions set out in the Code of Corporate Governance Practice (the "CG Code") in Appendix 14 of the Rules Governing the Listing Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The company recognizes the maintenance of good corporate governance practices is essential to the growth of the company. In the opinion of the directors, the company had complied with the CG Code throughout the year ended 31 March 2009, except for the Code A.2.1. Detail of the deviation is set out in the relevant section below.

BOARD OF DIRECTORS

COMPOSITION

The board comprises of five directors, including two executive directors and three independent non-executive directors. Details of the board composition are set out in the Report of Directors.

The board formulates overall strategies and policies of the group. It also ensures the availability of adequate capital and managerial resources to implement the strategies adopted, the adequacy of systems of financial and internal controls and the conduct of business in conformity with applicable laws and regulations. Decisions requiring the board's approval include, among others, all matters of objective and strategic importance, corporate governance practices, changes in board members, major transactions and investment commitments, annual budget, all policy matters etc. The day-to-day management, administration and operation of the company are delegated to senior management which is accountable to the board for the implementation of the group's overall strategies and coordination of overall business operations.

The board members are fully committed to their roles and have always acted, individually and collectively, in the best interests of the company and its shareholders at all times. To the best knowledge of the company, there is no financial, business, family or other relevant relationship amongst directors. Biographical details of the directors are set out on page 5 under the section headed "Biographical details of the Directors and Senior Management" of this annual report.

During the year ended 31 March 2009, the board held 11 regular and special board meetings. The attendance of each member at the board meetings is set out below:

Name of Directors	**Attendance/ Number of Meetings**
Executive Directors:	
Yu Wai Fong *(Chairman) (Appointed on 2 March 2009)*	N/A
Zhao Qing Ji *(Resigned on 2 March 2009)*	11/11
Au Tat On	11/11
Independent non-executive Directors:	
Lam Man Yui *(Appointed on 21 January 2009)*	1/11
Lai Wai Yin, Wilson *(Appointed on 1 April 2009)*	N/A
Cao Jie Min *(Appointed on 4 May 2009)*	N/A
Yeung Yuen Hei *(Resigned on 21 January 2009)*	2/11
Chan Mei Bo, Mabel *(Resigned on 1 April 2009)*	8/11
Wang Dong *(Resigned on 4 May 2009)*	8/11

CORPORATE GOVERNANCE REPORT

CHAIRMAN

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The role of the chairman of the board of the company has been performed by Mr. Zhao Qing Ji (up to 2 March 2009) and Ms. Yu Wai Fong (commenced from 2 March 2009) respectively who also acted as the chief executive officer of the company respectively during the year. The board considered that the non-segregation would not result in considerable concentration of power in one person and has the advantage of a strong and consistent leadership which is conducive to making and implementing decisions quickly and consistently.

The chairman of the group takes the lead in formulating overall strategies and policies of the group which include compliance with good corporate governance practices and to facilitate active contribution of directors in board activities. He/she also ensures that all directors are properly briefed on issues arising at board meetings and have received adequate, complete and reliable information in a timely manner with the assistance of the company secretary.

EXECUTIVE DIRECTORS

The executive directors are responsible for running the group and executing the strategies adopted by the board. They lead the group's management team in accordance with the directions set by the board and are responsible for ensuring that proper internal control system is in place and the group's business conforms to applicable laws and regulations.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive directors serve the important function of ensuring and monitoring the basis for an effective corporate governance framework. Their participations provide adequate checks and balances to safeguard the interests of the group and its shareholders. The board consists of three independent non-executive directors and one of them have appropriate professional qualifications or accounting or related financial management expertise. The company has received from each of the independent non-executive directors a confirmation of independence for the year pursuant to the Listing Rules. On this basis, the company considers all such directors to be independent.

AUDIT COMMITTEE

The company has established an audit committee which currently comprises three independent non-executive directors. The functions of the audit committee are:–

- to make recommendations to the board concerning the appointment, reappointment, retention, evaluation and termination of compensation and overseeing the work of the company's independent auditor;
- to approve all non-audit services to be provided by the company's independent auditor;
- to approve the remuneration and terms of engagement of the company's independent auditor;
- to review the relationships between the company and the independent auditor;
- to approve the hiring of any employee or former employee of the company's independent auditor who was a member of the audit team during the preceding two years;

CORPORATE GOVERNANCE REPORT

- to review the company's annual and interim financial statements, accounting policies and practices, the effectiveness of the company's disclosure controls and procedures and developments in financial reporting practices and requirements;

- to review the company's risk assessment and management policies;

- to review the adequacy and effectiveness of the company's legal and regulatory compliance procedures;

- to obtain and review reports from management and the independent auditor regarding compliance with applicable legal and regulatory requirements.

- to perform the duties as set out in code provision C.3.3 of the CG Code.

During the year, the audit committee held 2 meetings, details of attendance are set out below:–

Members	**Attendance/ Number of meetings**
Lam Man Yui *(Appointed on 21 January 2009)*	N/A
Lai Wai Yin, Wilson *(Appointed on 1 April 2009)*	N/A
Cao Jie Min *(Appointed on 4 May 2009)*	N/A
Yeung Yuen Hei *(Resigned on 21 January 2009)*	0/2
Chan Mei Bo, Mabel *(Resigned on 1 April 2009)*	2/2
Wang Dong *(Resigned on 4 May 2009)*	2/2

The audit committee during the year in conjunction with auditors has reviewed the internal controls, interim and annual results of the group and its other duties (if relevant) in the CG Code.

The board has not taken any different view from that of the audit committee regarding selection, appointment, resignation or dismissal of external auditors.

REMUNERATION AND NOMINATION COMMITTEE

The remuneration and nomination committee have been established by the board. The remuneration committee currently comprises three independent non-executive directors. The functions of remuneration and nomination committees are:

- to recommend to the board on the company's policies and structure for the remuneration of the directors and senior management of the group

- to determine the remuneration packages of all executive directors and senior management

- to review and approve performance-based remuneration

- to review and approve the compensation payable to executive directors and senior management in connection with any loss or termination of office or appointment

CORPORATE GOVERNANCE REPORT

In addition, the remuneration and nomination committee as a whole is responsible for reviewing the board composition, developing and formulating the relevant procedures for nomination and appointment of directors, monitoring the appointment and succession planning of directors and assessing the independence of independent non-executive directors. Where vacancies exist, the remuneration and nomination committee will carry out the selection process by making reference to the skills, experience, professional knowledge, personal integrity and time commitments of the proposed candidates, the company's needs and other relevant statutory requirements and regulations.

For the avoidance of doubt, the directors and their associates do not participate in decisions making relating to their own remuneration.

During the year, the remuneration and nomination Committee held 2 meetings, details of attendance are set out below:–

Members	**Attendance/ Number of meetings**
Lam Man Yui *(Appointed on 21 January 2009)*	1/2
Lai Wai Yin, Wilson *(Appointed on 1 April 2009)*	N/A
Cao Jie Min *(Appointed on 4 May 2009)*	N/A
Yeung Yuen Hei *(Resigned on 21 January 2009)*	0/2
Chan Mei Bo, Mabel *(Resigned on 1 April 2009)*	2/2
Wang Dong *(Resigned on 4 May 2009)*	2/2

DIRECTORS' SECURITIES TRANSACTION

The company has adopted the Model Code for Securities Transactions by Directors (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the directors.

The company had also made specific enquiry of all directors and the company was not aware of any non-compliance with the required standard as set out in the Model Code.

ACCOUNTABILITY AND AUDIT

FINANCIAL REPORTING

The directors acknowledge their responsibility for preparing all information and representations contained in the financial statements of the group for the year. The directors consider that the financial statements have been prepared in conformity with the generally accepted accounting standards in Hong Kong, and reflect amounts that are based on the best estimates and reasonable, informed and prudent judgment of the board and management with an appropriate consideration to materiality. The directors, having made appropriate enquiries, are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the company's ability to continue as a going concern. Accordingly, the directors have prepared the financial statements of the company on a going concern basis.

The statement of the auditor of the company regarding their responsibilities on the financial statements is set out in the Independent Auditor Report on pages 19 to 20 of this annual report.

CORPORATE GOVERNANCE REPORT

INTERNAL CONTROLS

It is the responsibility of the board to ensure that the group maintains sound and effective internal controls to safeguard the shareholders' investments and the group's assets. The group's system of internal control includes a defined management structure with limits of authority, safeguard its assets against unauthorized use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensure compliance with relevant laws and regulations. The system is designed to provide reasonable assurance against material misstatement or loss, and to oversee the group's operational systems for the achievement of the group's business objectives. These have all been in place throughout the year under review and up to the date of this report and are reviewed regularly by the board.

AUDITOR'S REMUNERATION

An analysis of the remuneration of the company's auditor, CCIF CPA Limited, for the year is set out as follows:

Services rendered	**Fee paid/payable** **Approximately** HK$
Audit services (2008: approximately HK$430,000)	535,000
Non-audit services (2008 approximately HK$700,000)	354,000
Total:	889,000

COMMUNICATION WITH SHAREHOLDERS

The company endeavours to develop and maintain continuing relationships and effective communications with its shareholders and investors. To facilitate and enhance the relationships and communication, the company has established, including but not limited to, the following various channels:

1. annual general meeting provides a forum for shareholders of the company to raise comments and exchange views with the board. The chairman and the directors are available at annual general meetings to address shareholders' queries;

2. separate resolutions are proposed at general meetings on each substantially separate issue and procedures for demanding a poll in general meetings are included in circulars to the shareholders to facilitate the enforcement of shareholders' rights;

3. interim and annual results are announced as early as possible so that the shareholders are kept informed of the group's performance and operations; and

4. corporate website www.736.com.hk contains extensive information and updates on the company's business developments and operations, financial information and other information.

INDEPENDENT AUDITOR'S REPORT

CCIF
CCIF CPA LIMITED
20/F Sunning Plaza
10 Hysan Avenue
Causeway Bay Hong Kong

TO THE SHAREHOLDERS OF CHINA PROPERTIES INVESTMENT HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of China Properties Investment Holdings Limited (the "company") set out on pages 21 to 80, which comprise the consolidated and company balance sheets as at 31 March 2009, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors of the company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the 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 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 financial statements based on our audit. This report is made solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

INDEPENDENT AUDITOR'S REPORT

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 the affairs of the company and of the group as at 31 March 2009 and of the group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Without qualifying our opinion, we draw attention to note 2(b) to the financial statements concerning the adoption of the going concern basis on which the financial statements have been prepared. As further explained in that note, the financial statements of the group have been prepared on a going concern basis, notwithstanding that the group incurred a loss attributable to equity shareholders of the company of HK$216,982,369, net current liabilities of HK$7,544,243 and negative operating cash flows of HK$2,856,251 during the year. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the ability of the group and the company to continue as a going concern.

CCIF CPA Limited
Certified Public Accountants
Hong Kong, 24 July 2009

Alvin Yeung
Practising Certificate Number P05206

CONSOLIDATED INCOME STATEMENT

For the Year ended 31 March 2009

	Note	**2009** **HK$**	2008 HK$
Turnover	7	**19,607,158**	18,743,981
Direct outgoings		**(4,403,760)**	(2,522,807)
		15,203,398	16,221,174
Valuation (loss)/gains on investment properties	17	**(252,251,477)**	34,357,895
Other revenue	8	**2,263,237**	1,418,121
Administrative expenses		**(15,746,549)**	(20,889,500)
Equity settled share-based payment expenses	27	**–**	(61,139,425)
Other operating expenses	9(d)	**(19,612,345)**	(154,839)
Loss from operations		**(270,143,736)**	(30,186,574)
Finance costs	9(a)	**(8,755,903)**	(6,013,651)
Loss before taxation	9	**(278,899,639)**	(36,200,225)
Income tax	12	**61,917,270**	7,424,031
Loss for the year		**(216,982,369)**	(28,776,194)
Attributable to:			
Equity shareholders of the company	13	**(216,982,369)**	(28,776,194)
Loss per share			
– Basic	15(a)	**HK(12.30) cents**	HK(2.26) cents
– Diluted	15(b)	**HK(12.30) cents**	HK(2.26) cents

The notes on pages 27 to 80 form an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET

As at 31 March 2009

	Note	**2009** **HK$**	2008 HK$
Non-current assets			
Property, plant and equipment	16	**1,132,575**	1,497,580
Investment properties	17	**229,180,000**	470,733,000
		230,312,575	472,230,580
Current assets			
Trade and other receivables	19	**4,600,697**	19,996,963
Trading securities	20	**95,140**	192,480
Amount due from a director	21	**–**	14,777
Cash and cash equivalents	22	**6,398,464**	24,993,481
		11,094,301	45,197,701
Current liabilities			
Other payables	23	**5,002,180**	4,793,481
Interest-bearing bank borrowings	24	**13,636,364**	5,024,475
Current taxation	25(a)	**–**	–
		18,638,544	9,817,956
Net current (liabilities)/assets		**(7,544,243)**	35,379,745
Total assets less current liabilities		**222,768,332**	507,610,325
Non-current liabilities			
Interest-bearing bank borrowings	24	**89,204,545**	104,397,425
Deferred tax liabilities	25(b)	**–**	60,838,764
		89,204,545	165,236,189
NET ASSETS		**133,563,787**	342,374,136
CAPITAL AND RESERVES			
Share capital	26	**17,636,982**	17,636,982
Reserves	28	**115,926,805**	324,737,154
TOTAL EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY		**133,563,787**	342,374,136

Approved and authorised for issue by the board of directors on 24 July 2009.

On behalf of the board

Yu Wai Fong
Director

Au Tat On
Director

The notes on pages 27 to 80 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year ended 31 March 2009

	Share capital HK$	Share premium HK$	Special reserve HK$	Contributed surplus reserve HK$	Employee share-based compensation reserve HK$	Exchange fluctuation reserve HK$	(Accumulated losses)/ Retained profits HK$	Total HK$
At 1 April 2007	83,878,577	40,911,074	(11,152,801)	–	–	(93,436)	(77,603,262)	35,940,152
Capital reorganisation (note 26(a))	(79,684,648)	(40,911,074)	–	20,867,880	–	–	99,727,842	–
Issue of new shares by open offer (note 26(c))	12,581,787	201,308,585	–	–	–	–	–	213,890,372
Share issuance expense	–	(6,327,049)	–	–	–	–	–	(6,327,049)
Exercise of share options (note 26(d))	22,516	147,484	–	–	–	–	–	170,000
Issue of new shares (note 26(e))	838,750	35,227,500	–	–	–	–	–	36,066,250
Equity settled share-based transactions	–	–	–	–	61,139,425	–	–	61,139,425
Options forfeited during the year	–	–	–	–	(9,285,168)	–	9,285,168	–
Exchange realignment	–	–	–	–	–	30,271,180	–	30,271,180
Loss for the year	–	–	–	–	–	–	(28,776,194)	(28,776,194)
At 31 March 2008	17,636,982	230,356,520	(11,152,801)	20,867,880	51,854,257	30,177,744	2,633,554	342,374,136
At 1 April 2008	17,636,982	230,356,520	(11,152,801)	20,867,880	51,854,257	30,177,744	2,633,554	342,374,136
Options forfeited during the year	–	–	–	–	(14,713,583)	–	14,713,583	–
Exchange realignment	–	–	–	–	–	8,172,020	–	8,172,020
Loss for the year	–	–	–	–	–	–	(216,982,369)	(216,982,369)
At 31 March 2009	17,636,982	230,356,520	(11,152,801)	20,867,880	37,140,674	38,349,764	(199,635,232)	133,563,787

The notes on pages 27 to 80 form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the Year ended 31 March 2009

	Note	**2009** **HK$**	2008 HK$
Operating activities			
Loss before taxation		**(278,899,639)**	(36,200,225)
Adjustments for:			
Finance costs		**8,755,903**	6,013,651
Interest income on bank deposits		**(1,054,370)**	(834,509)
Depreciation		**398,445**	325,834
Valuation loss/(gains) on investment properties		**252,251,477**	(34,357,895)
Unrealised losses on trading securities		**97,340**	154,839
Equity settled share-based payment expenses		**–**	61,139,425
Written off of deposits on purchase of investment property		**16,976,642**	–
Impairment of trade receivable		**2,538,363**	–
Foreign exchange (loss)/gain, net		**(25,149)**	996,973
Operating profit/(loss) before changes in working capital		**1,039,012**	(2,761,907)
Increase in trade and other receivables		**(4,118,739)**	(2,406,638)
Decrease/(increase) in amount due from a director		**14,777**	(14,777)
Increase/(decrease) in other payables		**208,699**	(668,687)
Decrease in amounts due to directors		**–**	(35,102)
Cash used in operations		**(2,856,251)**	(5,887,111)
Tax paid		**–**	18,809
Net cash used in operating activities		**(2,856,251)**	(5,868,302)
Investing activities			
Deposit paid for the purchase of investment properties		**–**	(15,435,000)
Purchase of investment properties		**–**	(131,818,943)
Purchase of property, plant and equipment		**(14,375)**	(823,320)
Interest received		**1,054,370**	834,509
Acquisition of trading securities		**–**	(347,319)
Net cash generated from/(used in) investing activities		**1,039,995**	(147,590,073)

CONSOLIDATED CASH FLOW STATEMENT

For the Year ended 31 March 2009

	Note	**2009** **HK$**	2008 HK$
Financing activities			
Proceeds from issue of shares		–	213,890,372
Inception of a bank loan		–	101,750,102
Repayment of bank loans		**(8,522,727)**	(2,035,002)
Exercise of share option		–	170,000
Repayment of other payable		–	(2,751,624)
Repayment of long-term payable		–	(126,437,822)
Interest paid		**(8,755,903)**	(6,013,651)
Share issuance expense		–	(6,327,049)
Net cash (used in)/generated from financing activities		**(17,278,630)**	172,245,326
Net (decrease)/increase in cash and cash equivalents		**(19,094,886)**	18,786,951
Cash and cash equivalents at 1 April		**24,993,481**	5,801,798
Effect of foreign exchange rate changes, net		**499,869**	404,732
Cash and cash equivalents at 31 March	22	**6,398,464**	24,993,481

The notes on pages 27 to 80 form an integral part of these financial statements.

BALANCE SHEET

As at 31 March 2009

	Note	**2009** **HK$**	2008 HK$
Non-current assets			
Property, plant and equipment	16	**697**	1,533
Interest in subsidiaries	18	**140,811,930**	240,920,126
		140,812,627	240,921,659
Current assets			
Other receivables	19	**167,999**	168,000
Trading securities	20	**95,140**	192,480
Amount due from a director	21	**–**	14,777
Cash and cash equivalents	22	**5,517,534**	14,955,983
		5,780,673	15,331,240
Current liabilities			
Other payables	23	**718,425**	573,589
Net current assets		**5,062,248**	14,757,651
NET ASSETS		**145,874,875**	255,679,310
CAPITAL AND RESERVES			
Share capital	26	**17,636,982**	17,636,982
Reserves	28	**128,237,893**	238,042,328
SHAREHOLDERS' EQUITY		**145,874,875**	255,679,310

Approved and authorised for issue by the board of directors on 24 July 2009.

On behalf of the board

Yu Wai Fong
Director

Au Tat On
Director

The notes on pages 27 to 80 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2009

1. CORPORATE INFORMATION

China Properties Investment Holdings Limited (the "company") is an investment holding company. The principal activities of its subsidiaries are set out in note 18 to the financial statements.

The company was incorporated and domiciled in Bermuda with limited liability under the Companies Act (1981) of Bermuda and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Items included in the financial statements of each entity in the group as measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity. These financial statements are presented in Hong Kong dollars ("HKD"). Hong Kong dollar is the company's functional and presentation currency.

2. SIGNIFICANT ACCOUNTING POLICIES

a) STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the group is set out below.

The HKICPA has issued certain amendments and interpretations which are or have become effective. It has also issued certain new and revised HKFRSs which are first effective or available for early adoption for current accounting period of the group and the company and its subsidiaries (together referred to as the "group"). Note 3 provides information on initial application of these developments to the extent that they are relevant to the group for the current and prior accounting periods reflected in these financial statements.

b) BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

i) Going Concern

The group incurred a loss attributable to equity shareholders of the company of HK$216,982,369 (2008: HK$28,776,194), net current liabilities of HK$7,544,243 (2008: net current assets of HK$35,379,745) and negative operating cash flows of HK$2,856,251 (2008: HK$5,887,111).

In preparing these financial statements, the directors of the company have given careful consideration to the impact of the current and anticipated future liquidity of the group and the ability of the group to attain profitable and positive cash flow operations in the immediate and longer term.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2009

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (Continued)

i) Going Concern (Continued)

In order to strengthen the capital base of the group and to improve the group's financial position, liquidity and cash flows in the immediate foreseeable future, and otherwise to sustain the group as a going concern.

The group completed two placings on 20 May 2009 and 6 July 2009, and generated net amount of cash inflow of approximately HK$35,900,000 and HK$36,070,000 respectively. After the completion of the acquisition as disclosed in note 33(ii) the director of the company will seek other possible financing alternatives to fulfill the required expected investment capital of the mining company.

In the opinion of the directors of the company, in light of the measures taken to date, together with the expected results of other measures in progress, the group will have sufficient working capital for its current requirements. Accordingly, the directors of the company consider that it is appropriate to prepare the financial statements on a going concern basis.

Should the group be unable to continue as a going concern, adjustments would have to be made to restate the values of assets to their recoverable amounts, to provide for any further liabilities which might arise and to classify non-current assets and liabilities as current assets and liabilities, respectively. The effects of these potential adjustments have not been reflected in the financial statements.

ii) Basis of measurement

The consolidated financial statements for the year ended 31 March 2009 comprise the company and its subsidiaries.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that investment properties and trading securities are stated at their fair value as explained in the accounting policies set in notes 2(f) and 2(d) respectively below.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2009

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (Continued)

ii) Basis of measurement (Continued)

Judgements made by management in the application of HKFRSs that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 5.

c) SUBSIDIARIES

Subsidiaries are entities controlled by the group. Control exists when the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

In the company's balance sheet, investments in subsidiaries are stated at cost less impairment losses (see note 2(h)).

d) OTHER INVESTMENTS IN EQUITY SECURITIES

The group's policies for investments in equity securities, other than investments in subsidiaries, are as follows:

Investments in equity securities are initially stated at cost, which is their transaction price unless fair value can be more reliably estimated using valuation techniques whose variables include only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification.

Investments in securities held for trading are classified as current assets. Any attributable transaction costs are recognised in profit or loss as incurred. At each balance sheet date the fair value is remeasured, with a resultant gain or loss being recognised in profit or loss. The net gain or loss recognised in profit or loss does not include any dividends or interest earned on these investments as these are recognised in accordance with the policies set out in note 2(n)(iii) and (iv).

Investments are recognised/derecognised on the date the group commits to purchase/sell the investments or they expire.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2009

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated in the balance sheet at cost less accumulated depreciation and impairment losses (see note 2(h)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net proceeds on disposal and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

– Leasehold improvements	5 years
– Furniture and equipment	5 years
– Motor vehicles	4 to 5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

f) INVESTMENT PROPERTIES

Investment properties are land and/or buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation.

Investment properties are stated in the balance sheet at fair value. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 2(n)(i).

When the group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease (see note 2(g)), and the same accounting policies are applied to that interest as are applied to other investment properties leased under finance leases. Lease payments are accounted for as described in note 2(g).

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2009

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) LEASED ASSETS

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

i) Classification of assets leased to the group

Assets held by group under leases which transfer to the group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the group are classified as operating leases, with the following exceptions:

- property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (see note 2(f)); and

- land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the group, or taken over from the previous lessee.

ii) Operating lease charges

Where the group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term except where the property is classified as an investment property.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2009

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) IMPAIRMENT OF ASSETS

i) Impairment of investments in equity securities and other receivables

Investments in equity securities (other than investments in subsidiaries – see note 2(d)) and other current and non-current receivables that are stated at cost or amortised cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognised as follows:

- For unlisted equity securities carried at cost, impairment loss is measured as the difference between the carrying amount of the financial assets and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities are not reversed.
- For trade and other receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. The assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2009

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) IMPAIRMENT OF ASSETS (Continued)

i) Impairment of investments in equity securities and other receivables (Continued)

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- investments in subsidiaries (except for those classified as being held for sale); and

If any such indication exists, the asset's recoverable amount is estimated.

- Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e., a cash-generating unit).

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2009

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) IMPAIRMENT OF ASSETS (Continued)

ii) Impairment of other assets (Continued)

– Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange, the group is required to prepare an interim financial report in compliance with HKAS 34, Interim financial reporting, in respect of the first six months of the financial year. At the end of the interim period, the group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year.

Impairment losses recognised in an interim period in respect of goodwill, available-for-sale equity securities and unquoted equity securities carried at cost are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2009

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) TRADE AND OTHER RECEIVABLES

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment for doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment for doubtful debts (see note 2(h)).

j) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

k) OTHER PAYABLES

Other payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with note 2(t)(i), other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

l) INTEREST-BEARING BORROWINGS

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit and loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

m) INCOME TAX

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2009

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) INCOME TAX (Continued)

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the assets can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary differences or in periods into which a tax loss arising from the deferred tax assets can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2009

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) INCOME TAX (Continued)

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the company or the group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the company or the group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  – the same taxable entity; or

  – different taxable entities which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

n) REVENUE RECOGNITION

Provided it is probable that the economic benefits will flow to the group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the profit or loss as follows:

i) Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentive granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

ii) Property management service income is recognised when the services are provided.

iii) Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

iv) Interest income is recognised as it accrues using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2009

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) TRANSLATION OF FOREIGN CURRENCIES

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in profit or loss, except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognised directly in equity.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Balance sheet items are translated into Hong Kong dollars at the foreign exchange rates ruling at the balance sheet date. The resulting exchange differences are recognised directly in a separate component of equity.

p) BORROWING COSTS

Borrowing costs are expensed in profit or loss in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale.

q) RELATED PARTIES

For the purpose of these financial statements, parties are considered to be related to the group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the group or exercise significant influence over the group in making financial and operating policy decisions, or has joint control over the group;

(ii) the group and the party are subject to common control;

(iii) the party is an associate of the group or a joint venture in which the group is a venturer;

(iv) the party is member of key management personnel of the group or the group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2009

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

q) RELATED PARTIES (Continued)

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the group or of any entity that is a related party of the group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

r) EMPLOYEE BENEFITS

i) Short-term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

ii) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year under review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

Share options granted to employees on or before 7 November 2002

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.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2009

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

r) EMPLOYEE BENEFITS (Continued)

iii) Termination benefits

Termination benefits are recognised when, and only when, the group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

s) SEGMENT REPORTING

A segment is a distinguishable component of the group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the group's internal financial reporting system, the group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format for the purposes of these financial statements.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. For example, segment assets may include trade receivables, property, plant and equipment and investment properties. Segment revenue, expenses, assets, and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group entities within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Unallocated items mainly comprise financial and corporate assets, interest-bearing loans, borrowings, tax balances, corporate and financing expenses.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2009

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

t) FINANCIAL GUARANTEES ISSUED, PROVISIONS AND CONTINGENT LIABILITIES

i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e., the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 2(t)(ii) if and when (1) it becomes probable that the holder of the guarantee will call upon the group under the guarantee, and (2) the amount of that claims on the group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee, i.e., the amount initially recognised, less accumulated amortisation.

ii) Other provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2009

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the group has where applicable applied the following amendments and interpretations ("new HKFRSs") issued by the 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

For the purpose of preparing and presenting the financial statements for the year ended 31 March 2009, the group has consistently applied HKFRSs, HKASs amendments and interpretations ("Int") issued by the HKICPA that are effective for annual accounting periods beginning on 1 January 2008.

The group has not early applied any of the following new and revised standards, amendments or interpretations which 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 and HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate [3]
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standard [4]
HKFRS 2 (Amendments)	Vesting Conditions and Cancellations [3]

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2009

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

HKFRS 3 (Revised)	Business Combinations [4]
HKFRS 7 (Amendments)	Improving disclosures about Financial Instruments [3]
HKFRS 8	Operating Segments [3]
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Reassessment of 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	Transfer of Assets from Customers [8]

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

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

[3] Effective for annual periods beginning on or after 1 January 2009

[4] Effective for annual periods beginning on or after 1 July 2009

[5] Effective for annual periods ending on or after 30 June 2009

[6] Effective for annual periods beginning on or after 1 July 2008

[7] Effective for annual periods beginning on or after 1 October 2008

[8] Effective for transfer on or after 1 July 2009

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in subsidiaries.

The company's directors anticipates that the application of the new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the group.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2009

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The group's major financial instruments include trade and other receivables, trading securities, interest-bearing borrowings, other payables and amounts due to or from directors. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

i) FOREIGN CURRENCY RISK

Foreign currency risk refers to the risk that movement in foreign currency exchange rates which will affect the group's financial results and its cash flows.

The group mainly operates in PRC and Hong Kong. Most of the group's transactions, assets and liabilities are denominated in RMB or Hong Kong Dollars.

Most of the group's and the company's transactions, assets and liabilities are denominated in a currency same as the functional currency of the entity to which they related.

Foreign exchange risk arises from net investments in foreign operations. The group manages its foreign risks by performing regular review and monitoring its foreign exchange exposures.

ii) CREDIT RISK

a) As at 31 March 2009, the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated balance sheet after deducting any impairment allowance.

b) The group limits its exposure to credit risk by placing deposits with financial institutions that meet the established credit rating or other criteria. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations.

As at 31 March 2009, the group has certain concentration of credit risk as 86% of total cash and cash equivalents were deposited at one financial institution in the Hong Kong with high credit ratings. As at 31 March 2008, the group has certain concentration of credit risk as 33% of total cash and cash equivalents, time deposits with original maturities over three months were deposited at one financial institution in PRC with high credit ratings.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2009

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

ii) CREDIT RISK (Continued)

c) In respect of trade receivables, in order to minimize risk, the management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. Credit evaluations of its tenants' financial position and condition is performed on each and every major tenant periodically. These evaluations focus on the tenant's past history of making payments when due and current ability to pay, and take into account information specific to the tenant as well as pertaining to the economic environment in which the tenant operates. The group has received rental deposits amounting to HK$2,360,989 (2008: HK$3,101,462) from the tenants as collateral. Rents are usually due upon presentation of billing.

d) In respect of trade receivables, the group's exposure to credit risk is influenced mainly by the individual characteristics of each tenant. The default risk of the industry in which tenants operate also has an influence on credit risk but to a lesser extent. At the balance sheet date, the group has a certain concentration of credit risk as 27% (2008: 47%) and 99% (2008: 98%) of the total rental receivables was due from the group's largest tenant and the five largest tenants respectively.

Further quantitative disclosures in respect of the group's exposure to credit risk arising from trade and other receivables are set out in note 19.

iii) LIQUIDITY RISK

Individual operating entities within the group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to board approval. The group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants to ensure that it maintains sufficient amount of cash and adequate committed lines of funding from major banks to meet its liquidity requirements in the short and longer term. The group relies on bank borrowings as a significant source of liquidity.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2009

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

iii) LIQUIDITY RISK (Continued)

The following liquidity and interest risk tables set out the weighted average effective interest rate and the remaining contractual maturities at the balance sheet date of the group's and the company's financial liabilities based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the group and the company are required to pay:

The group

	2009							2008						
	Weighted average effective interest rate	Within 1 year or on demand HK$	More than 1 year but less than 2 years HK$	More than 2 years but less than 5 years HK$	More than 5 years HK$	Total contractual undiscounted cash flow HK$	Carrying amount HK$	Weighted average effective interest rate %	Within 1 year or on demand HK$	More than 1 year but less than 2 years HK$	More than 2 years but less than 5 years HK$	More than 5 years HK$	Total contractual undiscounted cash flow HK$	Carrying amount HK$
Other payables	–	5,002,180	–	–	–	5,002,180	5,002,180	–	4,793,481	–	–	–	4,793,481	4,793,481
Secured bank loans – variable rates	7.5%	20,003,301	12,553,944	45,153,313	57,540,426	135,251,034	102,840,909	8.613%	14,352,815	14,454,290	48,298,972	91,459,421	168,565,498	109,421,900

The company

	2009							2008						
	Weighted average effective interest rate	Within 1 year or on demand HK$	More than 1 year but less than 2 years HK$	More than 2 years but less than 5 years HK$	More than 5 years HK$	Total contractual undiscounted cash flow HK$	Carrying amount HK$	Weighted average effective interest rate %	Within 1 year or on demand HK$	More than 1 year but less than 2 years HK$	More than 2 years but less than 5 years HK$	More than 5 years HK$	Total contractual undiscounted cash flow HK$	Carrying amount HK$
Other payables	–	718,425	–	–	–	718,425	718,425	–	573,589	–	–	–	573,589	573,589

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2009

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

iv) INTEREST RATE RISK

The group's exposure to market risk for changes in interest rates related primarily to the group's variable-rates interest-bearing borrowings. The group currently does not have an interest rate hedging policy. However, management monitors interest rate exposure and will consider to hedge significant interest rate exposures when the need is anticipated.

At 31 March 2009, it is estimated that a general increase/decrease of 1% in interest rates, with all other variables held constant, would increase/decrease the group's loss after tax and accumulated losses attributable to variable rate bank borrowing by approximately HK$1,028,409 (2008: HK$1,094,219).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date. The 1% increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual balance sheet date. The analysis is performed on the same basis for 2008.

v) FAIR VALUES

All financial instruments are carried at amounts not materially different from their fair values as at 31 March 2009 and 2008.

vi) ESTIMATION OF FAIR VALUES

The following summarises the major methods and assumptions used in estimating the fair values of the following financial instruments.

Interest-bearing loans and borrowings

The fair value is estimated as the present value of future cash flows, discounted at current market interest rates for similar financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2009

5. ACCOUNTING ESTIMATES AND JUDGEMENTS

a) KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the group's accounting policies which are described in note 2, management has made certain key assumptions concerning the future, and other key sources of estimated uncertainty at the balance sheet date, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, as discussed below.

i) Impairment of receivables

The group maintains impairment allowance for doubtful accounts based on the evaluation of the recoverability of the accounts receivable and other receivables, where applicable, at each balance sheet date. The estimates are based on the ageing of the accounts receivable and other receivables balances and the historical write-off experience, net of recoveries. If the financial conditions of the debtors were to deteriorate, additional impairment allowance may be required.

b) CRITICAL ACCOUNTING JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES

In determining the carrying amounts of some assets and liabilities, the group makes assumptions for the effects of uncertain future events on those assets and liabilities at the balance sheet date. These estimates involve assumptions about such items as cash flows and discount rates used. The group's estimates and assumptions are based on historical experience and expectations of future events and are reviewed periodically. In addition to assumptions and estimations of future events, judgements are also made during the process of applying the group's accounting policies.

i) Going concern

As mentioned in note 2(b) to the financial statements, the directors are satisfied that the company will be able to meet its financial obligations in full as and when they fall due in the foreseeable future. As the directors are confident that the company will be able to continue in operational existence in the foreseeable future, the financial statements have been prepared on a going concern basis.

If the going concern basis is not appropriate, adjustment would have to be made to provide for any further liabilities which might arise. Such adjustments may have a significant consequential effect on the loss for the year and net liabilities of the company.

6. SEGMENT INFORMATION

Segment information is presented in respect of the group's business and geographical segments. Business segment information is chosen as the primary format because this is more relevant to the group's internal financial reporting.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2009

6. SEGMENT INFORMATION (Continued)

a) BUSINESS SEGMENT

The group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services provided.

The group conducts its business within one business segment that is the property investment segment which comprises rental of investment properties and property management services.

b) GEOGRAPHICAL SEGMENT

For geographical segment, segment revenue is presented based on the geographical location of the customers. Segment assets and capital expenditure are based on the location of the assets.

All segment revenue, segment assets, liabilities and capital expenditure are located in PRC and therefore no geographical segment is presented.

7. TURNOVER

The principal activities of the group are property investment.

Turnover represents gross rental income, property management services income. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2009 **HK$**	2008 HK$
Gross rental income	**16,310,987**	16,992,158
Property management services income	**3,296,171**	1,751,823
	19,607,158	18,743,981

8. OTHER REVENUE

	2009 **HK$**	2008 HK$
Interest income on bank deposits	**1,054,370**	834,509
Total interest income on financial assets not at fair value through profit or loss	**1,054,370**	834,509
Sundry income	**1,208,867**	583,612
	2,263,237	1,418,121

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2009

9. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting) the following:

	2009 **HK$**	2008 HK$
a) Finance costs		
Interest expenses on bank loans, overdrafts and other loans wholly repayable within five years	**–**	–
Interest expenses on bank loans wholly repayable after five years	**8,755,903**	6,013,651
Total interest expenses on financial liabilities not at fair value through profit or loss	**8,755,903**	6,013,651
b) Staff costs		
Salaries, wages and other benefits	**6,403,081**	7,685,728
Contribution to defined contribution retirement plans	**399,953**	84,918
Equity settled share-based payment expenses	**–**	61,139,425
	6,803,034	68,910,071
c) Other items		
Auditors' remuneration		
– audit services	**535,189**	430,000
– other services	**354,320**	700,976
Depreciation	**398,445**	325,834
Exchange loss, net	**3,007**	558,090
Operating lease charges: minimum lease payments	**1,898,051**	2,218,883
d) Other operating expenses		
Impairment of trade receivables	**2,538,363**	–
Unrealised losses on trading securities	**97,340**	154,839
Written off of deposits on purchase of investment properties*	**16,976,642**	–
	19,612,345	154,839

* This amount represents the deposits paid on purchase of investment properties during the year 2008 and the amount included in trade and other receivable in the year 2008. In the opinion of the directors, the amount is long outstanding and the recoverability of the amount is low, and therefore, the directors written off the full amount of deposits on purchase of investment property during the year.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2009

10. DIRECTORS' REMUNERATION

The aggregate amounts of the directors' remuneration, disclosed pursuant to Section 161 of the Hong Kong Companies Ordinance, are as follows:

	2009						
	Fees HK$	Salaries and other benefits in kind HK$	Compensation for loss of office HK$	Retirement scheme contributions HK$	Sub-total HK$	Share-based payments HK$ (note)	Total HK$
Executive directors							
Zhao Qing Ji* (resigned on 2 March 2009)	–	1,278,306	–	11,000	1,289,306	–	1,289,306
Au Tat On	–	260,000	–	12,000	272,000	–	272,000
Yu Wai Fong (appointed on 2 March 2009)	–	106,923	–	1,000	107,923	–	107,923
	–	1,645,229	–	24,000	1,669,229	–	1,669,229
Independent non-executive directors**							
Chan Mei Bo (resigned on 1 April 2009)	120,000	–	–	–	120,000	–	120,000
Wang Dong (resigned on 4 May 2009)	100,000	–	–	–	100,000	–	100,000
Yeung Yuen Hei (resigned on 21 January 2009)	48,226	–	–	–	48,226	–	48,226
Lam Man Yui (appointed on 21 January 2009)	23,548	–	–	–	23,548	–	23,548
	291,774	–	–	–	291,774	–	291,774
Total	291,774	1,645,229	–	24,000	1,961,003	–	1,961,003

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2009

10. DIRECTORS' REMUNERATION (Continued)

	2008						
	Fees HK$	Salaries and other benefits in kind HK$	Compensation for loss of office HK$	Retirement scheme contributions HK$	Sub-total HK$	Share-based payments HK$ (note)	Total HK$
Executive directors							
Zhao Qing Ji	–	2,076,314	–	12,000	2,088,314	14,713,583	16,801,897
Lu Xiao Dong (resigned on 28 February 2008)	–	662,195	–	12,000	674,195	4,642,584	5,316,779
Au Tat On	–	268,500	–	9,750	278,250	4,642,584	4,920,834
Wong Siu Keung, Joe (resigned on 1 July 2007)	–	141,652	–	3,000	144,652	–	144,652
	–	3,148,661	–	36,750	3,185,411	23,998,751	27,184,162
Independent non-executive directors							
Chan Mei Bo (appointed on 1 June 2007)	100,000	–	–	–	100,000	–	100,000
Wang Dong (appointed on 1 November 2007)	41,667	–	–	–	41,667	–	41,667
Yeung King Wah (resigned on 1 June 2007)	24,137	–	–	–	24,137	–	24,137
Cheng Kwok Hing, Andy (resigned on 1 November 2007)	17,500	–	–	–	17,500	–	17,500
Yeung Yuen Hei	60,000	–	–	–	60,000	–	60,000
	243,304	–	–	–	243,304	–	243,304
Total	243,304	3,148,661	–	36,750	3,428,715	23,998,751	27,427,466

Note:

These represent the estimated value of share options granted to the directors under the company's share option scheme. The value of these share options is measured according to the group's accounting policies for share-based payment transactions as set out in note 2(r)(ii).

* The options of 55,890,000 granted to Mr. Zhao Qing Ji were forfeited as he resigned as director of the company on 2 March 2009. The fair value of the options granted to him amounting to HK$14,713,583 was transferred from employee share-based compensation reserve to retained profits.

** Lai Wai Yin and Cao Jie Min appointed to be independent non-executive director on 1 April 2009 and 4 May 2009 respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2009

11. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, three (2008: three) are directors whose emoluments are disclosed in note 10. The aggregate of the emoluments in respect of the other two (2008: two) individuals are as follows:

	2009 **HK$**	2008 HK$
Salaries, allowances and benefits in kind	**771,078**	1,738,855
Retirement scheme contributions	**24,855**	24,000
	795,933	1,762,855
Share-based payments (note)	**–**	9,285,168
	795,933	11,048,023

Note:

These represent the estimated value of share options granted to the employees under the company's share option scheme. The value of these share options is measured according to the group's accounting policies for share-based payment transactions as set out in note 2(r)(ii).

The details of these benefits in kind, including the principal terms and number of options granted, are disclosed under the paragraph "Share option scheme" in the directors' report and note 27.

The remuneration of the two (2008: two) individuals with highest emoluments including share-based payments are within the following bands:

	Number of individuals	
	2009	2008
HK$Nil – HK$1,000,000	**2**	–
HK$5,000,001 – HK$5,500,000	**–**	1
HK$5,500,001 – HK$6,000,000	**–**	1
	2	2

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2009

12. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(a) Income tax in the consolidated income statement represents:

	2009 **HK$**	2008 HK$
Current tax		
Hong Kong	**–**	–
PRC – overprovision in prior years	**–**	(462,491)
	–	(462,491)
Deferred tax	**(61,917,270)**	(6,961,540)
Tax credit	**(61,917,270)**	(7,424,031)

No provision for Hong Kong profits tax has been provided for the year as the group had no estimated assessable profits for the year (2008: Nil).

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

The PRC enterprise income tax (the "EIT") for the year ended 31 March 2009 is 25% (2008: 33%). The EIT has not been provided for as the group has incurred loss for the year.

(b) Pursuant to the new PRC Corporate Income Tax Law which took effect from 1 January 2008, a 5% to 10% withholding tax was levied on dividends declared to foreign enterprise investors from the PRC effective from 1 January 2008. A lower withholding tax rate may be applied if there is a tax treaty arrangement between the PRC and the jurisdiction of the foreign enterprise investors. For the group, the applicable rate is 5%.

On 22 February 2008, Caishui [2008] No.1 was promulgated by the PRC tax authorities to specify that dividends declared and remitted out of the PRC from the retained earnings as at 31 December 2007 determined based on the relevant PRC tax law and regulations are exempted from the withholding tax.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2009

12. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT (Continued)

(c) Reconciliation between tax expense and accounting loss at applicable tax rate:

	2009 **HK$**	2008 HK$
Loss before taxation	**(278,899,639)**	(36,200,225)
Notional tax on loss before taxation, calculated at the tax rate applicable to profits in the jurisdictions concerned	**(68,898,426)**	(3,418,114)
Tax effect of changes in PRC income tax rate	**–**	(15,551,014)
Tax effect of non-taxable income	**(2,634,025)**	(1,595,809)
Tax effect of non-deductible expenses	**4,995,739**	11,086,521
Tax effect of unused tax losses not recognised	**4,619,442**	2,516,644
Over-provision in prior years	**–**	(462,491)
Others	**–**	232
Tax credit	**(61,917,270)**	(7,424,031)

13. LOSS ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated loss attributable to equity shareholders of the company includes a loss of approximately HK$109,804,435 (2008: loss of HK$71,274,345) which has been dealt with in the financial statements of the company.

14. DIVIDENDS

The directors did not propose the payment of any dividend for the years ended 31 March 2009 in view of the losses for the respect years (2008: Nil).

15. LOSS PER SHARE

a) BASIC LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the company HK$216,982,369 (2008: loss of HK$28,776,194) and the weighted average number of 1,763,698,191 ordinary shares (2008: 1,272,604,619 ordinary shares) in issue during the year.

b) DILUTED LOSS PER SHARE

Diluted loss per share equals to basic loss per share as the impact of the potential ordinary shares was anti-dilutive.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2009

16. PROPERTY, PLANT AND EQUIPMENT

The group

	Leasehold improvements HK$	Furniture and equipment HK$	Motor vehicles HK$	Total HK$
Cost				
At 1 April 2007	530,885	362,121	907,100	1,800,106
Additions	–	211,635	611,685	823,320
Disposal	(495,167)	–	–	(495,167)
Exchange realignment	1,611	122,731	92,652	216,994
At 31 March 2008	37,329	696,487	1,611,437	2,345,253
At 1 April 2008	37,329	696,487	1,611,437	2,345,253
Additions	–	14,375	–	14,375
Exchange realignment	–	6,150	20,123	26,273
At 31 March 2009	37,329	717,012	1,631,560	2,385,901
Accumulated depreciation				
At 1 April 2007	495,445	154,751	263,294	913,490
Charge for the year	840	80,923	244,071	325,834
Disposal	(495,167)	–	–	(495,167)
Exchange realignment	1,609	98,124	3,783	103,516
At 31 March 2008	2,727	333,798	511,148	847,673
At 1 April 2008	2,727	333,798	511,148	847,673
Charge for the year	840	103,924	293,681	398,445
Exchange realignment	–	1,572	5,636	7,208
At 31 March 2009	3,567	439,294	810,465	1,253,326
Net book value				
At 31 March 2009	33,762	277,718	821,095	1,132,575
At 31 March 2008	34,602	362,689	1,100,289	1,497,580

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2009

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

The company

	Furniture and equipment HK$
Cost	
At 1 April 2007	139,962
Additions	–
At 31 March 2008	139,962
At 1 April 2008	139,962
Additions	–
At 31 March 2009	139,962
Accumulated depreciation	
At 1 April 2007	136,853
Charge for the year	1,576
At 31 March 2008	138,429
At 1 April 2008	138,429
Charge for the year	836
At 31 March 2009	139,265
Net book value	
At 31 March 2009	697
At 31 March 2008	1,533

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2009

17. INVESTMENT PROPERTIES

The group

	HK$
Valuation:	
At 1 April 2007	258,784,000
Additions	131,818,943
Exchange realignment	45,772,162
Surplus on revaluation	34,357,895
At 31 March 2008 (note a)	470,733,000
At 1 April 2008	470,733,000
Exchange realignment	10,698,477
Deficit on revaluation	(252,251,477)
At 31 March 2009 (note a)	229,180,000

The group's investment properties are held in PRC under medium-term leases.

(a) All of the group's investment properties were revalued on 31 March 2008 and 31 March 2009 by Castores Magi (Hong Kong) Limited, an independent professional valuer, who has appropriate qualification and experience in the valuation of properties in the relevant locations, on a market value basis, after taking into consideration the net rental income receivable from the existing tenancies and the reversionary rental income potential where appropriate. The investment properties are leased to third parties under operating leases, further details of which are included in note 29(b) to the financial statements.

The group's investment properties with a total carrying value of HK$123,811,000 at 31 March 2009 (2008: HK$305,120,000) have been pledged to secure general banking facilities granted to the group (note 24).

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2009

18. INTEREST IN SUBSIDIARIES

	The company	
	2009	2008
	HK$	HK$
Unlisted shares, at cost	**145,741,000**	145,741,008
De-registration of a subsidiary	**(35,741,000)**	(8)
	110,000,000	145,741,000
Less: Impairment losses		
At 1 April	**35,741,000**	35,741,008
De-registration of a subsidiary	**(35,741,000)**	(8)
At 31 March	**–**	35,741,000
Unlisted shares, at cost (net)	**110,000,000**	110,000,000
Amount due from subsidiaries	**134,811,930**	132,397,910
Less: Impairment losses		
At 1 April	**1,477,784**	1,552,400
Impairment loss recognised	**104,000,000**	4,640
De-registration of subsidiaries	**(1,477,784)**	(79,256)
At 31 March	**104,000,000**	1,477,784
Due from subsidiaries (net)	**30,811,930**	130,920,126
	140,811,930	240,920,126

The amounts due from subsidiaries are unsecured, interest-free and are not expected to be recovered within one year. In the opinion of the company's director, these advances are considered as quasi-equity loans to the subsidiaries. The carrying amounts of these amounts due from subsidiaries approximate to their fair value.

In prior year, the carrying amount of interests in subsidiaries was impaired by HK$37,218,784 representing impairment of investment cost of HK$35,741,000 and impairment of amount due from subsidiaries of HK$1,477,784 due to poor financial position of the subsidiaries and that they might not have the ability to fully repay the outstanding balance. Investment cost of HK$8 and amount due from subsidiaries of HK$79,256 were written off as these subsidiaries were de-registered in prior year.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2009

18. INTEREST IN SUBSIDIARIES (Continued)

During the year ended 31 March 2009, the subsidiaries made further losses and an additional impairment of HK$104,000,000 was made. Investment cost of HK$35,741,000 and due from subsidiaries of HK$1,477,784 were impaired as these subsidiaries were de-registered during the year. Impairment losses of HK$104,000,000 representing impairment of amount due from subsidiaries were carried in the balance sheet as at 31 March 2009.

The following are the particulars of subsidiaries which principally affected the results, assets and liabilities of the group. The class of shares held are ordinary unless otherwise stated.

All these companies are controlled subsidiaries as defined under note 2(c) and have been consolidated into the group financial statements.

			Proportion of equity interest			
Name	**Place of incorporation/ registration and operations**	**Nominal value of issued ordinary/ registered share capital**	**Group's effective interest**	**Held by the company**	**Held by a subsidiary**	**Principal activities**
Luck Grow group Limited	The British Virgins Island	US$1	100	100	–	Investment holding
Lok Wing group Limited ("Lok Wing")	Hong Kong	HK$50,000,000	100	–	100	Investment holding
Shanghai Xiang Chen Hang Place The Industry Co Ltd ("Shanghai Xiang Chen Hang ") *	PRC	US$12,571,540**	100	–	100	Property investment

* Registered under the laws of the PRC as a wholly-foreign-owned enterprise.

** The registered capital of Shanghai Xiang Chen Hang is US$17,000,000 and US$12,571,540 has been paid up. In accordance with the relevant rules and regulation, the remaining unpaid registered capital have to be paid up on or before 29 August 2008. According to《中華人民共和國外資企業法實施細則》(Rules for the Implementation of the Law of the People's Republic of China on Foreign-funded Enterprises), Lok Wing, an immediate parent of Shanghai Xiang Chen Hang, is required to settle all the outstanding amount (i.e., US$4,428,460) of capital on or before 29 August 2008. Otherwise, the Certificate of Incorporation of Shanghai Xiang Chen Hang will become invalid with immediate effect.

On 24 November 2008, the board of directors passed a resolution relating to the reduction of registered capital from US$17,000,000 to US$12,571,540. The application was approved by Shanghai Municipal Commission of Commerce on 2 June 2009.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2009

19. TRADE AND OTHER RECEIVABLES

	The group		The company	
	2009 **HK$**	2008 HK$	**2009** **HK$**	2008 HK$
Trade receivables	**5,883,755**	2,117,111	**–**	–
Less: allowance for impairment of doubtful debts	**(2,538,363)**	–	**–**	–
Trade receivables, net	**3,345,392**	2,117,111	**–**	–
Other receivables	**–**	71,687	**–**	–
Loans and receivables	**3,345,392**	2,188,798	**–**	–
Prepayments and deposits	**1,255,305**	17,808,165	**167,999**	168,000
	4,600,697	19,996,963	**167,999**	168,000

All of the trade and other receivables are expected to be recovered within one year.

a) AGE ANALYSIS

Trade receivables and net of allowance for impairment of doubtful debts of HK$2,538,363 (2008: HK$Nil) with the following age analysis as of the balance sheet date:

	The group	
	2009 **HK$**	2008 HK$
Current	**–**	–
1 to 3 months overdue	**2,921,993**	1,537,115
More than 3 months overdue but less than 12 months overdue	**423,399**	579,996
	3,345,392	2,117,111

Trade receivables are due after the date of invoice. Further details on the group's credit policy are set out in note 4.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2009

19. TRADE AND OTHER RECEIVABLES (Continued)

b) IMPAIRMENT OF TRADE RECEIVABLES

Impairment losses in respect of trade receivables are recorded using an allowance account unless the group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

The movements in the allowance for doubtful debts

	The group	
	2009 **HK$**	2008 HK$
At 1 April	**–**	–
Impairment loss recognised*	**2,538,363**	–
At 31 March	**2,538,363**	–

* As at 31 March 2009, trade receivables of the group amounting to approximates HK$2,538,363 (2008: HK$ Nil) were individually determined to be impaired and full allowance for impairment loss had been made. These individually impaired receivables were outstanding for over 180 days as at the balance sheet date and the management considered the recoverability of the amount is low. The group does not hold any collateral over these balances.

c) TRADE RECEIVABLES THAT ARE NOT IMPAIRED

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired are as follows:

	The group	
	2009 **HK$**	2008 HK$
Neither past due nor impaired	**–**	–
Past due but not impaired		
–Within 3 months past due	**2,921,993**	1,537,115
–More than 3 months but less than 12 months past due	**423,399**	579,996
	3,345,392	2,117,111

Receivables that were past due but not impaired relate to a number of independent tenants that have a good track record with the group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The group hold rental deposits of HK$2,360,989 (2008: HK$3,101,462) as collateral over these balances.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2009

20. TRADING SECURITIES

	The group and the company	
	2009 **HK$**	2008 HK$
Listed equity securities, at market value in Hong Kong	**95,140**	192,480

21. AMOUNT DUE FROM A DIRECTOR

The group and the company

Particulars of amount due from a director disclosed pursuant to section 161B of the Hong Kong Companies Ordinance are as follows:

Name of director	**Balance at end of year** HK$	**Balance at beginning of year** HK$	**Maximum outstanding balance during the year** HK$
Zhao Qing Ji	–	14,777	14,777

Zhao Qing Ji resigned on 2 March 2009 and the outstanding balance was settled during the year.

The amount is unsecured, interest-free and has no fixed terms of repayment.

22. CASH AND CASH EQUIVALENTS

	The group		The company	
	2009 **HK$**	2008 HK$	**2009** **HK$**	2008 HK$
Cash at bank and on hand	**6,398,464**	24,993,481	**5,517,534**	14,955,983
Cash and cash equivalents in the consolidated balance sheet and consolidated cash flow statement	**6,398,464**	24,993,481	**5,517,534**	14,955,983

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2009

23. OTHER PAYABLES

	The group		The company	
	2009 **HK$**	2008 HK$	**2009** **HK$**	2008 HK$
Other payables	**3,658,865**	4,284,539	**63,425**	71,146
Accruals	**661,500**	508,942	**655,000**	502,443
Amounts due to a related party*	**681,815**	–	**–**	–
Financial liabilities measured at amortised cost	**5,002,180**	4,793,481	**718,425**	573,589

* The amount is unsecured, interest-free and has no fixed terms of repayment.

24. INTEREST-BEARING BANK BORROWINGS

At 31 March 2009, the secured bank loan was repayable as follows:

	The group	
	2009 **HK$**	2008 HK$
Within 1 year or on demand	**13,636,364**	5,024,475
After 1 year but within 2 years	**6,818,182**	5,582,849
After 2 years but within 5 years	**31,250,000**	25,122,823
After 5 years	**51,136,363**	73,691,753
	89,204,545	104,397,425
Total	**102,840,909**	109,421,900

i) At 31 March 2009, the bank loan was secured by the investment properties of the group with a total carrying value of HK$123,811,000 (2008: HK$305,120,000) (see note 17).

ii) During the year, the Bank of Shanghai recalled the loan of approximately HK$11,364,000 (equivalent to RMB10 million) in advance, as the group cannot fulfill the requirement to paid-up capital of the subsidiary in Shanghai.

After negotiation with the banker, the company paid approximately HK$3,409,000 (equivalent to RMB3 million) to repay the bank loan. As at 31 March 2009, the bank has the right to call up the remaining balance of approximately HK$7,955,000 (equivalent to RMB$7 million). Therefore, the balance is reclassified as a current liability.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2009

24. INTEREST-BEARING BANK BORROWINGS (Continued)

iii) On 8 June 2009, the Bank of Shanghai amended the loan agreement with the company relating to the above bank loan. According to the amendment, the company disposed of one of the pledged investment property (which took place on 22 June 2009) and repaid RMB30,500,000. Out of the proceeds of disposal to reduce the outstanding balance of the bank loan to RMB60,000,000 which would then be fully secured by the pledged of the other investment properties.

25. INCOME TAX IN THE CONSOLIDATED BALANCE SHEET

a) Current taxation in the consolidated balance sheet represents:

	2009 **HK$**	2008 HK$
Provision for Hong Kong profits tax	**–**	–
Provision for PRC enterprise income tax	**–**	–
	–	–

b) Deferred tax assets/(liabilities) recognised

The components of deferred tax assets/(liabilities) recognised in the consolidated balance sheet and the movements during the year are as follows:

Deferred tax arising from:	**Revaluation of investment properties** HK$		**Total** HK$
At 1 April 2007	(60,515,002)		(60,515,002)
Effect of change in PRC income tax rates	15,551,014	#	15,551,014
Deferred tax charged for the year	(8,589,474)	**	(8,589,474)
Deferred tax charged to the profit or loss	6,961,540		6,961,540
Exchange alignment	(7,285,302)		(7,285,302)
At 31 March 2008	(60,838,764)		(60,838,764)
At 1 April 2008	(60,838,764)		(60,838,764)
Deferred tax charged to the profit or loss	61,917,270*		61,917,270
Exchange alignment	(1,078,506)		(1,078,506)
At 31 March 2009	–		–

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2009

25. INCOME TAX IN THE CONSOLIDATED BALANCE SHEET (Continued)

b) Deferred tax assets/(liabilities) recognised (Continued)

* The amount represented the reversal of deferred tax liabilities on the fair value adjustments on investment properties during the year.

** The amount represented deferred tax liabilities on the fair value adjustments on investment properties held by the subsidiaries after their acquisition.

The amount represented the effect of the change in income tax rate pursuant to the enactment of the New Tax Law in mainland China on the fair value adjustment on investment properties held by the subsidiaries after their acquisition.

	2009 **HK$**	2008 HK$
Net deferred tax liabilities recognised in the balance sheet	–	(60,838,764)

c) Deferred tax assets/(liabilities) not recognsied

The group has unused tax losses arising in Hong Kong of HK$35,164,847 (2008: HK$29,869,273) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as it is uncertain that these companies will have any profits in the foreseeable future.

In addition, the group has unused tax losses of RMB8,568,251 equivalent to HK$9,736,649 (2008: RMB3,766,299 equivalent to HK$4,184,777) available for offset against future profits that may be carried forward for five years for PRC Enterprise Income tax purposes. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams.

No deferred tax liabilities for the withholding tax have been recognised, as the group's PRC subsidiaries incurred loss for the period from 1 January 2008 to 31 March 2009.

NOTES TO THE FINANCIAL STATEMENTS

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26. SHARE CAPITAL

	2009		2008	
	No. of shares	**Amount HK$**	No. of shares	Amount HK$
Ordinary shares of HK$0.2 each at 1 April 2007 and HK$0.01 each at 31 March 2008 and 2009				
Authorised				
Beginning of year	**3,500,000,000**	**35,000,000**	1,500,000,000	300,000,000
Capital reorganisation (note a)	**–**	**–**	–	(285,000,000)
Increase during the year (note b)	**–**	**–**	2,000,000,000	20,000,000
End of year	**3,500,000,000**	**35,000,000**	3,500,000,000	35,000,000

	2009		2008	
	No. of shares	**Amount HK$**	No. of shares	Amount HK$
Issued and fully paid				
Beginning of year	**1,763,698,191**	**17,636,982**	419,392,885	83,878,577
Capital reorganisation (note a)	**–**	**–**	–	(79,684,648)
Issue of new shares (note c)	**–**	**–**	1,258,178,656	12,581,787
Exercise of share options (note d)	**–**	**–**	2,251,650	22,516
Issue of new shares (note e)	**–**	**–**	83,875,000	838,750
End of year	**1,763,698,191**	**17,636,982**	1,763,698,191	17,636,982

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2009

26. SHARE CAPITAL (Continued)

Notes:

a) An ordinary resolution was passed at a special general meeting held on 21 May 2007 for approving the capital reorganisation scheme of the company. Pursuant to the scheme, the authorised share capital was reduced from HK$300,000,000 of 1,500,000,000 shares of HK$0.2 each to HK$15,000,000 of 1,500,000,000 shares of HK$0.01 each by cancelling the amount of HK$285,000,000 or HK$0.19 per share and the issued share capital was reduced from 419,392,885 shares of HK$0.2 each to 419,392,885 shares of HK$0.01 each by cancelling of HK$0.19 from each share together with the associated share premium of HK$40.9 million and a credit of approximately HK$120.6 million was transferred to the contributed surplus account. Part of the contributed surplus amounting to approximately HK$99.7 million was applied to eliminate the accumulated losses. A surplus of approximately HK$20.9 million standing to the credit of the contributed surplus account remained after the completion of the capital reorganization. The contributed surplus may be utilised by the directors in accordance with the bye-laws of the company and all applicable laws of Bermuda, including to apply such credit against the accumulated losses of the company.

b) By an ordinary resolution passed at a special general meeting held on 31 August 2007, the company's authorised share capital was increased to HK$35,000,000 by the creation of an additional 2,000,000,000 ordinary shares of HK$0.01 each.

c) By an ordinary resolution passed at a special general meeting held on 31 August 2007, the company issued 1,258,178,656 shares at HK$0.17 each by an open offer.

d) By an ordinary resolution passed on 28 September 2007, the company issued 2,251,650 shares at an exercise price of HK$0.0755 under the company's share option scheme.

e) On 31 October 2007, the company issued 83,875,000 shares at HK$0.43 each to Mr. Peter D. Xu, the promissory notes holder. The gross proceeds from the issue were approximately HK$36.1 million and were utilised for setting off the remaining balance of the promissory notes. The company issued the promissory notes to Mr. Peter D. Xu in July 2007, and the promissory notes was fully paid and settled during the year 2008.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2009

27. SHARE OPTION SCHEME

The company has a share option scheme which was adopted on 4 October 2002 whereby the directors of the company are authorised, at their discretion, to invite the company's directors (including independent non-executive directors), other employees of the group, suppliers of goods or services to the group, customers of the group, persons or entities that provided research, development or other technological support to the group and any minority shareholder in the company's subsidiaries, to take up options at a nominal consideration to subscribe for shares of the company. The exercise price of options is the highest of the nominal value of the shares, the closing price of the shares on the SEHK on the date of grant and the average closing price of the shares on the SEHK for the five business days immediately preceding the date of grant. The options vest immediately from the date of the grant. The options are exercisable after the vesting date but within a period from 28 November 2007 to 3 October 2012 from the date of grant. The options give the holder the right to subscribe for ordinary shares in the company.

a) The terms of the grants that existed during the year are as follows, whereby all options are settled by physical delivery of shares:

Date of grant	Exercisable period	Exercise price	Number of shares issuable under options
(i) Options granted to directors			
30 October 2002	30 October 2002 to 29 October 2012	HK$0.01	241,850,000
28 November 2007	28 November 2007 to 3 October 2012	HK$0.60	91,160,000
			333,010,000
(ii) Options granted to employees			
30 October 2002	30 October 2002 to 29 October 2012	HK$0.01	103,500,000
28 November 2007	28 November 2007 to 3 October 2012	HK$0.60	141,080,000
			244,580,000
			577,590,000

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2009

27. SHARE OPTION SCHEME (Continued)

b) The conditions of the grants that existed during the years are as follows:

For the year ended 31 March 2009

	Number of shares issuable under options									
Name or category of participant	Outstanding at 1 April 2008	Granted during the year	Effect of open offer	Exercise during the year	Forfeited during the year	Expired during the year	Outstanding at 31 March 2009	Date of grant of share options*	Exercisable period of share options	Exercise price of share options** HK$
Directors										
Mr. Zhao Qing Ji (resigned on 2 March 2009)	55,890,000	–	–	–	(55,890,000)	–	–	28-11-2007	28-11-2007 to 03-10-2012	0.6
Ms. Yu Wai Fong (appointed on 2 March 2009)***	17,635,000	–	–	–	–	–	17,635,000	28-11-2007	28-11-2007 to 03-10-2012	0.6
Mr. Au Tat On	17,635,000	–	–	–	–	–	17,635,000	28-11-2007	28-10-2007 to 03-10-2012	0.6
	91,160,000	–	–	–	(55,890,000)	–	35,270,000			
Employees										
Other employees	105,810,000	–	–	–	–	–	105,810,000	28-11-2007	28-11-2007 to 03-10-2012	0.6
	105,810,000	–	–	–	–	–	105,810,000			
Total shares issuable under options	196,970,000	–	–	–	(55,890,000)	–	141,080,000			

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2009

27. SHARE OPTION SCHEME (Continued)

For the year ended 31 March 2008

	Number of shares issuable under options									
Name or category of participant	Outstanding at 1 April 2007	Granted during the year	Effect of open offer	Exercise during the year	Forfeited during the year	Expired during the year	Outstanding at 31 March 2008	Date of grant of share options*	Exerciseable period of share options	Exercisable price of share options** HK$
Directors										
Mr. Wong Siu Keung, Joe	850,000	–	1,401,650	(2,251,650)	–	–	–	30-10-2002	30-10-2002 to 29-10-2012	0.01
Mr. Zhao Qing Ji	–	55,890,000	–	–	–	–	55,890,000	28-11-2007	28-11-2007 to 03-10-2012	0.6
Mr. Lu Xiao Dong	–	17,635,000	–	–	(17,635,000)	–	–	28-11-2007	28-11-2007 to 03-10-2012	0.6
Mr. Au Tat On	–	17,635,000	–	–	–	–	17,635,000	28-11-2007	28-11-2007 to 03-10-2012	0.6
	850,000	91,160,000	1,401,650	(2,251,650)	(17,635,000)	–	73,525,000			
Employees										
Other employees	–	141,080,000	–	–	(17,635,000)	–	123,445,000	28-11-2007	28-11-2007 to 03-10-2012	0.6
	–	141,080,000	–	–	(17,635,000)	–	123,445,000			
Total shares issuable under options	850,000	232,240,000	1,401,650	(2,251,650)	(35,270,000)	–	196,970,000			

* The share options vested immediately from the date of the grant.

** The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the company's share capital.

*** Ms. Yu Wai Fong is the Chief Operating Officer of a subsidiary in the year ended 31 March 2008 and included in other employees. As at 2 March 2009, Ms. Yu Wai Fung was appointed as an executive director of the company.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2009

27. SHARE OPTION SCHEME (Continued)

c) The number and weighted average exercise price of share options are as follows:

	2009		2008	
	Weighted average exercise price HK$	**Number of shares issuable under options**	Weighted average exercise price HK$	Number of shares issuable under options
Outstanding at 1 April	**0.6**	**196,970,000**	0.2	850,000
Effect of open offer		**–**		1,401,650
	0.6	**196,970,000**	0.0755	2,251,650
Granted during the year		**–**	0.6	232,240,000
Exercised during the year		**–**	0.0755	(2,251,650)
Forfeited during the year	**0.6**	**(55,890,000)**	0.6	(35,270,000)
Outstanding at 31 March	**0.6**	**141,080,000**	0.6	196,970,000
Issuable at the end of the year	**0.6**	**141,080,000**	0.6	196,970,000

The weighted average share price at the date of exercise of share options during the year was HK$Nil (2008 : HK$0.72) since no share options was exercised during the year.

The options outstanding at 31 March 2009 had an exercise price of HK$0.6 (2008: HK$0.6) per share and a weighted average remaining contractual life of 3.9 years (2008: 4.9 years).

d) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a Black-Scholes model.

Fair value of share options and assumptions	**Options granted on 28 November 2007**
Share price on grant date	HK$0.68
Exercise price	HK$0.60
Expected volatility	113.59
Expected dividends	0%
Expected options life	1 year
Risk-free interest rate (based on Exchange Fund Notes)	1.5%

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2009

27. SHARE OPTION SCHEME (Continued)

d) Fair value of share options and assumptions (Continued)

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

28. RESERVES

a) The group

	Share premium	**Special reserve**	**Contributed surplus reserve**	**Employee share-based compensation reserve**	**Exchange fluctuation reserve**	**(Accumulated losses)/ Retained profits**	**Total**
	HK$	HK$	HK$	HK$	HK$	HK$	HK$
At 1 April 2007	40,911,074	(11,152,801)	–	–	(93,436)	(77,603,262)	(47,938,425)
Capital reorganisation (note 26(a))	(40,911,074)	–	20,867,880	–	–	99,727,842	79,684,648
Issue of new shares by open offer (note 26(c))	201,308,585	–	–	–	–	–	201,308,585
Share issuance expense	(6,327,049)	–	–	–	–	–	(6,327,049)
Exercise of share options (note 26(d))	147,484	–	–	–	–	–	147,484
Issue of new shares (note 26(e))	35,227,500	–	–	–	–	–	35,227,500
Equity settled share-based transactions	–	–	–	61,139,425	–	–	61,139,425
Options forfeited during the year	–	–	–	(9,285,168)	–	9,285,168	–
Exchange realignment	–	–	–	–	30,271,180	–	30,271,180
Loss for the year	–	–	–	–	–	(28,776,194)	(28,776,194)
At 31 March 2008	230,356,520	(11,152,801)	20,867,880	51,854,257	30,177,744	2,633,554	324,737,154
At 1 April 2008	230,356,520	(11,152,801)	20,867,880	51,854,257	30,177,744	2,633,554	324,737,154
Options forfeited during the year	–	–	–	(14,713,583)	–	14,713,583	–
Exchange realignment	–	–	–	–	8,172,020	–	8,172,020
Loss for the year	–	–	–	–	–	(216,982,369)	(216,982,369)
At 31 March 2009	230,356,520	(11,152,801)	20,867,880	37,140,674	38,349,764	(199,635,232)	115,926,805

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2009

28. RESERVES (Continued)

b) The company

	Share premium HK$	Contributed surplus reserve HK$	Employee share-based compensation reserve HK$	(Accumulated losses)/ Retained profits HK$	Total HK$
At 1 April 2007	40,911,074	–	–	(102,774,994)	(61,863,920)
Capital reorganisation (note 26(a))	(40,911,074)	20,867,880	–	99,727,842	79,684,648
Issue of new shares (note 26(c))	201,308,585	–	–	–	201,308,585
Share issuance expense	(6,327,049)	–	–	–	(6,327,049)
Exercise of share options (note 26(d))	147,484	–	–	–	147,484
Issue of new shares (note 26(e))	35,227,500	–	–	–	35,227,500
Equity settled share-based transactions	–	–	61,139,425	–	61,139,425
Options forfeited during the year	–	–	(9,285,168)	9,285,168	–
Loss for the year	–	–	–	(71,274,345)	(71,274,345)
At 31 March 2008	230,356,520	20,867,880	51,854,257	(65,036,329)	238,042,328
At 1 April 2008	230,356,520	20,867,880	51,854,257	(65,036,329)	238,042,328
Options forfeited during the year	–	–	(14,713,583)	14,713,583	–
Loss for the year	–	–	–	(109,804,435)	(109,804,435)
At 31 March 2009	230,356,520	20,867,880	37,140,674	(160,127,181)	128,237,893

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2009

28. RESERVES (Continued)

c) NATURE AND PURPOSES OF THE RESERVES

i) Share premium

The application of the share premium account is governed by section 40 of the Bermuda Companies Act 1981. The share premium account of the company is distributable to the shareholders of the company in the form of fully paid bonus shares.

ii) Special reserve

The group's special reserve represents the difference between the nominal value of the shares and the share premium account of the subsidiaries acquired pursuant to the group reorganisation, over the nominal value of the company's shares issued in exchange therefor.

iii) Contributed surplus reserve

The contributed surplus arose from the capital reduction and share premium reduction on 21 May 2007. Pursuant to the scheme, the issued share capital was reduced from 419,392,885 shares of HK$0.2 each to 419,392,885 shares of HK$0.01 each by cancelling HK$0.19 from each share together with the associated share premium of HK$40.9 million and a credit of approximately HK$120.6 million was transferred to the contributed surplus account. Part of the contributed surplus amounting to approximately HK$99.7 million was applied to eliminate the accumulated deficit. A surplus of approximately HK$20.9 million standing to the credit of the contributed surplus account remained after the completion of the capital reorganization. The contributed surplus may be utilised by the directors in accordance with the bye-laws of the company and all applicable laws, including to apply such credit against the accumulated losses of the company.

iv) Employee share-based compensation reserve

The employee share-based compensation reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees of the company recognised in accordance with the accounting policy adopted for share-based payments in note 2(r)(ii).

v) Exchange fluctuation reserve

The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations as well as the effective portion of any foreign exchange differences arising from hedges of the net investment in these foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 2(o).

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2009

28. RESERVES (Continued)

d) DISTRIBUTABILITY OF RESERVES

At 31 March 2009, the aggregate amount of reserves available for distribution to equity holders of the company was approximately HK$91,097,000 (2008: approximately HK$186,188,000) subject to the restriction on the share premium account as stated above.

e) CAPITAL MANAGEMENT

The group's objectives when managing capital are 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 management reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. In view of this, the group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt as it sees fit and appropriate.

During the year ended 31 March 2009, the group's strategy, which was unchanged from 2008, was to maintain a gearing ratio of within 20% to 30%. The gearing ratios at 31 March 2009 and 2008 were as follows:

	2009 **HK$**	2008 HK$
Total borrowings		
Interest-bearing bank borrowings (Note 24)	**102,840,909**	109,421,900
Less: Cash and cash equivalents (Note 22)	**6,398,464**	24,993,481
Net debt	**96,442,445**	84,428,419
Total equity	**133,563,787**	342,374,136
Total capital	**230,006,232**	426,802,555
Gearing ratio	**42%**	20%

As at 31 March 2009, the gearing ratio of the group was 42%, which was higher than the range set by the group. The group is in the process of considering the possibility of issuing of new shares or redemption of existing debt. Neither the company nor its subsidiaries are subject to externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2009

29. COMMITMENTS

(a) CAPITAL COMMITMENTS

Capital commitments outstanding at 31 March 2009 not provided for in the financial statements were as follows:

	2009 **HK$**	2008 HK$
Purchase of investment properties		
– Contracted for but not provided for	**–**	15,435,000

(b) OPERATING LEASE COMMITMENTS

i) *The group as lessor:*

The group leases its investment properties under operating lease arrangements, with leases negotiated for terms ranging from two to ten years. The terms of the leases generally require the tenants to pay security deposits. At the balance sheet date, the group had total future minimum lease payments receivable under non-cancellable operating leases with its tenants falling due as follows:

	2009 **HK$**	2008 HK$
Within one year	**18,469,561**	25,278,519
In the second to fifth year, inclusive	**61,528,165**	65,104,943
Over five years	**27,285,219**	43,916,684
	107,282,945	134,300,146

ii) *The group as lessee:*

At the balance sheet date, the group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2009 **HK$**	2008 HK$
Within one year	**3,249,277**	2,396,059
In the second to fifth years, inclusive	**1,478,246**	3,923,863
Over five years	**–**	–
	4,727,523	6,319,922

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2009

30. MATERIAL RELATED PARTY TRANSACTIONS

(a) KEY MANAGEMENT PERSONNEL EMOLUMENTS

Emoluments for key management personnel, including amounts paid to the company's directors as disclosed in note 10 and certain of the highest paid employees as disclosed in note 11 are as follows:

	2009 **HK$**	2008 HK$
Salaries and other short-term employee benefits	**3,108,741**	27,390,716
Retirement scheme contributions	**59,855**	36,750
	3,168,596	27,427,466

Total emoluments is included in "staff costs" (see note 9(b)).

(b) OUTSTANDING BALANCES WITH RELATED PARTIES

	2009 **HK$**	2008 HK$
Amounts due from a director (note 21)	**–**	14,777
Amounts due to a related party (note 23)	**681,815**	–

The balances with these related parties are unsecured, interest-free and have no fixed terms of repayment.

31. LITIGATION

In 1998, the company brought up legal proceedings against ASG Capital Limited and ASG Brokerage Limited (the "Defendants") for breach of the placing and underwriting agreement dated 9 December 1997 in that the Defendents failed to fulfill their underwriting obligations thereunder and for the recovery of HK$40 million being the economic loss suffered by the company together with interest and legal cost. The proceedings are now in pre-trial stage of discovery of documents of the parties and the date of the trial has not been fixed. The last action of the parties to the proceedings took place in middle of 2005 when solicitors acting for the company in the legal proceedings served a notice to inspect documents to those acting for the Defendants.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2009

32. RETIREMENT BENEFITS SCHEME

The group operates a Mandatory Provident Fund ("MPF") scheme for all Hong Kong eligible employees including executive directors. The assets of the MPF scheme are held separately from those of the group in funds under the control of trustees.

The retirement benefit cost for the MPF scheme charged to the consolidated income statement represents contributions payable to the MPF scheme by the group at rates specified in the rules of the MPF scheme.

Employees who are employed in the PRC are members of the state-sponsored pension scheme operated by the PRC government. The group is required to contribute a certain percentage of their payroll to the pension scheme to fund the benefits. The only obligation of the group with respect to the pension scheme is to make the required contributions under the scheme.

33. NON-ADJUSTING POST BALANCE SHEET EVENTS

(i) On 20 May 2009, Ms. Yu Wai Fong ("Ms. Yu"), the company and Get Nice Securities Limited (the "Placing Agent") entered into a placing and subscription agreement pursuant to which the Placing Agent agreed to place 352,600,000 placing shares at the placing price of HK$0.105 per placing share to not less than six independent places. In addition, Ms. Yu also agreed to subscribe for and the company agreed to issue a total of 352,600,000 subscription shares at a price of HK$0.105 per subscription share. The subscription shares represent approximately 19.99% of the existing issued share capital of the company as at the date of the placing and subscription agreement and approximately 16.66% of the issued share capital of the company as enlarged by the subscription shares. The net proceeds of the share subscription, after deduction of the relevant expenses, are estimated to amount to approximately HK$35.9 million.

(ii) On 4 June 2009, the company and Gold Trinity Limited, an independent third party entered into a sales and purchase agreement for the acquisition by the company of the entire equity interest of Main Pacific Group Limited which owns a 51% interest in a mining business at a consideration of HK$300 million to be satisfied as to HK$40 million in cash payment and the remaining HK$260 million by the issue of convertible bonds at the conversion price of HK$0.20 per conversion share. The cash portion of the consideration of HK$40 million was paid by the company on 5 June 2009.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2009

33. NON-ADJUSTING POST BALANCE SHEET EVENTS (Continued)

(iii) On 22 June 2009, a subsidiary of the company entered into a sale and purchase agreement with the independent third parties relating to the disposal of the property for an aggregate consideration of RMB40 million (equivalent to approximately HK$45.5 million).

The property was mortgaged to the Bank of Shanghai as part of the security for bank loan (note 24). The subsidiary applied the proceeds from the disposal to repay part of the outstanding of bank loan of RMB30.5 million and procured the release of the mortgage upon the completion of the transaction. The property was sold free of encumbrances. Part of the consideration of RMB30.5 million (equivalent to approximately HK$34.7 million) was paid to the Bank of Shanghai directly to settle part of the secured bank loan of the group and the remaining balance of RMB9.5 million (equivalent to approximately HK$10.8 million) was received in cash by the subsidiary.

(iv) On 6 July 2009, Ms. Yu, the company and the Placing Agent entered into a placing and subscription agreement pursuant to which the Placing Agent agreed to place 412,600,000 placing shares at the placing price of HK$0.09 per placing share to not less than six independent places. In addition, Ms. Yu also agreed to subscribe for and the company agreed to issue a total of 412,600,000 subscription shares at a price of HK$0.09 per subscription share. The subscription shares represent approximately 19.52% of the existing issued share capital of the company as at the date of the placing and subscription agreement and approximately 16.33% of the issued share capital of the company as enlarged by the subscription shares.

The net proceeds of the share subscription, after deduction of the relevant expenses, are estimated to amount to approximately HK$36.07 million.

FIVE YEAR FINANCIAL SUMMARY

For the Year ended 31 March 2009

RESULTS

	Year ended 31 March				
	2009	2008	2007	2006	2005
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
CONTINUING OPERATIONS					
Turnover	**19,607**	18,744	5,659	2,938	70,084
(Loss)/Profit before tax	**(278,899)**	(36,200)	14,663	(5,042)	(19,125)
Tax	**61,917**	7,424	(4,728)	–	(511)
(Loss)/Profit for the year from continuing operations	**(216,982)**	(28,776)	9,935	(5,042)	(19,636)
Loss for the year from discontinued operation	**–**	–	(28,551)	(24,761)	–
Loss for the year	**(216,982)**	(28,776)	(18,616)	(29,803)	(19,636)

ASSETS AND LIABILITIES

	Year ended 31 March				
	2009	2008	2007	2006	2005
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total Assets	**241,407**	517,428	267,628	100,297	115,476
Total Liabilities	**(107,843)**	(175,054)	(231,688)	(85,967)	(83,825)
Net assets	**133,564**	342,374	35,940	14,330	31,651

PROPERTIES HELD BY THE GROUP FOR INVESTMENT

As at 31 March 2009

	Location	Existing Use	Term of Lease
1.	* Unit Nos. 201 and 202 on Mezzanine Level, Yun Hai Building, Nos. 1329 and 1331 Huai Hai Zhong Road, Xuhui District, Shanghai, The PRC.	Commercial	Medium term
2.	* Whole of Basement Level One and Ground Level, Nos. 277 and 289 Lan Xi Road, Putuo District, Shanghai, The PRC.	Commercial	Medium term
3.	* Whole of Levels 1 and 2, Shimei Mansion, No. 445 Jiangning Road, Jingan District, Shanghai, The PRC.	Commercial	Medium term
4.	* Whole of Levels 3 and 4, Shimei Mansion, No. 445 Jiangning Road, Jingan District, Shanghai, The PRC.	Commercial	Medium term

* *For identification purpose only*