Chinney Investments, Limited

Stock Code: 216

Annual Report **2010/11**

CONTENTS

Cover Photo :
Yayao Oasis, Da Li District, Nanhai – Architect Perspective

封面圖片：
南海大瀝鎮雅瑤綠洲 — 總設計圖

CORPORATE INFORMATION

DIRECTORS

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

* *Independent non-executive directors*

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

SECRETARY

Louisa Kai-Nor Siu

PRINCIPAL BANKERS

The Bank of East Asia, Limited
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
Industrial and Commercial Bank of China Limited
Industrial and Commercial Bank of China (Asia) Limited
Nanyang Commercial Bank, Limited
Shanghai Commercial Bank Limited

AUDITORS

Ernst & Young

REGISTRARS

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

REGISTERED OFFICE

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

Tel	:	(852) 2877 3307
Fax	:	(852) 2877 2035
E-mail	:	general@chinneyhonkwok.com

STOCK CODE

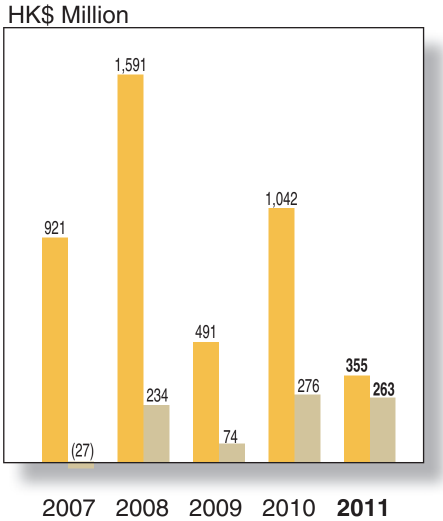
SEHK 216

WEBSITE

http://www.chinney.com.hk

Turnover / Net Profit

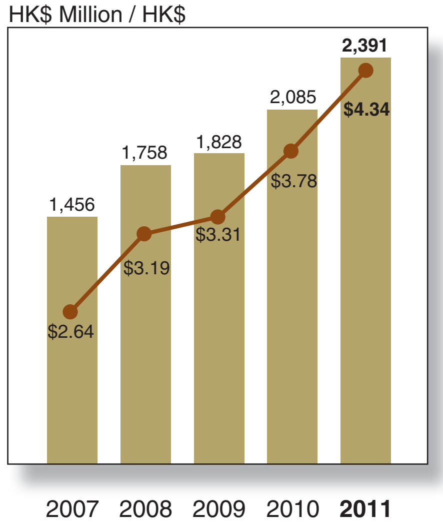
HK$ Million



- Turnover
- Net profit attributable to shareholders

Shareholders' Funds / Net Assets per Share

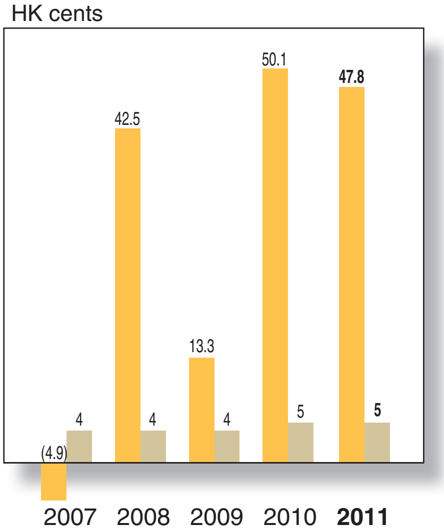
HK$ Million / HK$



- Shareholders' funds
- Net assets per share (HK$)

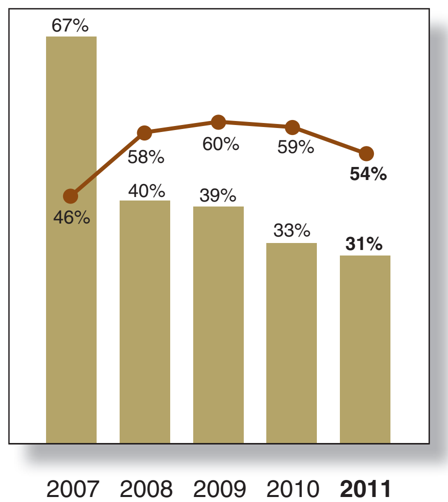
Earnings / Dividend per Share

HK cents



- Earnings per share
- Dividend per share

Gearing / Equity Funding



- Gearing ratio (*)
- % of total assets financed by equity

(*) Representing ratio of "bank borrowings + convertible bonds – bank balances" to "shareholders' funds + non-controlling interests".

LOCATION OF PROPERTY PROJECTS IN MAINLAND CHINA

Projects under Development

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

Completed Projects

8 Millennium Oasis 城市綠洲花園 Phase I [2001], Phases II & III [2002]
9 City Square 城市天地廣場 [2005]
10 Chongqing Hon Kwok Centre 重慶漢國中心 [2009], held as investment property
11 No. 5 Residence 北京路5號公館 [2009]

Hotel/Serviced Apartments

12 City Suites 寶軒公寓
13 The Bauhinia Hotel (Shenzhen) 寶軒酒店（深圳）
14 The Bauhinia Hotel (Guangzhou) 寶軒酒店（廣州）

Acquired property

15 Ganghui Dasha 港滙大廈, held as investment property

FINANCIAL RESULTS

For the year ended 31 March 2011, the Group's consolidated turnover and net profit attributable to shareholders amounted to HK$355 million (2010: HK$1,042 million) and HK$263 million (2010: HK$276 million), respectively. Basic earnings per share were 47.75 Hong Kong cents (2010: 50.11 Hong Kong cents). As at 31 March 2011, the shareholders' equity amounted to HK$2,391 million (2010: HK$2,085 million) and net assets per share attributable to shareholders were HK$4.34 (2010: HK$3.78).

The decrease in turnover was mainly due to the pre-sold units of the Group's development project in Guangzhou have yet to be recognised for the financial year under review. Nevertheless, net profit was merely slightly decreased due to the recognition of property revaluation gain, net of deferred tax, on the Group's investment properties during the year.

DIVIDEND

The Directors recommend the payment of a final dividend of 5 Hong Kong cents per ordinary share for the year ended 31 March 2011 (2010: 5 Hong Kong cents) to shareholders whose names appear on the Company's register of members on 26 August 2011. Subject to the approval by the shareholders at the forthcoming annual general meeting, the dividend cheques are expected to be despatched to shareholders on or before 16 September 2011.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The annual general meeting of the Company is scheduled to be held on 18 August 2011. For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from 15 August 2011 to 18 August 2011 (both days inclusive), during which period no share transfers will be registered. In order to be eligible to attend and vote at the annual general meeting, all transfer forms accompanied by relevant share certificates must be lodged with Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on 12 August 2011.

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND

The proposed final dividend for the year ended 31 March 2011 is subject to the approval by the shareholders at the annual general meeting. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed on 25 August 2011 and 26 August 2011, during which period no share transfers will be registered. The last day for dealing in the Company's shares cum entitlements to the proposed final dividend will be 22 August 2011. In order to qualify for the proposed final dividend, all transfer forms accompanied by relevant share certificates must be lodged with Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on 24 August 2011.

BUSINESS REVIEW

1. Property Development, Investment and Hotel Operations

The Group's property development and investment activities are conducted by our 54.54% owned Hon Kwok Land Investment Company, Limited ("Hon Kwok") (Stock Code: 160). Hon Kwok reported a turnover of HK$146 million (2010: HK$813 million) and a net profit of HK$464 million (2010: HK$374 million) for the financial year 2010-11. The decrease in turnover was due to the property units pre-sold, which sales has yet to be recognised for the year under review.

1.1 Redemption of 3.5% Convertible Bonds due June 2011 (the "Bonds")

In the financial year 2009-10, out of the principal amount of HK$280 million Bonds issued by a wholly-owned subsidiary of Hon Kwok in June 2006, Hon Kwok had repurchased an aggregate face value of HK$192 million of the Bonds at par. Subsequent to the year end, the outstanding principal of the Bonds amounted to HK$88 million has been redeemed in full upon maturity in June 2011 together with the redemption premium totalling HK$110 million by internal resources of Hon Kwok.

1.2 Property Development and Sales

Botanica Phase 2 寶翠園二期, Guangzhou, PRC

The **Botanica** 寶翠園, comprises 39 blocks of high-rise residential building, is situated in the greenery zone of Tian He District near the Botanical Garden. The project, with total gross floor area of approximately 229,000 sq.m., is scheduled for development and pre-sale by phases. Delivery of all eight blocks totalled 332 units to purchasers of **Botanica Phase 1** 寶翠園一期 had been completed in the last financial year.

Part of Botanica Phase 1 and Phase 2

Entrance of The Botanica, Tian He District, Guangzhou

BUSINESS REVIEW *(Continued)*

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

1.2 Property Development and Sales *(Continued)*

Botanica Phase 2 寶翠園二期, Guangzhou, PRC *(Continued)*

Botanica Phase 2 寶翠園二期 also comprises eight blocks of 420 units. Delivery of individual units to purchasers of four blocks totalled 221 flats has been commenced by phases early this month. Construction works of the remaining four blocks of 199 units are in progress and scheduled to be completed by the last quarter of 2011 and approximately 99% of the units have been pre-sold up to the date of this report. Total sales proceeds generated from the above **phase 2** exceeding RMB630 million and the profits derived therefrom are to be recognised in the coming financial year.

Yayao Oasis 雅瑤綠洲, Nanhai, PRC

Situated in Da Li District with total gross floor area of approximately 273,000 sq.m. (excluding car parking spaces), this project is scheduled for development by phases. Phase 1 of the project comprises town houses of about 18,000 sq.m. and high-rise apartments of about 116,000 sq.m. Construction works of the town houses are in progress and scheduled to be completed by the end of next quarter whilst those of the high-rise apartments are expected to be commenced soon.

Town Houses of Yayao Oasis Phase 1, - construction works in progress

Development site of Yayao Oasis, Da Li District, Nanhai

BUSINESS REVIEW *(Continued)*

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

1.2 Property Development and Sales *(Continued)*

Dong Guan Zhuan Road and Beijing Nan Road projects, Guangzhou, PRC

The design and planning for the development sites at Dong Guan Zhuan Road, Tian He District and 45-107 Beijing Nan Road, Yue Xiu District, with respective total gross floor area of approximately 266,000 sq.m. and 62,000 sq.m., are both in progress.

1.3 Property Investment

Shenzhen, PRC

Situated at the junction of Shen Nan Zhong Road and Fu Ming Road, Futian District, foundation works of **Hon Kwok City Commercial Centre** 漢國城市商業中心, an 80-storey commercial/residential tower with total gross floor area of 128,000 sq.m., are in progress. Hon Kwok intends to hold this signature building for recurrent rental income upon completion of construction works which is expected to be in 2014.

Hon Kwok City Commercial Centre, Futian District, Shenzhen – foundation works in progress

All the retail shops at ground level and the entire level 2 of the commercial podium of **City Square** 城市天地廣場, situated at Jia Bin Road, Luo Hu District, have been leased out. **The Bauhinia Hotel (Shenzhen)** 寶軒酒店（深圳）, a 158-room hotel at levels 3 to 5 of the podium, obtained its business licence in early 2011 and has been softly opened in March. The current occupancy rate of **City Suites** 寶軒公寓, our 64-unit serviced apartments situated on top of the above podium, is satisfactory.

BUSINESS REVIEW *(Continued)*

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

1.3 Property Investment *(Continued)*

Guangzhou, PRC

As previously disclosed, Hon Kwok completed the acquisition of **Ganghui Dasha** 港滙大廈, a 20-storey commercial and office building, in April 2010. The property is situated at the junction of Beijing Road, Nanti Er Road and Baqi Er Road, Yue Xiu District and currently enjoys an occupancy rate exceeding 95%.

The Bauhinia Hotel (Guangzhou) 寶軒酒店（廣州）, situated at Jie Fang Nan Road, Yue Xiu District, is a 166-room hotel newly renovated and leased by Hon Kwok. It has been softly opened in February 2011 upon obtaining the business licence with current occupancy and room rates at a satisfactory level.

Chongqing, PRC

Chongqing Hon Kwok Centre 重慶漢國中心, situated in Bei Bu Xin Qu with total gross floor area of 107,802 sq.m., is a 21-storey twin-tower office building atop of a 4-storey retail/commercial podium. Three floors of the podium and entire block of one tower have been leased out and leasing for the other tower is in good progress.

Adjacent to the above project is our **Phase 2 Project** 重慶二期項目with total gross floor area of 133,502 sq.m. which will be developed into a grade A office tower and a 5-star hotel with serviced apartments on top of a retail/commercial podium. Foundation works of this project are expected to be commenced in the next quarter.

BUSINESS REVIEW *(Continued)*

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

1.3 Property Investment *(Continued)*

Hong Kong

The Bauhinia Hotel (Central) 寶軒酒店（中環）, a 42-room boutique hotel at the podium floors at Des Voeux Road Central, is softly opened in May 2011 after issuance of hotel licence subsequent to the year end. All the retail areas at ground floor have been leased out. The occupancy rate of **The Bauhinia** 寶軒, a 171-room serviced apartments atop of the above hotel, currently exceeds 85%.

The Bauhinia Hotel (Central) and the serviced apartments upstairs, Des Voeux Road Central, Hong Kong

Situated at nine upper floors of **Knutsford Place** 諾士佛廣場 at Observatory Court, Tsim Sha Tsui, **The Bauhinia Hotel (TST)** 寶軒酒店（尖沙咀）is a 44-room boutique hotel with valid hotel licence and has been opened for business since September 2010. Both the average occupancy rate and the average room rate are encouraging. Leasing negotiations for the commercial and office floors are in progress.

The occupancy rate of **Hon Kwok Jordan Centre** 漢國佐敦中心, a 23-storey commercial and office building situated at Hillwood Road, Tsim Sha Tsui, maintains at a satisfactory level.

BUSINESS REVIEW *(Continued)*

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

1.3 Property Investment *(Continued)*

The Bauhinia 寶軒 Group of Hotels and Serviced Apartments

The above hotels and serviced apartments, being operated under the brand name of "**The Bauhinia** 寶軒" at different locations in Hong Kong, Shenzhen and Guangzhou, aim to cater for the accommodation needs for short-stay or longer-term visitors and business travellers. A summary of the aforesaid hotels and apartments is as follows:

	Hotel Rooms	Serviced Apartment Rooms	Total
Des Voeux Road Central, Hong Kong			
The Bauhinia Hotel (Central) 寶軒酒店（中環）	42	–	
The Bauhinia 寶軒	–	171	
Observatory Court, Tsim Sha Tsui, Kowloon, Hong Kong			
The Bauhinia Hotel (TST) 寶軒酒店（尖沙咀）	44	–	
Jia Bin Road, Luo Hu District, Shenzhen			
The Bauhinia Hotel (Shenzhen) 寶軒酒店（深圳）	158	–	
City Suites 寶軒公寓	–	64	
Jie Fang Nan Road, Yue Xiu District, Guangzhou			
The Bauhinia Hotel (Guangzhou) 寶軒酒店（廣州）	166	–	
	410	235	645

With progressive contribution from our enlarged investment property portfolios and upon full operation of the above guest rooms, Hon Kwok's recurrent rental income is expected to be enhanced in the years ahead.

BUSINESS REVIEW *(Continued)*

2. Garment

J.L. Garment Group, wholly owned by our Company, reported turnover of HK$209 million (2010: HK$230 million) with a net profit of HK$10 million (2010: HK$14 million) for the year under review.

The business condition remained challenging and tough to the garment industry during the year under review. Although the global economy continued to revive after the financial crisis, the pace of recovery was slower than anticipated. The European consumer markets were very susceptible to market uncertainties, in particular, the ongoing debt problems of some European countries retarded the economic recovery within the region. To maintain competitiveness, our customers, who were mainly in Germany, Italy and Canada implemented stringent strategies on controlling purchase prices or sourced cheaper supplies from other developing countries, our export sales were slightly declined. On the production aspect, the persisting appreciation of Renminbi and rising inflation rate in the Mainland China escalated our production cost and therefore, further eroded our profit margin and earnings.

To sustain its profitability and maintain its competitive advantages, J.L. Group continued to deliver quality sales services and strategically restructured its production process to enhance its production efficiency and reduce the production cost in the coming year. It is delightful that J.L. Garment Group had achieved a slight profit amid various challenges during the year.

3. Construction and Trading

Chinney Alliance Group Limited ("Chinney Alliance"), a 29.1% owned associate recorded turnover and net profit for the year ended 31 December 2010 of HK$1,990 million (2009: HK$2,106 million) and HK$24 million (2009: HK$77 million) respectively.

Profit for the year under review included the fair value losses on equity investments of HK$6 million (2009: gains of HK$15 million) and surplus arising on changes in fair value of investment properties of HK$2 million (net of deferred tax) (2009: HK$1 million). Profit for last year also included surplus on revaluation of properties of HK$10 million (net of deferred tax) as a result of reversal of revaluation losses in prior years. Should these non-recurring items be excluded for both years, the net profit for the year ended 31 December 2010 for Chinney Alliance would be about HK$28 million (2009: HK$51 million).

BUSINESS REVIEW *(Continued)*

3. Construction and Trading *(Continued)*

Chinney Alliance Group's building construction business and the foundation piling services business recorded a total turnover of HK$1,107 million (2009: HK$1,195 million) and total operating profit of HK$14 million (2009: HK$65 million). The operating profit for the building construction business remained stable, and profit for the year under review amounted to HK$14 million (2009: HK$13 million) was mainly contributed from school projects. However, the profit of the foundation piling and ground investigation business dropped to HK$0.3 million (2009: HK$52 million) and was owing to additional costs incurred for three foundation piling projects due to unexpected difficult ground conditions. Other foundation piling projects, including the West Rail station recorded satisfactory profit.

The plastic trading division, which consists of Jacobson van den Berg (Hong Kong) Limited ("Jacobson") and other companies, recorded a turnover of HK$519 million (2009: HK$446 million) with operating profit of HK$18 million (2009: HK$8 million). Benefited from the global economic recovery and the rise of crude oil price in 2010, turnover and profit margin were both improved. Jacobson will continue to expand the Mainland China market to find products and solution to her customers so as to enhance its earnings.

4. Other investment

Owing to the price fluctuation in Hong Kong stock market for the year under review, the Group recorded in our income statement an unrealized fair value loss of HK$6 million on a listed investment. The carrying value of the listed investment as measured at its market value as at 31 March 2011 still exceeded its original acquisition cost.

OUTLOOK

The Hong Kong economy has exhibited increasing growth momentum, with the first quarter GDP growth at 7.2% on a year-to-year basis while unemployment went down to 3.5% in April this year. In the Mainland China, economic growth remains robust, consumer inflation rate rose to 5.5% in May this year. To contain high imported inflation, it is anticipated that the Central Government will continue to let the Renminbi's exchange rate appreciate gradually.

In order to cool down the overheated property market in the Mainland, the People's Bank of China tightened the reserve requirement ratio to a record high of 21.5% for major banks. In addition, the benchmark lending rate has been raised four times since October 2010. Together with the previous implementation of administrative measures by the Central Government, property transactions in major cities dropped significantly. Hon Kwok will closely monitor the property market in the Mainland China and Hong Kong and intends to replenish its land bank at opportune times.

Despite the government's measures to slow down the overheating property market, the Hong Kong property developers are still keen to launch property development projects and expand their land bank. Under the prevailing low interest rates and abundant market liquidity, coupled with the uptrend economic growth, the local property market continues to remain steady. Together with the large-scale public infrastructure projects under way, it is expected that the building construction business will gain benefit from more tender opportunities and will grow steadily.

Although the European market has remarkable sign of recovery, there are still numerous uncertainties that retard the recovery process. The ongoing Eurozone debt problems continue to sway the business decisions of the retailers and affect the sentiment of the retail market, the slowed down of economic recovery in the US and the end of the second round of Quantitative Easing measures may discourage domestic consumption in different regions. To overcome these challenges, our garment group will focus on restructuring and integration of production process with the aim to reduce the production cost and sustain its profitability.

Finally, I wish to express my sincere thanks to my fellow directors for their valuable contribution and all staff for their dedication and hard work during the year under review.

James Sai-Wing Wong
Chairman

Hong Kong, 28 June 2011

DIRECTORS

James Sai-Wing Wong

Aged 73, was appointed as a director and the Chairman of the Company in 1987. He is a director of Chinney Holdings Limited ("Chinney Holdings") and Lucky Year Finance Limited ("Lucky Year"), both being substantial shareholders of the Company. He is also the chairman of Hon Kwok and Chinney Alliance. Except Chinney Holdings and Lucky Year, all the other companies are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). He was appointed a Justice of the Peace for Hong Kong in 1987.

Madeline May-Lung Wong

Aged 71, was appointed as a director of the Company in 1987. She is a director of Chinney Holdings and Lucky Year, both being substantial shareholders of the Company. She is also a director of Hon Kwok, HKR International Limited and United Nigeria Textiles PLC. Hon Kwok and HKR International Limited are both listed on the Main Board of the Stock Exchange and United Nigeria Textiles PLC is listed on the Nigerian Stock Exchange.

William Chung-Yue Fan

Aged 70, was appointed as a director of the Company in 1987. He is a solicitor in Hong Kong and a consultant to Fan & Fan, Solicitors. He is also a non-executive director of Alltronics Holdings Limited and an independent non-executive director of Artini China Co. Ltd., which are both listed on the Main Board of the Stock Exchange.

Herman Man-Hei Fung

Aged 73, was appointed as a director of the Company in 1987 and became the Managing Director of the Company in 1995. He is also a director of Chinney Holdings and Lucky Year, both being substantial shareholders of the Company. He is the Vice-Chairman of Hon Kwok and a non-executive director of Chinney Alliance, which are both listed on the Main Board of the Stock Exchange. Mr. Fung was appointed a member of the Hong Kong Inland Revenue Board of Review from November 1996 to June 2005.

Paul Hon-To Tong

Aged 65, was appointed as a non-executive director of the Company in 2010. He has many years of senior management experience in manufacturing and trading businesses with global operations. He was formerly executive vice president and general counsel of Johnson Electric Holdings Limited. He also served for many years as a member of the Hong Kong Inland Revenue Board of Review. Since 19 August 2007, he has served as a non-executive director of Wing Tai Holdings Limited listed on the Singapore Exchange. He obtained his BSc (Economics) and postgraduate certificate of Management Studies from the University of London and the University of Oxford in England respectively. He was admitted as a barrister of the Middle Temple in England, the Supreme Court of Hong Kong and the High Court of Australia. He is also a fellow member of the Hong Kong Institute of Certified Public Accountants and an associate member of the Institute of Chartered Secretaries and Administrators.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Clement Kwok-Hung Young

Aged 77, was appointed as an independent non-executive director of the Company in 1999. He obtained his Ph.D. Degree from The University of Texas, USA and served as university professor and administrator before his retirement from the Hong Kong Baptist University. He was the supervisor of Pui Ching Middle and Primary Schools and a court member of the Hong Kong Baptist University. He is the chairman of the board and supervisor of Pui Ching Academy.

Peter Man-Kong Wong

Aged 62, was appointed as an independent non-executive director of the Company in 2004. He is the chairman of M.K. Corporation Limited and North West Development Limited, as well as a director of China Travel International Investment Hong Kong Limited, Far East Consortium International Limited, Glorious Sun Enterprises Limited, Hong Kong Ferry (Holdings) Company Limited, New Times Energy Corporation Limited, Sino Hotels (Holdings) Limited and Sun Hung Kai & Co. Limited. Except M.K. Corporation Limited and North West Development Limited, all the other companies are listed on the Main Board of the Stock Exchange. Mr. Wong graduated from the University of California at Berkeley in the USA with a Bachelor of Science Degree in Mechanical Engineering (Naval Architecture). Mr. Wong serves as a deputy of the Eleventh National People's Congress of the People's Republic of China.

James C. Chen

Aged 61, was appointed as an independent non-executive director of the Company in 2007. He has over 33 years of experience in accounting, financial management and multinational business. He held various senior executive positions in several multinational companies in Hong Kong and is responsible for the overall management and strategic planning. Mr. Chen holds a Bachelor of Arts Degree, Cum Laude (majors in Accounting, Business Administration and International Business) from Carthage College, Wisconsin, USA. He is also a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of the American Institute of Certified Public Accountants.

SENIOR MANAGEMENT

Zuric Yuen-Keung Chan

Aged 56, is an executive director of Hon Kwok and Chinney Alliance, which are both listed on the Main Board of the Stock Exchange. He joined the Group in 1989 and has 37 years of experience in the construction industry. He is a member of the Chartered Institute of Building.

Stephen Sek-Kee Yu

Aged 59, is a director of the Corporate Finance and Business Development Department of the Company. He is also a director of Chinney Alliance, which is listed on the Main Board of the Stock Exchange. He joined the Group in 2001 and had worked with three North American banks for over 17 years during which he held various posts including the chief executive of a Canadian bank in Hong Kong. Mr. Yu holds a Bachelor's Degree in Computer Science from the University of Western Ontario, Canada and a Master's degree in Finance from the University of British Columbia, Canada.

Vincent Kwok-Kuen Wong

Aged 52, is the managing director of J.L. Group Company Limited, a major garment business acquired by the Company in 1993 with its markets in Europe and North America. Mr. Wong joined the Group in 1993 and has 33 years of experience in the garment industry of sourcing and manufacturing. He is responsible for the overall management of J.L. Group Company Limited.

Louisa Kai-Nor Siu

Aged 45, joined the Company in 2005 and is the Company Secretary and Financial Controller of the Company. She has 22 years of experience in the accounting field. She holds a Bachelor's Degree in Accountancy from the City University of Hong Kong and is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.

Calvin Ming-Yui Ng

Aged 39, joined the Company in 2010 and is the Senior Finance Manager of the Company. He has 16 years of experience in investment banking and accounting sectors. He graduated from The University of Hong Kong with a Bachelor of Business Administration degree and obtained a Master of Science (Financial Management) degree from the University of London. He is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.

CORPORATE GOVERNANCE REPORT

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

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

DIRECTORS' SECURITIES TRANSACTIONS

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

BOARD OF DIRECTORS

The directors of the Company during the year ended 31 March 2011 were:

Executive Directors

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

Non-Executive Directors

Madeline May-Lung Wong
William Chung-Yue Fan
Paul Hon-To Tong (appointed on 20 August 2010)

Independent Non-Executive Directors

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

Details of background and qualifications of each director are set out in the section headed "Biographical Details of Directors and Senior Management" on pages 15 to 17 of this report.

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

BOARD OF DIRECTORS *(Continued)*

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

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

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

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

During the year under review, two full board meetings were held. As business operations were under the management and supervision of the executive directors of the Company, who had from time to time held meetings to resolve all material business or management issues, thus only two full board meetings were held for the year ended 31 March 2011.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The position of the Chairman and the Managing Director are held by two different individuals. James Sai-Wing Wong is the Chairman whereas Herman Man-Hei Fung is the Managing Director of the Company. There is a clear division of responsibilities between the Chairman and the Managing Director, in that the Chairman bears primary responsibility for the functioning of the Board, by ensuring its effective operation, while the Managing Director bears executive responsibility for the business and the management of the day-to-day operations of the Company.

NON-EXECUTIVE DIRECTORS

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

NON-EXECUTIVE DIRECTORS *(Continued)*

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

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

At the forthcoming annual general meeting, in accordance with article 95 of the Articles of Association, Paul Hon-To Tong, being a director appointed by the Board on 20 August 2010 shall retire and, being eligible, offer himself for re-election and in accordance with article 104 of the Articles of Association, Peter Man-Kong Wong and James C. Chen shall retire by rotation and, being eligible, offer themselves for re-election.

REMUNERATION OF DIRECTORS

The Remuneration Committee was established in December 2005. The Remuneration Committee currently comprises three members, namely Herman Man-Hei Fung, Clement Kwok-Hung Young and James C. Chen. The Chairman of the Remuneration Committee is Herman Man-Hei Fung.

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

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

AUDIT COMMITTEE

The Audit Committee was established in 2001. The Audit Committee currently comprises four members, namely James C. Chen, William Chung-Yue Fan, Clement Kwok-Hung Young and Peter Man-Kong Wong. Three of them are independent non-executive directors and one of them is non-executive director of the Company. The Chairman of the Audit Committee is James C. Chen. The Board considers that each Audit Committee member has broad commercial experience and there is a suitable mix of expertise in business, accounting and financial management in the Audit Committee.

The Audit Committee's functions include:

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

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

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed with management and the external auditors the financial reporting matters for the year ended 31 March 2011.

ATTENDANCE AT MEETINGS OF THE BOARD, REMUNERATION AND AUDIT COMMITTEES

	Number of meetings attended during the year ended 31 March 2011		
	Board meetings	**Remuneration Committee meeting**	**Audit Committee meetings**
Number of meetings held during the year ended 31 March 2011	2	1	2
James Sai-Wing Wong	2	N/A	N/A
Madeline May-Lung Wong	0	N/A	N/A
William Chung-Yue Fan	2	N/A	2
Herman Man-Hei Fung	2	1	2
Paul Hon-To Tong (appointed as director on 20 August 2010)	1	N/A	N/A
Clement Kwok-Hung Young	2	1	2
Peter Man-Kong Wong	2	N/A	2
James C. Chen	2	1	2

NOMINATION OF DIRECTORS

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

AUDITORS' REMUNERATION

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

	Fees paid/payable *HK$'000*
Types of services	
Audit services	2,836
Non-audit services (tax compliance services and other services)	292
	3,128

DIRECTORS' AND AUDITORS' RESPONSIBILITIES FOR THE ACCOUNTS

The directors' responsibilities for the accounts and the responsibilities of the external auditors to the shareholders are set out in the Independent Auditors' Report on pages 36 and 37 of this report.

INTERNAL CONTROLS

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

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

COMMUNICATIONS WITH SHAREHOLDERS

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

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

REPORT OF THE DIRECTORS

The directors herein present their report and the audited financial statements of the Company and the Group for the year ended 31 March 2011.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Details of the principal activities of the principal subsidiaries are set out in note 19 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

FINANCIAL RESULTS

The Group's profit for the year ended 31 March 2011 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 38 to 143.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and financial resources

The total interest-bearing debts of the Group amounted to approximately HK$2,472 million as at 31 March 2011 (2010: HK$2,041 million), of which approximately 38% (2010: 21%) of the debts were classified as current liabilities. The increase in total debts was mainly due to drawdown of additional bank loans for capital injection into mainland development projects and also for acquisition of property. Effective from this financial year, a new accounting interpretation has been adopted that requires a term loan shall be classified as current if the lender has an unconditional right to demand repayment at any time and accordingly, total bank loans of HK$211 million were classified as current liabilities as at year end. Based on the repayment schedules pursuant to the related loan agreements and also taking into consideration the refinancing of a property loan amounted to HK$340 million for three years subsequent to the year end, the current portion of the total interest-bearing debts was approximately 15%.

Total cash and bank balances including time deposits were approximately HK$1,126 million as at 31 March 2011 (2010: HK$776 million). The Group had a total of approximately HK$1,125 million (2010: HK$1,132 million) committed but undrawn banking facilities at year end available for its working capital purpose.

Total shareholders' funds as at 31 March 2011 were approximately HK$2,391 million (2010: HK$2,085 million). The increase was mainly due to current year's profit attributable to shareholders.

The gearing ratio of the Group, as measured by the net interest-bearing debts of approximately HK$1,346 million (2010: HK$1,265 million) over the shareholders' funds plus non-controlling interests totalling of approximately HK$4,393 million (2010: HK$3,849 million), was 31% as at 31 March 2011 (2010: 33%).

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Funding and treasury policies

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

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

Foreign currency exposure is monitored closely by the management and hedged to the extent desirable. As at 31 March 2011, the Group had no material exposure under foreign exchange contracts or any other hedging instruments.

Pledge of assets

Bank balances, certain properties and investments with an aggregate carrying value of approximately HK$5,148 million as at 31 March 2011 and shares in certain subsidiaries were pledged to secure certain banking facilities of the Group.

Contingent liabilities

Particulars of the contingent liabilities of the Group are set out in note 39 to the financial statements.

Employees and remuneration policies

The Group, not including its associates and jointly-controlled entities, employed approximately 1,100 employees as at 31 March 2011. Remuneration is determined by reference to market terms and the qualifications and experience of the staff concerned. Salaries are reviewed annually with discretionary bonuses being paid depending on individual performance. The Group also provides other benefits including medical cover, provident fund, personal accident insurance and educational subsidies to all eligible staff.

DIVIDEND

The Directors recommend the payment of a final dividend of 5 Hong Kong cents per ordinary share for the year ended 31 March 2011 (2010: 5 Hong Kong cents) to shareholders whose names appear on the Company's register of members on 26 August 2011. Subject to the approval by the shareholders at the forthcoming annual general meeting, the dividend cheques are expected to be despatched to shareholders on or before 16 September 2011.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The annual general meeting of the Company is scheduled to be held on 18 August 2011. For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from 15 August 2011 to 18 August 2011 (both days inclusive), during which period no share transfers will be registered. In order to be eligible to attend and vote at the annual general meeting, all transfer forms accompanied by relevant share certificates must be lodged with Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on 12 August 2011.

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND

The proposed final dividend for the year ended 31 March 2011 is subject to the approval by the shareholders at the annual general meeting. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed on 25 August 2011 and 26 August 2011, during which period no share transfers will be registered. The last day for dealing in the Company's shares cum entitlements to the proposed final dividend will be 22 August 2011. In order to qualify for the proposed final dividend, all transfer forms accompanied by relevant share certificates must be lodged with Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on 24 August 2011.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements and restated/reclassified as appropriate, is set out on page 144. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT

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

INVESTMENT PROPERTIES

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

PARTICULARS OF PROPERTIES

Particulars of the major properties held by the Group are set out on pages 145 to 148, which do not form part of the audited financial statements.

SHARE CAPITAL AND CONVERTIBLE BONDS

There were no movements in either the Company's authorised or issued share capital during the year. Details of movements in the convertible bonds issued by a subsidiary of the Company during the year are set out in note 34 to the financial statements.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 36(b) to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 March 2011, the Company's reserves available for distribution, calculated in accordance with the provisions of Section 79B of the Hong Kong Companies Ordinance, amounted to HK$547,096,000, of which HK$27,568,000 has been proposed as a final dividend for the year. In addition, the Company's share premium account, in the amount of HK$267,569,000, may be distributed in the form of fully paid bonus shares.

DIRECTORS

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

James Sai-Wing Wong
Madeline May-Lung Wong
William Chung-Yue Fan
Herman Man-Hei Fung
Paul Hon-To Tong (appointed on 20 August 2010)
Clement Kwok-Hung Young*
Peter Man-Kong Wong*
James C. Chen*

* *Independent non-executive directors*

In accordance with article 95 of the Articles of Association, Paul Hon-To Tong will retire at the forthcoming annual general meeting and, being eligible, will offer himself for re-election.

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

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

DETAILS OF RETIRING DIRECTORS TO BE RE-ELECTED

(a) Paul Hon-To Tong

Aged 65, was appointed as a non-executive director of the Company in 2010. Mr. Tong was not appointed for a specific term but is subject to retirement by rotation and re-election at the Company's annual general meeting.

Mr. Tong has many years of senior management experience in manufacturing and trading businesses with global operations. He was formerly executive vice president and general counsel of Johnson Electric Holdings Limited. He also served for many years as a member of the Hong Kong Inland Revenue Board of Review. Since 19 August 2007, he has served as a non-executive director of Wing Tai Holdings Limited listed on the Singapore Exchange. He obtained his BSc (Economics) and postgraduate certificate of Management Studies from the University of London and the University of Oxford in England respectively. He was admitted as a barrister of the Middle Temple in England, the Supreme Court of Hong Kong and the High Court of Australia. He is also a fellow member of the Hong Kong Institute of Certified Public Accountants and an associate member of the Institute of Chartered Secretaries and Administrators.

At the date of this report, Mr. Tong did not have any interests in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"). Other than his capacity as a director of the Company, Mr. Tong does not have any other business relationship with any directors, senior management or substantial or controlling shareholders of the Company.

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

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

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

(b) Peter Man-Kong Wong

Aged 62, was appointed as an independent non-executive director of the Company in 2004. Mr. Wong was not appointed for a specific term but is subject to retirement by rotation and re-election at the Company's annual general meeting.

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

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

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

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

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

(c) James C. Chen

Aged 61, was appointed as an independent non-executive director of the Company in 2007. Mr. Chen was not appointed for a specific term but is subject to retirement by rotation and re-election at the Company's annual general meeting.

Mr. Chen has over 33 years of experience in accounting, financial management and multinational business. He held various senior executive positions in several multinational companies in Hong Kong and is responsible for the overall management and strategic planning. Mr. Chen holds a Bachelor of Arts Degree, Cum Laude (majors in Accounting, Business Administration and International Business) from Carthage College, Wisconsin, USA. He is also a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of the American Institute of Certified Public Accountants.

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

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

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

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 15 to 17 of this report.

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2011, the interests and short positions of the directors of the Company in the share, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

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

Name of director	*Notes*	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital
James Sai-Wing Wong	*1 & 2*	Through controlled corporation	318,675,324	57.80
Madeline May-Lung Wong	*1 & 2*	Through controlled corporation	318,675,324	57.80
William Chung-Yue Fan	*1*	Beneficially owned	1,882,285	0.34

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

Name of director	*Notes*	Name of associated corporation	Capacity and nature of interest	Number of ordinary shares/ amount of paid-up registered capital held	Percentage of the associated corporation's issued share capital/paid-up registered capital
James Sai-Wing Wong	*1 & 3*	Hon Kwok	Through controlled corporation	261,926,553	54.54
	1 & 4	Guangzhou Honkwok Fuqiang Land Development Ltd.	Through controlled corporation	RMB185,000,000	100.00
	1 & 5	Chinney Alliance	Through controlled corporation	433,400,216	72.85
	1 & 6	Chinney Holdings	Through controlled corporation	9,900,000	99.00
	1	Chinney Holdings	Beneficially owned	100,000	1.00
	1	Lucky Year	Beneficially owned	10,000	50.00

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

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

Name of director	*Notes*	Name of associated corporation	Capacity and nature of interest	Number of ordinary shares/ amount of paid-up registered capital held	Percentage of the associated corporation's issued share capital/paid-up registered capital
Madeline May-Lung Wong	*1 & 3*	Hon Kwok	Through controlled corporation	261,926,553	54.54
	1 & 5	Chinney Alliance	Through controlled corporation	173,093,695	29.10
	1 & 6	Chinney Holdings	Through controlled corporation	9,900,000	99.00
	1	Lucky Year	Beneficially owned	10,000	50.00
Herman Man-Hei Fung	*1*	Hon Kwok	Beneficially owned	220,000	0.05

Notes:

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

2. *These shares are beneficially held by Chinney Holdings, which is a subsidiary of Lucky Year. James Sai-Wing Wong and Madeline May-Lung Wong are directors of Lucky Year and beneficially own more than one-third of the equity capital of Lucky Year.*

3. *These shares are beneficially held by the Company. By virtue of note 2, James Sai-Wing Wong and Madeline May-Lung Wong are deemed to be interested in these shares.*

4. *Out of the RMB185,000,000 paid-up registered capital, RMB111,000,000 is held by a wholly-owned subsidiary of Hon Kwok and RMB74,000,000 is held by a company controlled by James Sai-Wing Wong. By virtue of note 3, James Sai-Wing Wong is deemed to be interested in this company.*

5. *Out of the 433,400,216 shares, 173,093,695 shares are held by a wholly-owned subsidiary of the Company and the remaining 260,306,521 shares are held by companies controlled by James Sai-Wing Wong. By virtue of note 2, James Sai-Wing Wong is deemed to be interested in these shares.*

6. *These shares are beneficially held by Lucky Year. By virtue of note 2, James Sai-Wing Wong and Madeline May-Lung Wong are deemed to be interested in these shares.*

Save as disclosed herein, as at 31 March 2011, none of the directors of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be recorded in the register kept by the Company under Section 352 of the SFO, or which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

DIRECTORS' INTERESTS IN CONTRACTS

Except as disclosed in note 43 to the financial statements, none of the directors had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, or any of its holding companies, subsidiaries or fellow subsidiaries was a party during the year.

DIRECTORS' REMUNERATION

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

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

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

As at 31 March 2011, so far as is known to the directors of the Company, the following substantial shareholders and other persons (other than the directors of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Name	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital
Chinney Holdings	Directly beneficially owned	318,675,324	57.80
Lucky Year	Through controlled corporation	318,675,324	57.80

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

Save as disclosed herein, as at 31 March 2011, none of the substantial shareholders or other persons (other than the directors of the Company) had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

There were no purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries during the year ended 31 March 2011.

CONNECTED TRANSACTION

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

On 8 March 2010, Join Ally Limited, a wholly-owned subsidiary of Hon Kwok, as purchaser, entered into a sale and purchase agreement with Enhancement Investments Limited ("Enhancement"), as vendor, for the acquisition of the entire issued share capital of Guru Star Investments Limited and the assignment of related shareholder's loan to the Group at an aggregate cash consideration of HK$144,211,000 (the "Acquisition"). The Acquisition constituted a major and connected transaction to the Company under the Listing Rules as Enhancement is a company controlled by James Sai-Wing Wong, the Chairman and substantial shareholder of the Company. At the extraordinary general meeting of the Company held on 16 April 2010, the Acquisition was approved by the independent shareholders of the Company and was completed on 21 April 2010.

DISCLOSURE PURSUANT TO RULE 13.18 OF THE LISTING RULES

In March 2010, Hon Kwok Treasury Limited, a wholly-owned subsidiary of Hon Kwok, as borrower, entered into a facility agreement (the "Facility Agreement") relating to a HK$400 million transferable term and revolving loan facilities (the "Loan Facilities") with a syndicate of banks. The Loan Facilities have a term of 36 months commencing from the date of the Facility Agreement and will be used as general working capital of Hon Kwok and its subsidiaries.

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

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

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

SUFFICIENCY OF PUBLIC FLOAT

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

MAJOR CUSTOMERS AND SUPPLIERS

During the year under review, sales to the Group's five largest customers accounted for 40% of the total sales for the year and sales to the largest customer included therein amounted to 16%. Purchases from the Group's five largest suppliers accounted for 35% of the total purchases for the year. Purchases from the Group's largest supplier included herein totalled 10%.

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.

EVENT AFTER THE REPORTING PERIOD

Details of the significant event after the reporting period of the Group are set out in note 47 to the financial statements.

AUDITORS

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

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

Hong Kong, 28 June 2011

ERNST & YOUNG
安 永

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

We have audited the consolidated financial statements of Chinney Investments, Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 38 to 143, which comprise the consolidated and company statements of financial position as at 31 March 2011, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

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

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

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2011, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants

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

28 June 2011

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
REVENUE	5	**354,859**	1,042,234
Cost of sales		**(237,360)**	(789,866)
Gross profit		**117,499**	252,368
Other income and gains	5	**18,929**	23,703
Fair value gains on investment properties, net		**631,072**	310,950
Gain on disposal of investment properties		**1,130**	7,285
Gain on disposal of a jointly-controlled entity		**–**	76,922
Gain on repurchase of convertible bonds		**–**	19,199
Fair value gain/(loss) on equity investments at fair value through profit or loss, net		**(6,300)**	40,252
Selling and distribution costs		**(21,609)**	(24,207)
Administrative and other operating expenses		**(99,453)**	(112,098)
Finance costs	6	**(43,689)**	(25,127)
Share of profits and losses of:			
Associates		**6,886**	22,517
Jointly-controlled entities		**194**	(473)
PROFIT BEFORE TAX	7	**604,659**	591,291
Income tax expense	10	**(129,068)**	(114,214)
PROFIT FOR THE YEAR		**475,591**	477,077
Attributable to:			
Owners of the Company	11	**263,278**	276,291
Non-controlling interests		**212,313**	200,786
		475,591	477,077

	Note	2011 HK$'000	2010 HK$'000
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	13		
Basic		**47.75 HK cents**	50.11 HK cents
Diluted		**45.83 HK cents**	48.41 HK cents

Details of the proposed final dividend for the year are disclosed in note 12 to the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2011

	Note	**2011** **HK$'000**	2010 HK$'000
PROFIT FOR THE YEAR		**475,591**	477,077
OTHER COMPREHENSIVE INCOME			
Share of other comprehensive income of associates		**(97)**	(374)
Exchange differences on translation of foreign operations		**127,268**	15,808
Release of exchange fluctuation reserve to consolidated income statement upon the disposal of a jointly-controlled entity		**–**	(8,428)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**127,171**	7,006
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**602,762**	484,083
Attributable to:			
Owners of the Company	11	**329,740**	279,864
Non-controlling interests		**273,022**	204,219
		602,762	484,083

		Group			Company	
		31 March 2011	31 March 2010	1 April 2009	**31 March 2011**	31 March 2010
	Notes	***HK$'000***	*HK$'000*	*HK$'000*	***HK$'000***	*HK$'000*
			(Restated)	*(Restated)*		
NON-CURRENT ASSETS						
Property, plant and equipment	*14*	**115,805**	109,638	95,919	**1**	3
Properties under development	*15*	**–**	–	807,841	**–**	–
Prepaid land lease payments	*16*	**14,579**	15,768	16,190	**–**	–
Investment properties	*17*	**4,784,501**	3,753,795	2,563,615	**–**	–
Investments in subsidiaries	*19*	**–**	–	–	**906,493**	904,172
Investments in associates	*20*	**112,496**	110,899	93,084	**–**	–
Investments in jointly-controlled entities	*21*	**3,491**	3,297	39,423	**–**	–
Promissory note receivable from an associate	*20*	**–**	–	40,113	**–**	–
Deferred tax assets	*22*	**117**	109	170	**–**	–
Loan receivables	*23*	**1,608**	2,466	3,283	**–**	–
Total non-current assets		**5,032,597**	3,995,972	3,659,638	**906,494**	904,175
CURRENT ASSETS						
Inventories	*24*	**11,645**	9,233	15,718	**–**	–
Properties held for sale under development and properties held for sale	*25*	**1,811,676**	1,572,723	1,438,025	**–**	–
Prepaid land lease payments	*16*	**1,186**	473	471	**–**	–
Equity investments at fair value through profit or loss	*26*	**51,061**	57,361	17,109	**50,591**	57,026
Trade and bills receivables	*27*	**24,877**	39,877	24,489	**–**	–
Prepayments, deposits and other receivables	*28*	**84,719**	50,751	34,393	**163**	1,081
Promissory note receivable from an associate	*20*	**–**	40,518	–	**–**	40,518
Amount due from a related company	*31*	**396**	359	345	**–**	–
Amounts due from subsidiaries	*19*	**–**	–	–	**62,805**	69,780
Amounts due from jointly-controlled entities	*21*	**31**	25	178,837	**–**	–
Tax recoverable		**32,198**	988	191	**–**	–
Pledged deposits	*29*	**96,974**	91,200	–	**–**	–
Cash and cash equivalents	*29*	**1,029,076**	685,000	366,151	**9,151**	92,517
Total current assets		**3,143,839**	2,548,508	2,075,729	**122,710**	260,922

		Group			Company	
		31 March	31 March	1 April	**31 March**	31 March
		2011	2010	2009	**2011**	2010
	Notes	***HK$'000***	*HK$'000*	*HK$'000*	***HK$'000***	*HK$'000*
			(Restated)	*(Restated)*		
CURRENT LIABILITIES						
Trade payables and accrued liabilities	*30*	**125,148**	217,120	192,575	**4,697**	4,600
Customer deposits		**670,433**	7,200	76,191	**–**	–
Amount due to the immediate holding company	*31*	**–**	40,000	40,000	**–**	40,000
Amount due to a subsidiary	*19*	**–**	–	–	**–**	10,000
Tax payable		**67,492**	79,568	64,756	**–**	–
Interest-bearing bank borrowings	*32*	**821,802**	424,655	544,591	**72,000**	211,000
Promissory note payable	*33*	**–**	20,000	–	**–**	–
Convertible bonds	*34*	**108,355**	–	–	**–**	–
Total current liabilities		**1,793,230**	788,543	918,113	**76,697**	265,600
NET CURRENT ASSETS/ (LIABILITIES)		**1,350,609**	1,759,965	1,157,616	**46,013**	(4,678)
TOTAL ASSETS LESS CURRENT LIABILITIES		**6,383,206**	5,755,937	4,817,254	**952,507**	899,497
NON-CURRENT LIABILITIES						
Interest-bearing bank borrowings	*32*	**1,541,687**	1,515,409	849,727	**–**	–
Promissory note payable	*33*	**–**	–	20,000	**–**	–
Convertible bonds	*34*	**–**	100,900	299,475	**–**	–
Deferred tax liabilities	*22*	**448,047**	290,832	232,276	**–**	–
Total non-current liabilities		**1,989,734**	1,907,141	1,401,478	**–**	–
Net assets		**4,393,472**	3,848,796	3,415,776	**952,507**	899,497

		Group			Company	
		31 March	31 March	1 April	**31 March**	31 March
		2011	2010	2009	**2011**	2010
	Notes	***HK$'000***	*HK$'000*	*HK$'000*	***HK$'000***	*HK$'000*
			(Restated)	*(Restated)*		
EQUITY						
Equity attributable to owners of the Company						
Issued capital	*35*	**137,842**	137,842	137,842	**137,842**	137,842
Reserves	*36*	**2,225,933**	1,919,997	1,667,701	**787,097**	734,087
Proposed final dividend	*12*	**27,568**	27,568	22,055	**27,568**	27,568
		2,391,343	2,085,407	1,827,598	**952,507**	899,497
Non-controlling interests		**2,002,129**	1,763,389	1,588,178	**–**	–
Total equity		**4,393,472**	3,848,796	3,415,776	**952,507**	899,497

James Sai-Wing Wong
Director

Herman Man-Hei Fung
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2011

	Attributable to owners of the Company									
	Issued capital HK$'000	Share premium account HK$'000	Other reserve HK$'000	Exchange fluctuation reserve HK$'000	Equity component of convertible bonds HK$'000	Proposed final dividend HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2009	137,842	267,569	–	175,954	14,600	22,055	1,209,578	1,827,598	1,588,178	3,415,776
Profit for the year	–	–	–	–	–	–	276,291	276,291	200,786	477,077
Other comprehensive income for the year:										
Exchange differences on translation of foreign operations	–	–	–	8,155	–	–	–	8,155	7,279	15,434
Release of exchange fluctuation reserve to consolidated income statement upon the disposal of a jointly-controlled entity	–	–	–	(4,582)	–	–	–	(4,582)	(3,846)	(8,428)
Total comprehensive income for the year	–	–	–	3,573	–	–	276,291	279,864	204,219	484,083
Repurchases of convertible bonds *(note 34)*	–	–	–	–	(9,256)	–	9,256	–	–	–
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	–	(29,008)	(29,008)
Final 2009 dividend declared	–	–	–	–	–	(22,055)	–	(22,055)	–	(22,055)
Proposed final 2010 dividend *(note 12)*	–	–	–	–	–	27,568	(27,568)	–	–	–
At 31 March 2010 and 1 April 2010	137,842	267,569*	–	179,527*	5,344*	27,568	1,467,557*	2,085,407	1,763,389	3,848,796
Profit for the year	–	–	–	–	–	–	263,278	263,278	212,313	475,591
Other comprehensive income for the year:										
Exchange differences on translation of foreign operations	–	–	–	66,462	–	–	–	66,462	60,709	127,171
Total comprehensive income for the year	–	–	–	66,462	–	–	263,278	329,740	273,022	602,762
Acquisition of non-controlling interests	–	–	3,764	–	–	–	–	3,764	(6,085)	(2,321)
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	–	(28,197)	(28,197)
Final 2010 dividend declared	–	–	–	–	–	(27,568)	–	(27,568)	–	(27,568)
Proposed final 2011 dividend *(note 12)*	–	–	–	–	–	27,568	(27,568)	–	–	–
At 31 March 2011	**137,842**	**267,569***	**3,764***	**245,989***	**5,344***	**27,568**	**1,703,267***	**2,391,343**	**2,002,129**	**4,393,472**

* *These reserve accounts comprise the consolidated reserves of HK$2,225,933,000 (2010: HK$1,919,997,000) in the consolidated statement of financial position.*

	Notes	2011 HK$'000	2010 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**604,659**	591,291
Adjustments for:			
Share of profits and losses of associates and jointly-controlled entities		**(7,080)**	(22,044)
Interest income	5	**(5,160)**	(4,187)
Finance costs	6	**43,689**	25,127
Depreciation	7	**8,969**	6,817
Amortisation of prepaid land lease payments	7	**1,186**	473
Fair value gains of investment properties, net	7	**(631,072)**	(310,950)
Loss/(gain) on disposal of items of property, plant and equipment	7	**499**	(118)
Gain on disposal of a jointly-controlled entity	7	**–**	(76,922)
Gain on repurchase of convertible bonds	7	**–**	(19,199)
Gain on bargain purchase	7	**(1,246)**	–
Fair value loss/(gain) on equity investments at fair value through profit or loss, net	7	**6,300**	(40,252)
Gain on disposal of investment properties	7	**(1,130)**	(7,285)
Impairment of trade receivables	7	**22**	7
		19,636	142,758
Increase in properties under development		**–**	(428,007)
Decrease/(increase) in inventories		**(2,412)**	6,485
Decrease/(increase) in properties held for sale under development and properties held for sale		**(178,761)**	499,798
Increase in loan receivables, trade and bills receivables, prepayments, deposits and other receivables		**(17,886)**	(34,538)
Increase in amount due from a related company		**(37)**	(14)
Decrease in trade payables and accrued liabilities		**(96,399)**	(17,870)
Increase/(decrease) in customer deposits		**663,233**	(68,991)
Cash generated from operations		**387,374**	99,621
Hong Kong profits tax paid		**(2,383)**	(3,058)
Overseas taxes paid		**(49,728)**	(41,450)
Net cash flows from operating activities		**335,263**	55,113

CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

Year ended 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
Net cash flows from operating activities		**335,263**	55,113
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of items of property, plant and equipment	*14*	**(13,826)**	(20,683)
Acquisition of subsidiaries	*37*	**(132,649)**	–
Acquisition of non-controlling interests		**(2,321)**	–
Proceeds from disposal of a jointly-controlled entity		**–**	123,303
Additions to investment properties		**(119,762)**	(91,352)
Dividends received from a jointly-controlled entity		**–**	750
Decrease/(increase) in amounts due from jointly-controlled entities		**(6)**	4,221
Dividends received from an associate		**5,192**	4,328
Interest received		**5,160**	4,187
Proceeds from disposal of items of property, plant and equipment		**846**	355
Proceeds from disposal of investment properties		**21,558**	46,851
Movement in balances with associates		**40,518**	(405)
Increase in pledged deposits		**(974)**	(91,200)
Net cash flows used in investing activities		**(196,264)**	(19,645)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		**(59,830)**	(41,471)
Dividends paid to non-controlling shareholders		**(28,197)**	(29,008)
Repurchase of convertible bonds		**–**	(192,000)
Dividend paid		**(27,568)**	(22,055)
New bank loans		**944,020**	1,006,728
Repayment of bank loans		**(579,360)**	(460,982)
Decrease in an amount due to the immediate holding company		**(40,000)**	–
Decrease in promissory note payable		**(20,000)**	–
Net cash flows from financing activities		**189,065**	261,212
NET INCREASE IN CASH AND CASH EQUIVALENTS		**328,064**	296,680
Cash and cash equivalents at beginning of year		**685,000**	366,151
Effect of foreign exchange rate changes, net		**16,012**	22,169
CASH AND CASH EQUIVALENTS AT END OF YEAR		**1,029,076**	685,000
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	*29*	**820,964**	578,636
Non-pledged time deposits with original maturity of less than three months when acquired	*29*	**208,112**	106,364
		1,029,076	685,000

1. CORPORATE INFORMATION

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

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

- property development
- property investment for rental purpose
- manufacturing and trading of garments

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

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

2.1 BASIS OF PREPARATION

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

As further explained in note 2.2 below, during the year, the Group adopted HK Interpretation 5, following which certain of the Group's term loans were reclassified in total as current liabilities. This in turn has impacted on the amount of net current assets presented in the consolidated statement of financial position. Further details about the effect on the financial statements and the directors' assessment of the impact on the Group's liquidity arising from this change are included in notes 32 and 46 to the financial statements, respectively. In addition, the Group has also changed voluntarily its accounting policy regarding the current/non-current asset classification for properties held for sale under development, further details of which are set out in note 2.2 below.

2.1 BASIS OF PREPARATION *(Continued)*

Basis of consolidation

Basis of consolidation from 1 April 2010

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 March 2011. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate.

Basis of consolidation prior to 1 April 2010

Certain of the above-mentioned requirements have been applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

- Acquisitions of non-controlling interests (formerly known as minority interests), prior to 1 April 2010, were accounted for using the parent entity extension method, whereby the differences between the consideration and the book value of the share of the net assets acquired were recognised in goodwill.

- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further excess losses were attributable to the parent, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 April 2010 were not reallocated between non-controlling interest and the parent shareholders.

- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying amount of such investment at 1 April 2010 has not been restated.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements:

HKFRS 1 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards*
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Group Cash – settled Share-based Payment Transactions*
HKFRS 3 (Revised)	*Business Combinations*
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation - Classification of Rights Issues*
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners*
HKFRS 5 Amendments included in *Improvements to HKFRSs* issued in October 2008	Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary*
Improvements to HKFRSs 2009	Amendments to a number of HKFRSs issued in May 2009
HK Interpretation 4 Amendment	Amendment to HK Interpretation 4 *Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases*
HK Interpretation 5	*Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*

Other than as further explained below regarding the impact of HKFRS 3 (Revised), HKAS 27 (Revised), amendments to HKAS 7 and HKAS 17 included in *Improvements to HKFRSs* 2009, HK Interpretation 4 (Revised in December 2009) and HK Interpretation 5, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES *(Continued)*

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKFRS 3 (Revised) *Business Combinations* and HKAS 27 (Revised) *Consolidated and Separate Financial Statements*

HKFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that affect the initial measurement of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

HKAS 27 (Revised) requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Consequential amendments were made to various standards, including, but not limited to HKAS 7 *Statement of Cash Flows*, HKAS 12 *Income Taxes*, HKAS 21 *The Effects of Changes in Foreign Exchange Rates*, HKAS 28 *Investments in Associates* and HKAS 31 *Interests in Joint Ventures*.

The amendments to HKAS 27 (Revised) result in changes in the accounting policies of the Group for (i) the recognition of any difference between the amounts by which the non-controlling interests are adjusted and the fair value of the consideration paid or received directly in equity and attributable to the owners of the Company, in any case of change in the ownership interest in a subsidiary without loss of control; and (ii) the attribution of profit or loss and other comprehensive income to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The changes introduced by these revised standards are applied prospectively and affect the accounting of acquisitions, loss of control and transactions with non-controlling interests after 1 April 2010.

(b) *Improvements to HKFRSs* 2009 issued in May 2009 sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments results in changes in accounting policies, none of these amendments has had a significant financial impact on the Group. Details of the key amendments most applicable to the Group are as follows:

- HKAS 7 *Statement of Cash Flows*: Requires that only expenditures that result in a recognised asset in the statement of financial position can be classified as a cash flow from investing activities.

- HKAS 17 *Leases*: Removes the specific guidance on classifying land as a lease. As a result, leases of land should be classified as either operating or finance leases in accordance with the general guidance in HKAS 17.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES *(Continued)*

(b) Amendment to HK Interpretation 4 *Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases* is revised as a consequence of the amendment to HKAS 17 *Leases* included in *Improvements to HKFRSs 2009*. Following this amendment, the scope of HK Interpretation 4 has been expanded to cover all land leases, including those classified as finance leases. As a result, this interpretation is applicable to all leases of property accounted for in accordance with HKAS 16, HKAS 17 and HKAS 40.

(c) HK Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*

This interpretation requires a loan that contains a clause that gives the lender the unconditional right to call the loan at any time shall be classified in total by the borrower as current liabilities in the statement of financial position. This is irrespective of whether a default event has occurred and notwithstanding any other terms and maturity stated in the loan agreement. Prior to the adoption of this interpretation, the Group's term loans were classified in the statement of financial position as non-current liabilities based on the maturity dates of repayment. This interpretation has been applied by the Group retrospectively and comparative amounts have been restated. In addition, as a result of this change and as required by HKAS 1 *Presentation of Financial Statements*, these financial statements also include a statement of financial position as at 1 April 2009. Further details of the Group's bank loans are disclosed in note 32 to the financial statements.

The above change has had no effect on the consolidated income statement. The effect on the consolidated statement of financial position is summarised as follows:

	31 March 2011	31 March 2010	1 April 2009
	HK$'000	*HK$'000*	*HK$'000*
CURRENT LIABILITIES			
Increase in interest-bearing bank borrowings	**211,000**	–	22,500
NON-CURRENT LIABILITIES			
Decrease in interest-bearing bank borrowings	**(211,000)**	–	(22,500)

There was no impact on the net assets of the Group.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES *(Continued)*

In addition, the Group has changed voluntarily its accounting policy regarding the current/non-current assets classification for properties held for sale under development. In prior years, the Group classified the properties held for sale under development as properties under development in non-current assets in the statement of financial position which would be transferred to properties held for sale in current assets when the construction of properties was substantially completed or the pre-sale program of respective properties was established. Under the revised accounting policy, properties held for sale under development are classified as current assets. On completion, the properties are transferred to completed properties held for sale. In the opinion of the directors, the financial statements according to the revised policy could provide more relevant information to the users of the financial statements and bring the Group in line with the treatment adopted by other entities in the real estate industry. This change in policy has been applied retrospectively by restating the opening balances at 1 April 2009, with consequential adjustments to comparatives for the year ended 31 March 2010.

The above change has had no effect on the consolidated income statement. The effect on the consolidated statement of financial position is summarised as follows:

	31 March 2011	31 March 2010	1 April 2009
	HK$'000	*HK$'000*	*HK$'000*
NON-CURRENT ASSETS			
Decrease in properties under development	**(1,429,544)**	(1,424,450)	(904,417)
CURRENT ASSETS			
Increase in properties held for sale under development and properties held for sale	**1,429,544**	1,424,450	904,417

There was no impact on the net assets of the Group.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

HKFRS 1 Amendment	Amendment to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters*[1]
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*[3]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets*[3]
HKFRS 9	*Financial Instruments*[5]
HKAS 12 Amendments	Amendments to HKAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets*[4]
HKAS 24 (Revised)	*Related Party Disclosures*[2]
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement*[2]
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*[1]

Apart from the above, the HKICPA has issued *Improvements to HKFRSs 2010* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 3 and HKAS 27 are effective for annual periods beginning on or after 1 July 2010, whereas the amendments to HKFRS 1, HKFRS 7, HKAS 1, HKAS 34 and HK(IFRIC)-Int 13 are effective for annual periods beginning on or after 1 January 2011 although there are separate transitional provisions for each standard.

[1] Effective for annual periods beginning on or after 1 July 2010
[2] Effective for annual periods beginning on or after 1 January 2011
[3] Effective for annual periods beginning on or after 1 July 2011
[4] Effective for annual periods beginning on or after 1 January 2012
[5] Effective for annual periods beginning on or after 1 January 2013

Further information about those changes that are expected to significantly affect the Group is as follows:

HKFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace HKAS 39 *Financial Instruments: Recognition and Measurement*. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of HKAS 39.

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

In November 2010, the HKICPA issued additions to HKFRS 9 to address financial liabilities (the "Additions") and incorporated in HKFRS 9 the current derecognition principles of financial instruments of HKAS 39. Most of the Additions were carried forward unchanged from HKAS 39, while changes were made to the measurement of financial liabilities designated at fair value through profit or loss using the fair value option ("FVO"). For these FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income ("OCI"). The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. However, loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of the Additions.

HKAS 39 is aimed to be replaced by HKFRS 9 in its entirety. Before this entire replacement, the guidance in HKAS 39 on hedge accounting and impairment of financial assets continues to apply. The Group expects to adopt HKFRS 9 from 1 April 2013.

Amendments to HKAS 12 were issued in December 2010 which introduce a rebuttable presumption that deferred tax on investment property measured using the fair value model in HKAS 40 should be determined on the basis that its carrying amount will be recovered through sale. The amendments also require that deferred tax on non-depreciable assets measured using the revaluation model in HKAS 16 should always be measured on a sale basis. As a result of the amendments, HK(SIC)-21 *Income Taxes – Recovery of Revalued Non-depreciable Assets*, will be superseded once the amendments become effective. The Group expects to adopt the Amendments to HKAS 12 retrospectively from 1 April 2012.

HKAS 24 (Revised) clarifies and simplifies the definition of related parties. It also provides for a partial exemption of related party disclosure to government-related entities for transactions with the same government or entities that are controlled, jointly controlled or significantly influenced by the same government. While the adoption of the revised standard will result in changes in the accounting policy, the revised standard is unlikely to have any impact on the related party disclosures as the Group currently does not have any significant transactions with government-related entities.

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

Improvements to HKFRSs 2010 issued in May 2010 sets out amendments to a number of HKFRSs. The Group expects to adopt the amendments from 1 April 2011. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments are expected to have a significant financial impact on the Group. Those amendments that are expected to have a significant impact on the Group's policies are as follows:

(a) HKFRS 3 *Business Combinations*: Clarifies that the amendments to HKFRS 7, HKAS 32 and HKAS 39 that eliminate the exemption for contingent consideration do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of HKFRS 3 (as revised in 2008).

In addition, the amendments limit the measurement choice of non-controlling interests at fair value or at the proportionate share of the acquiree's identifiable net assets to components of non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another HKFRS.

The amendments also added explicit guidance to clarify the accounting treatment for non-replaced and voluntarily replaced share-based payment awards.

(b) HKAS 1 *Presentation of Financial Statements*: Clarifies that an analysis of other comprehensive income for each component of equity can be presented either in the statement of changes in equity or in the notes to the financial statements.

(c) HKAS 27 *Consolidated and Separate Financial Statements*: Clarifies that the consequential amendments from HKAS 27 (as revised in 2008) made to HKAS 21, HKAS 28 and HKAS 31 shall be applied prospectively for annual periods beginning on or after 1 July 2009 or earlier if HKAS 27 is applied earlier.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

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

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

Joint ventures

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

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

A joint venture is treated as:

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Jointly-controlled entities

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

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

The results of jointly-controlled entities are included in the Company's income statement to the extent of dividends received and receivable. The Company's investments in jointly-controlled entities are treated as non-current assets and are stated at cost less any impairment losses.

Associates

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

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

The results of associates are included in the Company's income statement to the extent of dividends received and receivable. The Company's investments in associates are treated as non-current assets and are stated at cost less any impairment losses.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations and goodwill

Business combinations from 1 April 2010

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the net identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets of the subsidiary acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 March. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations and goodwill *(Continued)*

Business combinations from 1 April 2010 (Continued)

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

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

Business combinations prior to 1 April 2010 but after 1 April 2005

In comparison to the above-mentioned requirements which were applied on a prospective basis, the following differences applied to business combinations prior to 1 April 2010:

Business combinations were accounted for using the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Any additional acquired share of interest did not affect previously recognised goodwill.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that otherwise would have been required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognised as part of goodwill.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of non-financial assets

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

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

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

Related parties

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

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

(b) the party is an associate;

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related parties *(Continued)*

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

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

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

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation.

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

Leasehold land under finance lease and buildings	2% to 5% or over the unexpired terms of the leases, whichever is shorter
Leasehold improvements	20% or over the unexpired terms of the leases, whichever is shorter
Plant and machinery	10% to 30%
Motor vehicles	20% to 30%
Furniture, fixtures and equipment	20% to $33^1/_3$%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investment properties

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

Property under construction or development for future use as an investment property is classified as investment property under construction. If the fair value cannot be reliably determined, the investment property under construction will be measured at cost until such time as fair value can be determined or construction is completed. The Group has concluded that the fair value of its investment properties under construction cannot be measured reliably at the end of the reporting period, therefore, the Group's investment properties under construction continue to be measured at cost.

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

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

Properties held for sale under development and properties held for sale

Completed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost is determined by an apportionment of the total land and buildings costs attributable to unsold properties. Net realisable value is estimated by the directors based on the prevailing market prices, on an individual property basis.

Properties held for sale under development

Properties held for sale under development are intended to be held for sale after completion. Properties held for sale under development are stated at the lower of cost and net realisable value and comprise land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period.

On completion of construction, the properties are transferred to completed properties held for sale. Properties held for sale under development are classified as current assets.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the income statement so as to provide a constant periodic rate of charge over the lease terms.

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

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

Investments and other financial assets

Initial recognition and measurement

Financial assets within the scope of HKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

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

The Group's financial assets include cash and bank balances, trade and other receivables, deposits, loan receivables, equity investments at fair value through profit or loss, an amount due from a related company, amounts due from jointly-controlled entities and a promissory note receivable from an associate.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKAS 39. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognised in the income statement. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for "Revenue recognition" below.

The Group evaluates its financial assets at fair value through profit or loss (held for trading) to assess whether the intent to sell them in the near term is still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intent to sell them in the foreseeable future significantly changes, the Group may elect to reclassify these financial assets in rare circumstances. The reclassification from financial assets at fair value through profit or loss to loans and receivables, available-for-sale financial assets or held-to-maturity investments depends on the nature of the assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance income in the income statement. The loss arising from impairment is recognised in the income statement in other operating expenses.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derecognition of financial assets

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

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets *(Continued)*

Financial assets carried at amortised cost (Continued)

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the income statement.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of HKAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Group's financial liabilities include trade payables and accrued liabilities, an amount due to the immediate holding company, interest-bearing bank borrowings, convertible bonds, customer deposits and the promissory note payable.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities *(Continued)*

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the income statement.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

Convertible bonds

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets is determined by reference to quoted market bid prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments where there is no active market, the fair value is determined using appropriate valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis; and other valuation models.

Inventories

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Cash and cash equivalents

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

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

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

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

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

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition

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

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

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

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

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

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

Employee benefits

Paid leave carried forward

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

Pension schemes

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Employee benefits *(Continued)*

Pension schemes (Continued)

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

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Where funds have been borrowed generally, and used for the purpose of obtaining qualifying assets, a capitalisation rate of 4.25% has been applied to the expenditure on the individual assets.

Dividends

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies

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

The functional currencies of certain overseas subsidiaries, jointly-controlled entities and associates are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at the end of the reporting period and their income statements are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Operating lease commitments – Group as lessor

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

Classification between investment properties and properties held for sale

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

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

Judgement is made on an individual property basis to determine whether leased out properties are classified as properties held for sale or investment properties.

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

Estimation uncertainty

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

Estimation of recoverable amounts of properties held for sale under development and properties held for sale

The Group considers information from a variety of sources, including recent prices of similar properties in the same location and condition, with adjustments to reflect any changes in economic conditions since the dates of transactions that occurred at those prices. Particulars of the properties held for sale under development and properties held for sale of the Group are set out in note 25 to the financial statements.

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

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

Estimation of fair value of investment properties

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

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

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

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

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

Estimation uncertainty *(Continued)*

Estimation of fair value of investment properties (Continued)

The principal assumptions for the Group's estimation of the fair value include those related to current market rents for similar properties in the same location and condition, appropriate discount rates, expected future market rents and future maintenance costs. Particulars of the investment properties held by the Group are set out in note 17 to the financial statements.

Current income taxes and deferred income taxes

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

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in note 22 to the financial statements.

Land appreciation tax

Under the Provisional Regulations on land appreciation tax ("LAT") implemented upon the issuance of the Provisional Regulations of the PRC on 27 January 1995, all gains arising from the transfer of real estate properties in Mainland China with effect from 1 January 1994 are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including amortisation of land use rights, borrowing costs and all property development expenditures.

The subsidiaries of the Group engaging in the property development business in Mainland China are subject to land appreciation taxes, which have been included in income tax. However, the implementation of these taxes varies amongst various Mainland China cities and the Group has not finalised certain of its land appreciation tax returns with various tax authorities. Accordingly, significant judgement is required in determining the amount of land appreciation and its related taxes. The ultimate tax determination is uncertain during the ordinary course of business. The Group recognises these liabilities based on management's best estimates. When the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact on the income tax and provisions of land appreciation taxes in the period in which such determination is made.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

(a) the garment segment manufactures and trades garments;

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

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

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

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, unallocated gains and expenses, finance costs, share of profits and losses of associates and jointly-controlled entities as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, tax recoverable, pledged deposits, cash and cash equivalents, equity investments at fair value through profit or loss and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank borrowings, an amount due to the immediate holding company, convertible bonds, tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

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

4. OPERATING SEGMENT INFORMATION *(Continued)*

Year ended 31 March 2011	Garment HK$'000	Property development HK$'000	Property investment HK$'000	Others HK$'000	Total HK$'000
Segment revenue:					
Sales to external customers	209,325	28,318	83,880	33,336	354,859
Segment results	10,910	3,650	636,540	3,694	654,794
Reconciliation:					
Interest income					5,160
Dividend income and unallocated losses					(5,386)
Corporate and other unallocated expenses					(13,300)
Finance costs					(43,689)
Share of profits of associates					6,886
Share of profits of jointly-controlled entities					194
Profit before tax					604,659
Segment assets	135,357	1,898,464	5,118,093	1,713,558	8,865,472
Reconciliation:					
Elimination of intersegment receivables					(2,014,480)
Investments in associates					112,496
Investments in jointly-controlled entities					3,491
Amounts due from jointly-controlled entities					31
Corporate and other unallocated assets					1,209,426
Total assets					8,176,436
Segment liabilities	26,221	1,789,186	664,562	330,092	2,810,061
Reconciliation:					
Elimination of intersegment payables					(2,014,480)
Corporate and other unallocated liabilities					2,987,383
Total liabilities					3,782,964
Other segment information:					
Fair value gains on investment properties, net	687	–	630,385	–	631,072
Depreciation and amortisation	5,990	2,105	363	1,697	10,155
Capital expenditure	1,686	1,495	134,361	9,601	147,143*

* *Capital expenditure represents additions to property, plant and equipment and investment properties.*

4. OPERATING SEGMENT INFORMATION *(Continued)*

Year ended 31 March 2010	Garment *HK$'000*	Property development *HK$'000*	Property investment *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment revenue:					
Sales to external customers	229,650	738,767	40,317	33,500	1,042,234
Segment results	15,831	149,004	288,249	13,735	466,819
Reconciliation:					
Interest income					4,187
Dividend income and unallocated gains					40,440
Corporate and other unallocated expenses					(13,193)
Gain on repurchase of convertible bonds					19,199
Gain on disposal of a jointly-controlled entity					76,922
Finance costs					(25,127)
Share of profits of associates					22,517
Share of losses of jointly-controlled entities					(473)
Profit before tax					591,291
Segment assets	140,402	1,637,184	4,008,743	1,910,012	7,696,341
Reconciliation:					
Elimination of intersegment receivables					(2,141,293)
Investments in associates					151,417
Investments in jointly-controlled entities					3,297
Amounts due from jointly-controlled entities					25
Corporate and other unallocated assets					834,693
Total assets					6,544,480
Segment liabilities	28,913	1,166,643	898,929	331,047	2,425,532
Reconciliation:					
Elimination of intersegment payables					(2,141,293)
Corporate and other unallocated liabilities					2,411,445
Total liabilities					2,695,684
Other segment information:					
Fair value gains on investment properties, net	1,300	–	309,650	–	310,950
Depreciation and amortisation	4,047	2,118	117	1,008	7,290
Capital expenditure (restated)	1,649	17,718	111,231	1,037	131,635*

* *Capital expenditure represents additions to property, plant and equipment and investment properties.*

4. OPERATING SEGMENT INFORMATION *(Continued)*

Geographical information

(a) Revenue

	2011 HK$'000	2010 HK$'000
Hong Kong	**79,772**	133,863
Mainland China	**67,252**	678,321
Europe	**183,438**	199,451
North America	**20,881**	26,840
Other countries	**3,516**	3,759
	354,859	1,042,234

The revenue information above is based on the location of the customers.

(b) Non-current assets

	31 March 2011 HK$'000	31 March 2010 HK$'000 (Restated)
Hong Kong	**2,153,701**	1,755,774
Mainland China	**2,761,184**	2,123,260
Europe	**–**	167
	4,914,885	3,879,201

The non-current asset information above is based on the location of assets and excludes investments in associates, investments in jointly-controlled entities, deferred tax assets and loan receivables.

Information about major customers

Revenue of approximately HK$55,846,000 (2010: HK$45,793,000) was derived from sales by the garment segment to a single customer.

5. REVENUE, OTHER INCOME AND GAINS

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

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

	Group	
	2011	2010
	HK$'000	*HK$'000*
Revenue		
Sale of goods	**209,325**	229,650
Sale of properties	**28,318**	738,767
Gross rental income	**115,045**	71,560
Property management income	**2,171**	2,257
	354,859	1,042,234
Other income		
Bank interest income	**3,678**	1,597
Other interest income	**1,482**	2,590
Dividend income from listed investments at fair value through profit or loss	**914**	188
Project consultancy service income	**–**	2,500
Management fee income received from an associate	**3,000**	3,000
Others	**4,479**	5,835
	13,553	15,710
Gains		
Gain on disposal of items of property, plant and equipment	**–**	118
Gain on bargain purchase *(note 37)*	**1,246**	–
Foreign exchange differences, net	**4,130**	7,875
	5,376	7,993
	18,929	23,703

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Group	
	2011	2010
	HK$'000	*HK$'000*
Interest on bank loans, overdrafts and other loans (including convertible bonds) wholly repayable within five years	**64,977**	54,095
Interest on bank loans wholly repayable after five years	**2,308**	–
Less: Interest capitalised under property development projects	**(23,596)**	(28,968)
	43,689	25,127

7. PROFIT BEFORE TAX

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

	Group	
	2011	2010
	HK$'000	*HK$'000*
Cost of properties sold	**17,898**	574,458
Cost of inventories sold	**154,803**	169,846
Depreciation *(note 14)*	**8,969**	6,817
Amortisation of prepaid land lease payments *(note 16)*	**1,186**	473
Minimum lease payments under operating leases on land and buildings*	**25,836**	27,182
Auditors' remuneration	**2,793**	2,717
Employee benefit expense (including directors' remuneration *(note 8)*):		
Wages, salaries, allowances and benefits in kind	**81,865**	81,923
Pension scheme contributions	**2,330**	2,483
	84,195	84,406
Less: Amount capitalised under property development projects	**(6,200)**	(5,300)
	77,995	79,106

7. PROFIT BEFORE TAX *(Continued)*

	Group 2011 HK$'000	2010 HK$'000
Gross rental income included in the following categories:		
Rental income	**(115,045)**	(71,560)
Other income	**(124)**	(365)
	(115,169)	(71,925)
Less: Outgoing expenses**	**64,659**	45,576
	(50,510)	(26,349)
Rental income on investment properties less direct operating expenses of HK$28,415,000 (2010: HK$16,969,000)	**(55,465)**	(23,348)
Foreign exchange differences, net	**(4,130)**	(7,875)
Fair value gains on investment properties, net *(note 17)*	**(631,072)**	(310,950)
Gain on disposal of investment properties	**(1,130)**	(7,285)
Gain on disposal of a jointly-controlled entity	**–**	(76,922)
Gain on repurchase of convertible bonds	**–**	(19,199)
Fair value losses/(gains) on equity investments at fair value through profit or loss, net	**6,300**	(40,252)
Interest income	**(5,160)**	(4,187)
Impairment of trade receivables *(note 27)****	**22**	7
Reversal of impairment of trade receivables *(note 27)*	**(5)**	(92)
Gain on bargain purchase *(note 37)* ^	**(1,246)**	–
Loss/(gain) on disposal of items of property, plant and equipment	**499**	(118)

At the end of the reporting period, the amount of forfeited pension scheme contributions available to the Group for future utilisation was not significant (2010: Nil).

* *Included in the amount is rental expenses for carpark operations of HK$16,099,000 (2010: HK$16,240,000) which are included in "Cost of sales" in the consolidated income statement.*

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

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

^ *Gain on bargain purchase is included in "Other income and gains" in the consolidation income statement.*

8. DIRECTORS' REMUNERATION

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

	Group	
	2011	2010
	HK$'000	*HK$'000*
Fees	**225**	200
Other emoluments:		
Salaries, allowances and benefits in kind	**7,480**	6,580
Discretionary performance related bonuses*	**3,000**	3,840
	10,480	10,420
	10,705	10,620

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

(a) Independent non-executive directors

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

	2011	2010
	HK$'000	*HK$'000*
Clement Kwok-Hung Young	**50**	50
Peter Man-Kong Wong	**50**	50
James C. Chen	**50**	50
	150	150

There were no other emoluments payable to the independent non-executive directors during the year (2010: Nil).

8. DIRECTORS' REMUNERATION *(Continued)*

(b) Executive directors and non-executive directors

	Fees	Salaries, allowances and benefits in kind	Discretionary performance related bonuses	Pension scheme contributions	Total remuneration
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2011					
Executive directors:					
James Sai-Wing Wong	–	4,000	1,500	–	5,500
Herman Man-Hei Fung	–	3,480	1,500	–	4,980
	–	7,480	3,000	–	10,480
Non-executive directors:					
Madeline May-Lung Wong	–	–	–	–	–
William Chung-Yue Fan	50	–	–	–	50
Paul Hon-To Tong	25	–	–	–	25
	75	–	–	–	75
	75	7,480	3,000	–	10,555

	Fees	Salaries, allowances and benefits in kind	Discretionary performance related bonuses	Pension scheme contributions	Total remuneration
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2010					
Executive directors:					
James Sai-Wing Wong	–	4,000	1,500	–	5,500
Herman Man-Hei Fung	–	2,580	2,340	–	4,920
	–	6,580	3,840	–	10,420
Non-executive directors:					
Madeline May-Lung Wong	–	–	–	–	–
William Chung-Yue Fan	50	–	–	–	50
	50	–	–	–	50
	50	6,580	3,840	–	10,470

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

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two (2010: two) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining three (2010: three) non-director, highest paid employees for the year are as follows:

	Group	
	2011	2010
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**4,902**	4,949
Discretionary performance related bonuses	**3,007**	4,292
Pension scheme contributions	**134**	259
	8,043	9,500

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

	Number of employees	
	2011	2010
HK$1,500,001 to HK$2,000,000	**1**	1
HK$2,000,001 to HK$2,500,000	**1**	–
HK$2,500,001 to HK$3,000,000	**–**	–
HK$3,000,001 to HK$3,500,000	**–**	–
HK$3,500,001 to HK$4,000,000	**1**	1
HK$4,000,001 to HK$4,500,000	**–**	1
	3	3

10. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

LAT has been calculated in conformity with the prevailing rules and practices on the Group's completed projects in Mainland China at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures including amortisation of land use rights, borrowing costs and all property development expenditures.

10. INCOME TAX *(Continued)*

	2011	2010
	HK$'000	*HK$'000*
Group:		
Current – Hong Kong		
Charge for the year	**1,685**	6,040
Overprovision in prior years	**–**	(46)
Current – Elsewhere		
Charge for the year	**3,925**	48,509
LAT in Mainland China	**568**	6,680
Deferred *(note 22)*	**122,890**	53,031
Total tax charge for the year	**129,068**	114,214

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

	Group	
	2011	2010
	HK$'000	*HK$'000*
Profit before tax	**604,659**	591,291
Tax at the statutory tax rate of 16.5% (2010: 16.5%)	**99,769**	97,563
Effect of different rates of companies operating in other jurisdictions	**20,087**	12,805
Adjustments in respect of current tax of previous periods	**–**	(46)
Income not subject to tax	**(847)**	(17,990)
Expenses not deductible for tax	**4,365**	14,154
Tax losses utilised from previous periods	**(710)**	(8,528)
Tax losses not recognised	**11,921**	10,357
Profits and losses attributable to jointly-controlled entities and associates	**(1,168)**	(3,637)
LAT	**568**	6,680
Others	**(4,917)**	2,856
Tax charge at the Group's effective rate of 21.3% (2010: 19.3%)	**129,068**	114,214

10. INCOME TAX *(Continued)*

Certain subsidiaries of the Group operate in Shenzhen, Mainland China, which were subject to the corporate income tax rates of 22% from 1 April 2010 to 31 December 2010 and 24% from 1 January 2011 to 31 March 2011.

The share of net tax charge attributable to associates amounting to HK$1,379,000 (2010: HK$1,754,000) is included in "Share of profits and losses of associates" in the consolidated income statement. There was no share of tax attributable to jointly-controlled entities during the year ended 31 March 2011 (2010: Nil).

11. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated profit attributable to owners of the Company for the year ended 31 March 2011 includes a profit of HK$80,578,000 (2010: HK$74,087,000) which has been dealt with in the financial statements of the Company (note 36(b)).

12. DIVIDEND

	2011	2010
	HK$'000	*HK$'000*
Proposed final – 5 HK cents (2010: HK5 cents) per ordinary share	**27,568**	27,568

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

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

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

The calculation of diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company, adjusted to reflect the interest on the convertible bonds of a subsidiary and the dilution effect on earnings assuming there is a full conversion of the convertible bonds of a subsidiary, where applicable. The number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation.

13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY *(Continued)*

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

	2011	2010
	HK$'000	*HK$'000*
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	**263,278**	276,291
Interest on convertible bonds of a subsidiary, net of tax and interest capitalisation	**2,033**	–
Dilution of earnings arising from the full conversion of convertible bonds of a subsidiary	**(12,622)**	(9,350)
Profit attributable to ordinary equity holders of the Company after the full conversion of the convertible bonds of a subsidiary	**252,689**	266,941

14. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold land and buildings Hong Kong	Leasehold land and buildings Mainland China	Leasehold improvements	Plant and machinery	Motor vehicles	Furniture, fixtures and equipment	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
31 March 2011							
At 31 March 2010 and at 1 April 2010:							
Cost	56,300	60,234	30,006	9,424	8,919	14,959	179,842
Accumulated depreciation	(17,459)	(15,067)	(13,718)	(8,482)	(4,056)	(11,422)	(70,204)
Net carrying amount	38,841	45,167	16,288	942	4,863	3,537	109,638
At 1 April 2010, net of accumulated depreciation	38,841	45,167	16,288	942	4,863	3,537	109,638
Additions	155	–	5,237	996	1,417	6,021	13,826
Acquisition of subsidiaries *(note 37)*	–	–	–	–	–	55	55
Disposals	–	–	–	–	(1,187)	(158)	(1,345)
Depreciation provided during the year	(1,135)	(3,061)	(1,056)	(714)	(1,490)	(1,513)	(8,969)
Exchange realignment	–	1,813	554	48	128	57	2,600
At 31 March 2011, net of accumulated depreciation	**37,861**	**43,919**	**21,023**	**1,272**	**3,731**	**7,999**	**115,805**
At 31 March 2011:							
Cost	56,455	62,735	36,127	10,856	8,980	21,190	196,343
Accumulated depreciation	(18,594)	(18,816)	(15,104)	(9,584)	(5,249)	(13,191)	(80,538)
Net carrying amount	**37,861**	**43,919**	**21,023**	**1,272**	**3,731**	**7,999**	**115,805**

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

Group

	Leasehold land and buildings Hong Kong	Leasehold land and buildings Mainland China	Leasehold improvements	Plant and machinery	Motor vehicles	Furniture, fixtures and equipment	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
31 March 2010							
At 1 April 2009:							
Cost	56,300	60,120	14,567	8,576	6,584	13,640	159,787
Accumulated depreciation	(16,327)	(13,211)	(13,039)	(7,812)	(3,265)	(10,214)	(63,868)
Net carrying amount	39,973	46,909	1,528	764	3,319	3,426	95,919
At 1 April 2009, net of accumulated depreciation	39,973	46,909	1,528	764	3,319	3,426	95,919
Additions	–	–	15,415	822	3,013	1,433	20,683
Disposals	–	–	–	–	(214)	(23)	(237)
Depreciation provided during the year	(1,132)	(1,828)	(656)	(647)	(1,255)	(1,299)	(6,817)
Exchange realignment	–	86	1	3	–	–	90
At 31 March 2010, net of accumulated depreciation	38,841	45,167	16,288	942	4,863	3,537	109,638
At 31 March 2010:							
Cost	56,300	60,234	30,006	9,424	8,919	14,959	179,842
Accumulated depreciation	(17,459)	(15,067)	(13,718)	(8,482)	(4,056)	(11,422)	(70,204)
Net carrying amount	38,841	45,167	16,288	942	4,863	3,537	109,638

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

Details of the leasehold land and buildings are as follows:

	2011	2010
	HK$'000	*HK$'000*
Medium term leases:		
Hong Kong	**56,455**	56,300
Mainland China	**37,274**	35,641
Long term leases in Mainland China	**25,461**	24,593
	119,190	116,534

Company

	Furniture, fixtures and equipment
	HK$'000
31 March 2011	
At 31 March 2010 and 1 April 2010:	
Cost	82
Accumulated depreciation	(79)
Net carrying amount	3
At 1 April 2010, net of accumulated depreciation	3
Depreciation provided during the year	(2)
At 31 March 2011, net of accumulated depreciation	**1**
At 31 March 2011:	
Cost	**82**
Accumulated depreciation	**(81)**
Net carrying amount	**1**

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

Company

	Furniture, fixtures and equipment *HK$'000*
31 March 2010	
At 1 April 2009:	
Cost	82
Accumulated depreciation	(77)
Net carrying amount	5
At 1 April 2009, net of accumulated depreciation	5
Depreciation provided during the year	(2)
At 31 March 2010, net of accumulated depreciation	3
At 31 March 2010:	
Cost	82
Accumulated depreciation	(79)
Net carrying amount	3

At 31 March 2011, certain of the Group's leasehold land and buildings with a net carrying amount of approximately HK$37,861,000 (2010: Nil) were pledged to secure general banking facilities granted to the Group as detailed in note 32(a)(vii).

15. PROPERTIES UNDER DEVELOPMENT

	Group	
	2011	2010
	HK$'000	*HK$'000*
		(Restated)
At beginning of year	**–**	807,841
Transfer to investment properties under construction – upon adoption of *Improvements to HKFRSs* issued in October 2008 *(note 17)*	**–**	(807,841)
At end of year	**–**	–

The balance as at 1 April 2009 represented properties under development situated in Mainland China held under medium term leases. They were subsequently transferred to investment properties during 2010.

16. PREPAID LAND LEASE PAYMENTS

	Group	
	2011	2010
	HK$'000	*HK$'000*
At beginning of year	**16,241**	16,661
Recognised during the year	**(1,186)**	(473)
Exchange realignment	**710**	53
At end of year	**15,765**	16,241
Current portion	**(1,186)**	(473)
Non-current portion	**14,579**	15,768

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

17. INVESTMENT PROPERTIES

Group

	2011		
	Completed investment properties at fair value	**Investment properties under construction at cost**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
At 1 April 2010	2,912,309	841,486	3,753,795
Additions	68,907	64,410	133,317
Acquisition of subsidiaries *(note 37)*	210,227	–	210,227
Disposals	(20,428)	–	(20,428)
Net gains from fair value adjustments	631,072	–	631,072
Exchange realignment	49,451	27,067	76,518
At 31 March 2011	**3,851,538**	**932,963**	**4,784,501**

	2010		
	Completed investment properties at fair value	Investment properties under construction at cost	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 April 2009	2,563,615	–	2,563,615
Additions	77,307	33,645	110,952
Transfer from properties under development – upon adoption of *Improvements to HKFRSs* issued in October 2008 *(note 15)*	–	807,841	807,841
Disposals	(39,566)	–	(39,566)
Net gains from fair value adjustments	310,950	–	310,950
Exchange realignment	3	–	3
At 31 March 2010	2,912,309	841,486	3,753,795

17. INVESTMENT PROPERTIES *(Continued)*

	2011	2010
	HK$'000	*HK$'000*
Analysed by type and location:		
Long term leasehold land and buildings in Hong Kong	**1,178,500**	957,000
Medium term leasehold land and buildings in Hong Kong	**942,450**	764,400
Medium term leasehold land and buildings in Mainland China	**2,663,551**	2,032,395
	4,784,501	3,753,795

At the end of the reporting period, all of the completed investment properties were revalued on an open market, existing use basis, by Savills Valuation and Professional Services Limited and Memfus Wong Surveyors Limited, independent professionally qualified valuers. Certain completed investment properties are leased to third parties under operating leases, further summary details of which are included in note 41(a) to the financial statements.

Investment properties under construction included interest expense of HK$13,555,000 (2010: HK$19,600,000) that was incurred and capitalised during the year.

The Group's investment properties under construction are measured at cost until such time as fair value can be determined reliably or construction is completed. The Group has concluded that the fair value of its investment properties under construction cannot be measured reliably at the end of the reporting period and are therefore measured at cost in the consolidated statement of financial position.

The Group's investment properties with an aggregate carrying value of HK$4,699,235,000 (2010: HK$2,882,509,000) at the end of the reporting period were pledged to the Group's bankers to secure the banking facilities granted to the Group as detailed in note 32(a)(i) to the financial statements. In addition, certain of the Group's bank loans are secured by assignments of rental income from the leases of the Group's investment properties as detailed in note 32(a)(iv).

Further particulars of the Group's investment properties are included in "Particulars of Properties" on pages 145 to 148.

18. GOODWILL

Group

	HK$'000
At 1 April 2009, 31 March 2010, 1 April 2010 and 31 March 2011:	
Cost	2,463
Accumulated impairment	(2,463)
Net carrying amount	–

19. INVESTMENTS IN SUBSIDIARIES

	Company	
	2011	2010
	HK$'000	*HK$'000*
Listed shares in Hong Kong, at cost	**811,244**	808,923
Unlisted shares, at cost	**95,249**	95,249
	906,493	904,172
Market value of listed shares	**767,445**	707,615

The amounts due from and to subsidiaries included in the Company's current assets and current liabilities are unsecured, interest-free and have no fixed terms of repayment. The carrying amounts of these amounts due from and to subsidiaries approximate to their fair values.

Shares of certain subsidiaries held by the Group were pledged to secure the Group's bank borrowings, as further detailed in note 32(a)(iii).

During the year, the Group acquired additional equity interests in Hon Kwok Land Investment Company, Limited ("Hon Kwok") from non-controlling interests. The excess of net assets of Hon Kwok acquired attributable to its additional interest acquired over the consideration amounting to HK$3,764,000 is credited to the other reserve.

On 27 June 2006, a wholly-owned subsidiary of Hon Kwok issued convertible bonds due June 2011 at par for a principal sum of HK$280 million (the "Bonds''). The Bonds are guaranteed by Hon Kwok and bear interest at the rate of 3.5% per annum, payable semi-annually in arrears. The bondholders have the rights, at any time on or after 27 July 2006 up to and including the seventh business date prior to 27 June 2011 to convert the Bonds into equity shares of Hon Kwok with a nominal value of HK$1.00 each at an initial conversion price of HK$4.00 per share, subject to adjustments in certain events. With effect from 3 October 2008, 6 October 2009 and 20 September 2010, the conversion price of the Bonds has been adjusted from HK$4.00 per share to HK$3.90 per share, from HK$3.90 per share to HK$3.80 per share and from HK$3.80 per share to HK$3.75 per share, respectively. During the year ended 31 March 2010, the Company repurchased part of the Bonds with an aggregate principal amount of HK$192,000,000 through over-the-counter purchases. The bonds repurchased have been cancelled. Further particulars on the Bonds are set out in note 34 to the financial statements. Assuming a full conversion of the Bonds, the Company's equity interest in Hon Kwok would be reduced to 52.03% (2010: 51.87%).

19. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary share capital/ paid-up registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Allwin Group Holdings Limited	BVI	US$1	–	100.00	Sourcing agent for garment
Champion Fine International Investments Inc.[#]	Canada	Canadian dollars ("CAD") 1	–	54.54	Investment holding
Chinney Property Management Limited	Hong Kong	HK$100	–	54.54	Property management
CP Parking Limited	Hong Kong	HK$760,000 (2010: HK$2)	–	54.54	Carpark management
Crown Honour Developments Limited	Hong Kong	HK$2	–	54.54	Nominee services
Dongguan Chinney Garments Limited[#1]	People's Republic of China ("PRC")/ Mainland China	HK$9,000,000	–	100.00	Garment manufacturing
Dongguan Marigold Industry City Developing Co., Ltd.[#1]	PRC/ Mainland China	HK$50,000,000[2]	–	100.00	Property holding and development
Full Yip Development Limited	BVI/Hong Kong	US$1	–	54.54	Property holding and letting
Foshan Nanhai XinDa Land Development Ltd.[#1]	PRC/ Mainland China	HK$300,000,000 (2010: HK$129,480,000)	–	54.54	Property development
Guangzhou Honkwok Fuqiang Land Development Ltd.[#1]	PRC/ Mainland China	Renminbi ("RMB") RMB185,000,000	–	32.72[3]	Property development
Guangzhou Honkwok Hengsheng Land Development Ltd.[#1]	PRC/ Mainland China	RMB220,000,000	–	40.91[3]	Property development
Guangzhou Hua Yin Land Development Co., Ltd.[#1]	PRC/ Mainland China	RMB80,000,000	–	54.54	Property development

19. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary share capital/ paid-up registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Guangzhou Sheng Jin Real Estate Information Consultancy Co., Ltd.#1	PRC/ Mainland China	RMB40,000,000	–	54.54	Property development
Guangzhou Tungfu Property Management Co., Ltd.#1	PRC/ Mainland China	RMB44,400,000	–	54.54 (2010: Nil)	Property holding and letting
Guangzhou Zhong Lu Da Dao Real Estate Development Co., Ltd#1	PRC/ Mainland China	RMB90,000,000	–	54.54	Property development
Hon Kwok Land Investment (China) Limited	Hong Kong	HK$2	–	54.54	Investment holding
Hon Kwok Land Investment Company, Limited	Hong Kong	HK$480,286,201	54.54	–	Investment holding
Hon Kwok Land Investment (Shenzhen) Co., Ltd.#1	PRC/ Mainland China	HK$30,000,000	–	54.54	Property development
Hon Kwok Land Treasury IV Limited	BVI	US$1	–	54.54	Financing
Hon Kwok Project Management Limited	Hong Kong	HK$2	–	54.54	Project management
Hon Kwok Treasury Limited	Hong Kong	HK$2	–	54.54	Financing
Honour Well Development Limited	Hong Kong	HK$2	–	54.54	Property holding and letting
Hotfield Land Investment (Chongqing) Co., Ltd. #1	PRC/ Mainland China	US$14,300,000	–	54.54	Property holding and letting
Island Parking Limited	BVI/Hong Kong	US$10	–	54.54	Property holding and letting
J.L. Chinney (Holdings) Company Limited	BVI	US$1,250,000	100.00	–	Investment holding
J.L. Garment Manufacturers Limited	Hong Kong	HK$1,000,000	–	100.00	Garment trading
J.L. Group Company Limited	Hong Kong	HK$8,000,000	–	100.00	Garment trading

19. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary share capital/ paid-up registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
J.L. Investment Company Limited	Hong Kong	HK$10,000	–	100.00	Property holding
King Capital Development Limited	Hong Kong	HK$2	–	54.54	Property holding and letting
King Champion Limited	Hong Kong	HK$2	–	54.54	Property holding and letting
Lido Parking Limited	BVI/Hong Kong	US$1	–	54.54	Property holding and letting
Multi-Investment Group Limited	BVI	US$1	–	100.00	Investment holding
One City Hall Place Limited[#]	Canada	CAD100	–	40.91[3]	Property development
Prime Best Development Limited	Hong Kong	HK$2	–	54.54	Investment holding
Shenzhen Guanghai Investment Co., Ltd.[#1]	PRC/ Mainland China	RMB600,000,000 (2010: RMB467,273,375)	–	54.54	Property development
Shenzhen Honkwok Huaye Development Co., Ltd.[#1]	PRC/ Mainland China	RMB50,000,000	–	54.54	Property holding and letting
The Bauhinia Hotel Management Limited	Hong Kong	HK$2	–	54.54	Property letting
The Bauhinia Hotel (TST) Management Limited	Hong Kong	HK$2	–	54.54	Property letting
Vast Champ Investment (Chongqing) Co., Ltd.[#1]	PRC/ Mainland China	US$10,000,000	–	54.54	Property development
Wide Fame Investment Limited	Hong Kong	HK$2	–	54.54	Investment holding
Wise Pacific Investment Limited	Hong Kong	HK$10,000	–	54.54	Money lending

19. INVESTMENTS IN SUBSIDIARIES *(Continued)*

[#] *Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.*

[1] *These subsidiaries are registered in the PRC as foreign-owned enterprises with business duration of 25 to 50 years.*

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

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

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

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

20. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Share of net assets	**112,496**	110,899	**–**	–
Promissory note receivable from an associate	**–**	40,518	**–**	40,518
	112,496	151,417	**–**	40,518
Market value of listed shares	**64,910**	86,547	**–**	–

The promissory note was unsecured, bore interest at the rate of 5% per annum and was repaid on 26 October 2010.

The promissory note was stated at amortised cost and its carrying amount approximated to its fair value.

Particulars of the associate are as follows:

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

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

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

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

20. INVESTMENTS IN ASSOCIATES *(Continued)*

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

	Group	
	2011	2010
	HK$'000	*HK$'000*
Total assets	**1,324,048**	1,135,672
Total liabilities	**(835,655)**	(677,602)
Revenues	**1,990,214**	2,106,488
Profit for the year	**23,662**	77,350

21. INVESTMENTS IN JOINTLY-CONTROLLED ENTITIES

	Group	
	2011	2010
	HK$'000	*HK$'000*
Share of net assets	**3,491**	3,297

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

21. INVESTMENTS IN JOINTLY-CONTROLLED ENTITIES *(Continued)*

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

Name	Particulars of issued share capital	Place of incorporation	Percentage of Ownership interest	Percentage of Voting power	Percentage of Profit sharing	Principal activities
Hunnewell Limited	Ordinary share capital of HK$1,000,000	Hong Kong	27.27	27.27	27.27	Property development
King Success Limited	Ordinary share capital of HK$10,000	Hong Kong	27.27	27.27	27.27	Property development
Two City Hall Place Limited#	Common share capital of CAD100	Canada	27.27	27.27	27.27	Property development

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

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

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

21. INVESTMENTS IN JOINTLY-CONTROLLED ENTITIES *(Continued)*

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

	2011	2010
	HK$'000	*HK$'000*
Share of the jointly-controlled entities' assets and liabilities:		
Total non-current assets	**6,144**	5,833
Total current assets	**582**	348
Total current liabilities	**(3,235)**	(2,884)
Net assets	**3,491**	3,297
Share of the jointly-controlled entities' results:		
Total revenue	**263**	169
Total expenses	**(69)**	(642)
Profit/(loss) for the year	**194**	(473)

22. DEFERRED TAX

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

Group

	Depreciation allowance in excess of related depreciation HK$'000	Revaluation of investment properties HK$'000	Tax losses HK$'000	Others HK$'000	Total HK$'000
At 1 April 2009	(1,254)	(233,726)	577	2,297	(232,106)
Acquisition of assets and liabilities *(note 38(a))*	–	–	–	(5,586)	(5,586)
Deferred tax charged to the income statement during the year *(note 10)*	(61)	(52,970)	–	–	(53,031)
Net deferred tax liabilities at 31 March 2010	(1,315)	(286,696)	577	(3,289)	(290,723)
Acquisition of subsidiaries *(note 37)*	–	(29,473)	–	–	(29,473)
Deferred tax charged to the income statement during the year *(note 10)*	(16)	(122,874)	–	–	(122,890)
Exchange realignment	–	(4,844)	–	–	(4,844)
Net deferred tax liabilities at 31 March 2011	**(1,331)**	**(443,887)**	**577**	**(3,289)**	**(447,930)**

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

	2011 **HK$'000**	2010 HK$'000
Net deferred tax assets recognised in the consolidated statement of financial position	**117**	109
Net deferred tax liabilities recognised in the consolidated statement of financial position	**(448,047)**	(290,832)
	(447,930)	(290,723)

22. DEFERRED TAX *(Continued)*

At the end of the reporting period, the Group had unrecognised deductible temporary differences of HK$208,000 (2010: HK$220,000) and unrecognised tax losses arising in Hong Kong of HK$1,162,210,000 (2010: HK$1,114,597,000) and in Mainland China of HK$20,039,000 (2010: HK$10,680,000) and the Company has tax losses arising in Hong Kong of HK$53,981,000 (2010: HK$49,385,000). Tax losses arising in Hong Kong are available for offsetting against future taxable profits of the companies in which the losses arose and tax losses arising in Mainland China will expire in one to five years for offsetting against future profits. Deferred tax assets have not been recognised in respect of these losses as they have arisen in the companies that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

At 31 March 2011, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China and in Canada. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China and in Canada for which deferred tax liabilities have not been recognised totalled HK$227,109,000 at 31 March 2011 (2010: HK$188,334,000) and the amounts, net of non-controlling interest, amounted to HK$198,934,000 (2010: HK$164,650,000).

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

The Company had no significant unrecognised deferred tax liability (2010: Nil).

23. LOAN RECEIVABLES

The loan receivables are unsecured, interest-bearing at 5% per annum and repayable by 60 monthly instalments between 1 January 2009 and 31 December 2013. The carrying amounts approximate to their fair values.

24. INVENTORIES

	Group	
	2011	2010
	HK$'000	*HK$'000*
Raw materials	**2,827**	2,438
Work in progress	**8,687**	6,074
Finished goods	**131**	721
	11,645	9,233

25. PROPERTIES HELD FOR SALE UNDER DEVELOPMENT AND PROPERTIES HELD FOR SALE

	Group		
	31 March 2011	31 March 2010	1 April 2009
	HK'000	*HK$'000*	*HK$'000*
		(Restated)	*(Restated)*
Completed properties held for sale	**77,190**	148,273	57,425
Properties held for sale under development	**1,734,486**	1,424,450	1,380,600
	1,811,676	1,572,723	1,438,025
Properties held for sale under development			
— expected to be recovered:			
Within one year	**304,942**	–	476,183
After one year	**664,717**	333,876	187,716
— pending for construction expected to be recovered after one year	**764,827**	1,090,574	716,701
	1,734,486	1,424,450	1,380,600

Properties held for sale included interest expense of HK$10,041,000 (2010: HK$9,368,000) that was incurred and capitalised during the year prior to the completion of the development of properties.

Certain of the Group's properties held for sale under development and properties held for sale with an aggregate carrying value of HK$263,045,000 (2010: HK$535,827,000) at the end of the reporting period were pledged to secure the banking facilities granted to the Group as detailed in note 32(a)(ii) to the financial statements.

25. PROPERTIES HELD FOR SALE UNDER DEVELOPMENT AND PROPERTIES HELD FOR SALE *(Continued)*

The Group is subject to a risk that certain land relating to the properties held for sale under development situated in the PRC, with a carrying amount of HK$384,744,000 at the end of the reporting period, could be appropriated by the relevant government authorities in the PRC as a result of the non-compliance with the requirement to complete the construction works on the land in prior years. In the opinion of the directors, the chance that the land administration bureau will appropriate the property without paying compensation is remote because the Group had fully paid the land premium in prior years and was granted approval from the relevant government authorities for the modification and application for extension of several Construction Works Planning Permits and Construction Works Commencement Permits, and the construction works on the land have already commenced.

The land use right of a portion of an unencumbranced development site with an area of 24,067 square metres located in the PRC was subject to a freeze order by a court in the PRC for a value equivalent to approximately HK$65 million, following a legal action taken by one of the previous interested parties of the land. In this connection, a written legal opinion was obtained from a PRC law firm which opined that the claim filed by the said previous interested party has no legal basis and is not valid. In view of such legal opinion, the directors believe that the freeze order does not have any material impact to the development of the project.

Details of properties held for sale under development and properties held for sale are as follows:

	31 March 2011	31 March 2010	1 April 2009
	HK$'000	*HK$'000*	*HK$'000*
		(Restated)	*(Restated)*
Medium term leases:			
Hong Kong	**4,437**	4,037	56,681
Mainland China	**269,885**	240,992	229,980
Long term leases:			
Mainland China	**1,537,354**	1,327,694	1,150,139
Canada	**–**	–	1,225
	1,811,676	1,572,723	1,438,025

Further particulars of the Group's properties held for sale under development and properties held for sale are included in "Particulars of Properties" on pages 145 to 148.

26. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Listed equity investments in Hong Kong, at market value	**51,061**	57,361	**50,591**	57,026

The above equity investments at 31 March 2010 and 2011 were classified as held for trading.

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

As at 31 March 2011, certain of the Group's listed equity investments with a carrying value of HK$50,591,000 (2010: HK$57,026,000) at the end of the reporting period were pledged to secure the Group's bank borrowings, as further detailed in note 32(a)(v) to the financial statements.

The market value of the Group's short term investments at the date of approval of these financial statements was approximately HK$57,282,000.

27. TRADE AND BILLS RECEIVABLES

	Group	
	2011	2010
	HK$'000	*HK$'000*
Trade and bills receivables	**26,058**	41,171
Impairment	**(1,181)**	(1,294)
	24,877	39,877

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

27. TRADE AND BILLS RECEIVABLES *(Continued)*

An aged analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice/contract date and net of impairment, is as follows:

	Group	
	2011	2010
	HK$'000	*HK$'000*
Within 30 days	**5,447**	21,676
31 to 60 days	**4,723**	6,426
61 to 90 days	**14,506**	3,247
Over 90 days	**201**	8,528
	24,877	39,877

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

	Group	
	2011	2010
	HK$'000	*HK$'000*
At beginning of year	**1,294**	1,794
Impairment losses recognised *(note 7)*	**22**	7
Amount written off as uncollectible	**(130)**	(415)
Impairment loss reversed *(note 7)*	**(5)**	(92)
At end of year	**1,181**	1,294

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of HK$1,181,000 (2010: HK$1,294,000) with a carrying amount of HK$1,181,000 (2010: HK$1,294,000). The individually impaired trade receivables relate to customers that were in financial difficulties and the receivables are not expected to be recovered. The Group does not hold any collateral or other credit enhancements over these balances.

27. TRADE AND BILLS RECEIVABLES *(Continued)*

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

	Group	
	2011	2010
	HK$'000	*HK$'000*
Neither past due nor impaired	**20,706**	19,669
Less than 30 days past due	**2,391**	19,252
30 to 90 days past due	**1,587**	941
Over 90 days past due	**193**	15
	24,877	39,877

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

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

The Company had no trade receivable at the end of the reporting period (2010: Nil).

28. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Prepayments	**44,946**	11,994	**40**	57
Deposits	**14,595**	23,424	**–**	–
Other receivables	**36,098**	26,253	**123**	1,024
Impairment	**(10,920)**	(10,920)	**–**	–
	84,719	50,751	**163**	1,081

None of the deposits is either past due or impaired. The provision for impairment relates to other receivables.

28. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES *(Continued)*

Included in the above provision for impairment of other receivables is a provision for impaired other receivables of HK$10,920,000 (2010: HK$10,920,000) with a carrying amount of HK$10,920,000 (2010: HK$10,920,000). The Group does not hold any collateral or other credit enhancements over these balances.

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

29. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Cash and bank balances	**820,964**	578,636	**9,151**	12,517
Time deposits	**305,086**	197,564	**–**	80,000
	1,126,050	776,200	**9,151**	92,517
Less: Pledged time deposits				
Pledged deposits for a short term bank loan *(note 32(a)(vi))*	**(96,974)**	(91,200)	**–**	–
Cash and cash equivalents	**1,029,076**	685,000	**9,151**	92,517

At the end of the reporting period, the cash and bank balances including time deposits of the Group denominated in RMB amounted to HK$636,678,000 (2010: HK$432,539,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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

30. TRADE PAYABLES AND ACCRUED LIABILITIES

Included in trade payables and accrued liabilities are trade payables of HK$23,704,000 (2010: HK$39,294,000). An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	Group	
	2011	2010
	HK$'000	*HK$'000*
Within 30 days	**17,498**	33,369
31 to 60 days	**5,318**	4,808
61 to 90 days	**75**	449
Over 90 days	**813**	668
	23,704	39,294

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

The Company had no trade payables at the end of the reporting period (2010: Nil).

31. BALANCES WITH THE IMMEDIATE HOLDING COMPANY AND A RELATED COMPANY

The balances with the immediate holding company and a related company are unsecured, interest-free and have no fixed terms of repayment.

32. INTEREST-BEARING BANK AND OTHER BORROWINGS

Group

	31 March 2011			31 March 2010			1 April 2009		
	Effective interest rate *(%)*	**Maturity**	***HK$'000***	Effective interest rate *(%)*	Maturity	*HK$'000*	Effective interest rate *(%)*	Maturity	*HK$'000*
									(Restated)
Current									
Bank loans – unsecured	**2.1**	**2011**	**82,000**	1.8 – 2.1	2011 or on demand	38,000	1.2	2009	56,000
Bank loans – secured	**1.0 – 6.5**	**2011-2012 or on demand**	**739,802**	0.8 – 5.0	2010-2011 or on demand	386,655	1.0 – 5.4	2009-2010 or on demand	488,591
			821,802			424,655			544,591
Convertible bonds *(note 34)*	**10.4**	**2011**	**108,355**			–			–
			930,157			424,655			544,591
Non-current									
Bank loans – unsecured	**2.1**	**2013**	**220,000**	2.1	2011 – 2013	202,000	1.2	2010	210,000
Bank loans – secured	**1.6 – 6.5**	**2012 – 2020**	**1,321,687**	0.8 – 5.8	2011 – 2015	1,313,409	1.0 – 5.4	2010 – 2012	639,727
			1,541,687			1,515,409			849,727
Convertible bonds *(note 34)*			**–**	10.4	2011	100,900	10.4	2011	299,475
			1,541,687			1,616,309			1,149,202
			2,471,844			2,040,964			1,693,793

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

Company

	2011			2010		
	Effective interest rate (%)	**Maturity**	***HK$'000***	Effective interest rate (%)	Maturity	*HK$'000*
Current						
Bank loans – secured	**1.48 – 1.71**	**2011**	**72,000**	1.38 – 1.74	2010	211,000

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Analysed into:				
Bank loans repayable:				
Within one year or on demand	**821,802**	424,655	**72,000**	211,000
In the second year	**450,313**	543,000	**–**	–
In the third to fifth years, inclusive	**1,068,680**	972,409	**–**	–
Beyond five years	**22,694**	–	**–**	–
	2,363,489	1,940,064	**72,000**	211,000
Other borrowings repayable:				
Within one year	**108,355**	–	**–**	–
In the second year	**–**	100,900	**–**	–
	2,471,844	2,040,964	**72,000**	211,000

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

Notes:

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

(i) mortgages over certain of the Group's investment properties, which had an aggregate carrying value at the end of the reporting period of HK$4,699,235,000 (2010: HK$2,882,509,000);

(ii) mortgages over certain of the Group's properties held for sale under development and properties held for sale, which had an aggregate carrying value at the end of the reporting period of HK$263,045,000 (2010: HK$535,827,000);

(iii) charges over shares of certain subsidiaries of the Group;

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

(v) the pledge of certain of the Group's listed equity investments at fair value through profit or loss, with a carrying amount of HK$50,591,000 (2010: HK$57,026,000);

(vi) the pledge of certain of the Group's time deposits amounting to HK$96,974,000 (2010: HK$91,200,000); and

(vii) the pledge of certain of the Group's leasehold land and buildings, which had an aggregate carrying value at the end of the reporting period of approximately HK$37,861,000 (2010: Nil).

(b) Except for certain bank loans denominated in RMB equivalent to HK$400,969,000 (2010: HK$386,364,000), all bank borrowings at the end of the reporting period were denominated in Hong Kong dollars.

As further explained in notes 2.2(c) and 46 to the financial statements, due to the adoption of HK Interpretation 5 in the current year, the Group's interest-bearing bank borrowings in the amount of HK$211,000,000 (2010: Nil) containing on-demand clauses have been reclassified as current liabilities. For the purpose of the above analysis, the loans are included within current interest-bearing bank and other borrowings and analysed into bank loans repayable within one year or on demand.

Based on the maturity terms of the loans, the amounts repayable in respect of the loans are: within one year or on demand HK$610,802,000 (2010: HK$424,655,000); in the second year HK$460,313,000 (2010: HK$543,000,000); in the third to fifth years, inclusive HK$1,101,680,000 (2010: HK$972,409,000) and beyond five years HK$190,694,000 (2010: Nil).

All bank loans of the Group and the Company are interest-bearing at floating rates.

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

33. PROMISSORY NOTE PAYABLE

The promissory note payable was unsecured, interest-free and was fully repaid on 4 January 2011 upon maturity. The fair value of the promissory note payable amounted to HK$18,879,000 as at 31 March 2010.

34. CONVERTIBLE BONDS

On 27 June 2006, a wholly-owned subsidiary of Hon Kwok issued convertible bonds due June 2011 at par for a principal sum of HK$280,000,000. The Bonds are guaranteed by Hon Kwok and bear interest at the rate of 3.5% per annum, payable semi-annually in arrears. The bondholders have the right, at any time on or after 27 July 2006 up to and including the seventh business date prior to 27 June 2011, to convert the Bonds into equity shares of Hon Kwok with a nominal value of HK$1.00 each at an initial conversion price of HK$4.00 per share, subject to adjustments in certain events. The conversion price of the Bonds was adjusted from HK$4.00 per share to HK$3.90 per share on 3 October 2008 and from HK$3.90 per share to HK$3.80 per share with effect from 6 October 2009. The conversion price of the Bonds had been further adjusted from HK$3.80 per share to HK$3.75 per share with effect from 20 September 2010. Any Bonds not converted will be redeemed at 124.5481% of their principal amount upon maturity on 27 June 2011. When the Bonds were issued, the prevailing market interest rate for similar bonds without the conversion option was higher than the interest rate at which the Bonds were issued.

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

During the year ended 31 March 2010, Hon Kwok repurchased part of the Bonds with an aggregate principal amount of HK$192,000,000 through over-the-counter purchases at a total consideration of HK$192,000,000. The Bonds repurchased have been cancelled. The Group determined the fair value of the liability component, at the dates of the repurchase transactions based on the valuations performed by Jones Lang LaSalle Sallmanns Limited, an independent firm of professional qualified valuers, using an equivalent market interest rate for a similar bond without a conversion option to be greater than the repurchase consideration. Accordingly, the whole repurchase consideration of HK$192,000,000 was allocated to the liability component with nil residual amount allocated to the equity component of the Bonds repurchased. The difference between the carrying value of the Bonds repurchased of HK$211,199,000 and the repurchase consideration of HK$192,000,000, being HK$19,199,000, was credited to the income statement in the prior year. Subsequent to the repurchase, an amount of HK$9,256,000 which related to the equity component of the Bonds repurchased was transferred to the retained profits during the year ended 31 March 2010.

As at 31 March 2011, the Bonds with an aggregate amount of HK$88,000,000 remained outstanding. Upon full conversion, after conversion price adjustments, the Bonds shall be converted into 23,466,666 ordinary shares of Hon Kwok.

34. CONVERTIBLE BONDS *(Continued)*

Subsequent to the end of the reporting period, the outstanding principal of the Bonds in the amount of HK$88,000,000 was redeemed in full together with the redemption premium upon maturity on 27 June 2011. The aggregate redemption amount was HK$109,602,000.

The movements in the liability and equity components of the Bonds are as follows:

Group

	2011		
	Liability component of convertible bonds	**Equity component of convertible bonds**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
At 1 April 2010	100,900	5,344	106,244
Interest expense	10,535	–	10,535
Interest paid	(3,080)	–	(3,080)
At 31 March 2011	**108,355**	**5,344**	**113,699**

	2010		
	Liability component of convertible bonds	Equity component of convertible bonds	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 April 2009	299,475	14,600	314,075
Interest expense	20,968	–	20,968
Interest paid	(8,344)	–	(8,344)
Repurchases of bonds	(211,199)	–	(211,199)
Transfer to retained profits	–	(9,256)	(9,256)
At 31 March 2010	100,900	5,344	106,244

The effective interest rate of the Bonds was 10.4% per annum. The fair value of the liability component of the Bonds was estimated using an equivalent market interest rate for a similar convertible bond. The fair value of the Group's convertible bonds was approximately HK$110 million (2010: HK$103 million) at the end of the reporting period.

35. SHARE CAPITAL

	2011	2010
	HK$'000	*HK$'000*
Authorised:		
1,000,000,000 ordinary shares of HK$0.25 each	**250,000**	250,000
Issued and fully paid:		
551,368,153 ordinary shares of HK$0.25 each	**137,842**	137,842

36. RESERVES

(a) Group

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

(b) Company

	Notes	Share premium account	Retained profits	Total
		HK$'000	*HK$'000*	*HK$'000*
Balance at 1 April 2009		267,569	419,999	687,568
Total comprehensive income for the year	*11*	–	74,087	74,087
Proposed final 2010 dividend	*12*	–	(27,568)	(27,568)
At 31 March 2010 and 1 April 2010		267,569	466,518	734,087
Total comprehensive income for the year	*11*	–	80,578	80,578
Proposed final 2011 dividend	*12*	–	(27,568)	(27,568)
At 31 March 2011		**267,569**	**519,528**	**787,097**

37. BUSINESS COMBINATION

On 21 April 2010, the Group acquired 100% interest in Guru Star Investments Limited (together with its subsidiaries, "the Guru Star Group") from Enhancement Investment Limited ("Enhancement"). Guru Star Group is engaged in property investment. The acquisition was made as part of the Group's strategy to expand its base of rental income in the PRC. The purchase consideration for the acquisition was in the form of cash amounting to HK$144,211,000, with HK$14,421,000 paid on 8 March 2010 and the remaining HK$129,790,000 paid on 21 April 2010.

The fair values of the identifiable assets and liabilities of Guru Star Group as at the date of acquisition were as follows:

	Notes	**Fair value recognised on acquisition** ***HK$'000***
Net assets acquired:		
Property, plant and equipment	*14*	55
Investment properties	*17*	210,227
Prepayments, deposits, and other receivables		246
Cash and cash equivalents		11,562
Trade payable and accrued liabilities		(3,570)
Interest-bearing bank borrowings		(43,590)
Deferred tax liabilities	*22*	(29,473)
Shareholder's loan		(43,126)
Total identifiable net assets at fair value		102,331
Gain on bargain purchase recognised in other income and gains in the consolidated income statement	*7*	(1,246)
Assignment of shareholder's loan		43,126
Satisfied by cash		**144,211**

The fair value of other receivables as at the date of acquisition amounted to HK$213,000. The gross contractual amount of other receivables was HK$213,000, of which none is expected to be uncollectible.

The Group incurred transaction costs of HK$236,000 for this acquisition. These transaction costs have been expensed and are included in administrative expenses in the consolidated income statement.

37. BUSINESS COMBINATION *(Continued)*

An analysis of the cash flows in respect of the acquisition of subsidiaries is as follows:

	HK$'000
Cash consideration	(144,211)
Cash and bank balances acquired	11,562
Net outflow of cash and cash equivalents included in cash flows from investing activities	(132,649)
Transaction costs of the acquisition included in cash flows from operating activities	(236)
	(132,885)

Since its acquisition, Guru Star Group contributed HK$8,771,000 to the Group's turnover and HK$2,708,000 to the consolidated profit for the year ended 31 March 2011.

Had the combination taken place at the beginning of the year, the revenue of the Group and the profit of the Group for the year would have been HK$355,969,000 and HK$475,898,000, respectively.

38. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) During the year ended 31 March 2010, a wholly-owned subsidiary of Hon Kwok acquired properties held for sale under development in the PRC and their related assets and liabilities from MSR Asia Acquisition VII, Inc., as vendor. The acquisition was made by way of acquiring the remaining 50% equity interest in Floralmist Holdings Ltd. ("Floralmist") and its subsidiaries (the "Floralmist Group") and since then, Floralmist became a wholly-owned subsidiary of the Group.

This transaction was accounted for as purchase of assets and liabilities rather than as business combination because Floralmist Group had not carried out any significant business transactions prior to the date of acquisition. The net outflow of cash and cash equivalents from this acquisition reflected in the consolidated statement of cash flows as part of the cash flow movement in individual assets and liabilities acquired.

38. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

(a) The net assets acquired in the acquisition of Floralmist Group were as follows:

	HK$'000
Net assets acquired:	
Property, plant and equipment	447
Properties held for sale under development and properties held for sale	332,170
Prepayments, deposits, and other receivables	5
Cash and bank balances	415
Trade payables and accrued liabilities	(272)
Deferred tax liabilities	(5,586)
Amounts due to related companies	(37,817)
Amounts due to shareholders	(179,244)
	110,118
Investments in a jointly-controlled entity	(27,247)
Assignment of shareholder's loan	89,622
	172,493

	HK$'000
Satisfied by:	
Cash	172,493

An analysis of net outflow of cash and cash equivalents in respect of the above acquisition was as follows:

	HK$'000
Cash consideration	172,493
Cash and bank balances acquired	(415)
Net outflow of cash and cash equivalents in respect of the acquisition of subsidiaries	172,078

(b) **Major non-cash transactions**

In the prior year, certain additions of properties held for sale under development of HK$36,281,000 were not paid at the end of the reporting period and were recorded as accrued liabilities.

39. CONTINGENT LIABILITIES

As at 31 March 2011, the Group has given guarantees of HK$306,671,000 (2010: HK$251,634,000) to banks for housing loans extended by the banks to the purchasers of the Group's properties for a period from the date the loans are granted to the purchasers up to the date of issuance of property title certificates to the purchasers.

The fair value of the guarantees is not significant and the directors consider that, in case of default in payments by the purchasers, the net realisable value of the related properties will be sufficient to cover the repayment of the outstanding mortgage principals together with the accrued interests and penalties and therefore no provision has been made in the financial statements for the years ended 31 March 2011 and 2010 for the guarantees.

40. PLEDGED OF ASSETS

Details of the Group's bank loans, which are secured by the assets of the Group, are included in note 32 to the financial statements.

41. OPERATING LEASE ARRANGEMENTS

(a) As lessor

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

At 31 March 2011, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	Group	
	2011	2010
	HK$'000	*HK$'000*
Within one year	**60,290**	32,656
In the second to fifth years, inclusive	**161,035**	102,350
After five years	**433,934**	419,040
	655,259	554,046

Certain of the Group's bank loans are secured by assignments of rental income from the leases of the Group's properties as detailed in note 32(a)(iv).

At the end of the reporting period, the Company had no operating lease arrangements as lessor (2010: Nil).

41. OPERATING LEASE ARRANGEMENTS *(Continued)*

(b) As lessee

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

At 31 March 2011, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group	
	2011	2010
	HK$'000	*HK$'000*
Within one year	**11,932**	17,246
In the second to fifth years, inclusive	**8,987**	12,333
	20,919	29,579

The Company had no operating lease commitments at the end of the reporting period (2010: Nil).

42. CAPITAL COMMITMENTS

In addition to the operating lease commitments detailed in note 41(b) above, the Group had the following capital commitments at the end of the reporting period:

	Group	
	2011	2010
	HK$'000	*HK$'000*
		(Restated)
Contracted, but not provided for:		
Property development expenditure	**524,445**	44,616
Acquisition of subsidiaries	**–**	129,790
	524,445	174,406

The Company did not have any significant capital commitments at the end of the reporting period (2010: Nil).

43. RELATED PARTY TRANSACTIONS

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

	Notes	2011 HK$'000	2010 HK$'000
Management fee income received from an associate	*(i)*	**3,000**	3,000
Legal and professional fees paid to a firm of which a director of the Company is a consultant	*(ii)*	**58**	217
Interest income on a promissory note due from an associate	*(iii)*	**1,482**	2,405
Rental income received from a related company	*(iv)*	**1,811**	–

Notes:

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

(ii) The legal and professional fees paid were charged based on agreement between the parties.

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

(iv) The rental income received was based on the open market rates prevailing at the time when the tenancy agreement was entered into between a subsidiary and the related company where one of the directors is a common director of these two companies.

43. RELATED PARTY TRANSACTIONS *(Continued)*

(b) On 8 March 2010, a wholly-owned subsidiary of Hon Kwok, Join Ally Limited, as purchaser, entered into a sale and purchase agreement with Enhancement, as vendor, for the acquisition of the entire issued share capital of Guru Star Investments Limited and the assignment of related shareholder's loan to the Group at an aggregate cash consideration of HK$144,211,000 (the "Acquisition"). The Acquisition constituted a major and connected transaction to the Company under the Listing Rules as Enhancement is a company controlled by James Sai-Wing Wong, the Chairman and substantial shareholder of the Company. The Acquisition was completed on 21 April 2010. Further details of the transaction are disclosed in note 37 to the financial statements.

(c) Outstanding balances with related parties

As disclosed in the statements of financial position, the Group and the Company have outstanding balances with its subsidiaries, associates, jointly-controlled entities, a related company and the immediate holding company as at the end of the reporting period. Particulars of the terms of the balances with subsidiaries, associates, jointly-controlled entities, a related company and the immediate holding company are set out in notes 19, 20, 21 and 31, respectively, to the financial statements.

(d) Compensation of key management personnel of the Group

	2011 ***HK$'000***	2010 *HK$'000*
Short term employee benefits	**18,614**	19,861
Post-employment benefits	**134**	259
	18,748	20,120

Further details of directors' emoluments and key management personnel of the Group are included in notes 8 and 9 to the financial statements, respectively.

44. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each category of financial instruments as at the end of the reporting period are as follows:

2011 **Group**

Financial assets

	Financial assets at fair value through profit or loss *HK$'000*	Loans and receivables *HK$'000*	Total *HK$'000*
Loan receivables	–	1,608	1,608
Equity investments at fair value through profit or loss	51,061	–	51,061
Trade and bills receivables	–	24,877	24,877
Financial assets included in prepayments, deposits and other receivables *(note 28)*	–	39,773	39,773
Amount due from a related company	–	396	396
Amounts due from jointly-controlled entities	–	31	31
Pledged deposits	–	96,974	96,974
Cash and cash equivalents	–	1,029,076	1,029,076
	51,061	1,192,735	1,243,796

2011 **Group**

Financial liabilities

	Financial liabilities at amortised cost *HK$'000*
Financial liabilities included in trade payables and accrued liabilities	102,469
Financial liabilities included in customer deposits	16,414
Convertible bonds	108,355
Interest-bearing bank borrowings	2,363,489
	2,590,727

44. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

The carrying amounts of each category of financial instruments as at the end of the reporting period are as follows: *(Continued)*

2010 Group

Financial assets

	Financial assets at fair value through profit or loss	Loans and receivables	Total
	HK$'000	*HK$'000*	*HK$'000*
Promissory note receivable from an associate	–	40,518	40,518
Loan receivables	–	2,466	2,466
Equity investments at fair value through profit or loss	57,361	–	57,361
Trade and bills receivables	–	39,877	39,877
Financial assets included in prepayments, deposits and other receivables *(note 28)*	–	38,757	38,757
Amount due from a related company	–	359	359
Amounts due from jointly-controlled entities	–	25	25
Pledged deposits	–	91,200	91,200
Cash and cash equivalents	–	685,000	685,000
	57,361	898,202	955,563

2010 Group

Financial liabilities

	Financial liabilities at amortised cost
	HK$'000
Financial liabilities included in trade payables and accrued liabilities	177,527
Financial liabilities included in customer deposits	6,373
Amount due to the immediate holding company	40,000
Promissory note payable	20,000
Convertible bonds	100,900
Interest-bearing bank borrowings	1,940,064
	2,284,864

44. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

The carrying amounts of each category of financial instruments as at the end of the reporting period are as follows: *(Continued)*

2011 — **Company**

Financial assets

	Financial assets at fair value through profit or loss *HK$'000*	Loans and receivables *HK$'000*	Total *HK$'000*
Equity investments at fair value through profit or loss	50,591	–	50,591
Financial assets included in prepayments, deposits and other receivables *(note 28)*	–	123	123
Amounts due from subsidiaries	–	62,805	62,805
Cash and cash equivalents	–	9,151	9,151
	50,591	72,079	122,670

2011 — **Company**

Financial liabilities

	Financial liabilities at amortised cost *HK$'000*
Financial liabilities included in trade payables and accrued liabilities	1,087
Interest-bearing bank borrowings	72,000
	73,087

44. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

The carrying amounts of each category of financial instruments as at the end of the reporting period are as follows: *(Continued)*

2010 Company

Financial assets

	Financial assets at fair value through profit or loss *HK$'000*	Loans and receivables *HK$'000*	Total *HK$'000*
Promissory note receivable from an associate	–	40,518	40,518
Equity investments at fair value through profit or loss	57,026	–	57,026
Financial assets included in prepayments, deposits and other receivables *(note 28)*	–	1,024	1,024
Amounts due from subsidiaries	–	69,780	69,780
Cash and cash equivalents	–	92,517	92,517
	57,026	203,839	260,865

2010 Company

Financial liabilities

	Financial liabilities at amortised cost *HK$'000*
Financial liabilities included in trade payables and accrued liabilities	1,140
Amount due to the immediate holding company	40,000
Amount due to a subsidiary	10,000
Interest-bearing bank borrowings	211,000
	262,140

45. FAIR VALUE AND FAIR VALUE HIERARCHY

The carrying amounts and fair values of the Group's and the Company's financial instruments are as follows:

Group

	Carrying amounts		Fair values	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Financial assets				
Promissory note receivable from an associate	**–**	40,518	**–**	40,518
Loan receivables	**1,608**	2,466	**1,608**	2,466
Equity investments at fair value through profit or loss	**51,061**	57,361	**51,061**	57,361
Trade and bills receivables	**24,877**	39,877	**24,877**	39,877
Financial assets included in prepayments, deposits and other receivables	**39,773**	38,757	**39,773**	38,757
Amount due from a related company	**396**	359	**396**	359
Amounts due from jointly-controlled entities	**31**	25	**31**	25
Pledged deposits	**96,974**	91,200	**96,974**	91,200
Cash and cash equivalents	**1,029,076**	685,000	**1,029,076**	685,000
	1,243,796	955,563	**1,243,796**	955,563
Financial liabilities				
Financial liabilities included in trade payables and accrued liabilities	**102,469**	177,527	**102,469**	177,527
Financial liabilities included in customer deposits	**16,414**	6,373	**16,414**	6,373
Amount due to the immediate holding company	**–**	40,000	**–**	40,000
Promissory note payable	**–**	20,000	**–**	18,879
Convertible bonds	**108,355**	100,900	**109,615**	102,878
Interest-bearing bank borrowings	**2,363,489**	1,940,064	**2,363,489**	1,940,064
	2,590,727	2,284,864	**2,591,987**	2,285,721

45. FAIR VALUE AND FAIR VALUE HIERARCHY *(Continued)*

Company

	Carrying amounts		Fair values	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Financial assets				
Promissory note receivable from an associate	**–**	40,518	**–**	40,518
Equity investments at fair value through profit or loss	**50,591**	57,026	**50,591**	57,026
Financial assets included in prepayments, deposits and other receivables	**123**	1,024	**123**	1,024
Amounts due from subsidiary	**62,805**	69,780	**62,805**	69,780
Cash and cash equivalents	**9,151**	92,517	**9,151**	92,517
	122,670	260,865	**122,670**	260,865
Financial liabilities				
Financial liabilities included in trade payables and accrued liabilities	**1,087**	1,140	**1,087**	1,140
Amount due to the immediate holding company	**–**	40,000	**–**	40,000
Amount due to a subsidiary	**–**	10,000	**–**	10,000
Interest-bearing bank borrowings	**72,000**	211,000	**72,000**	211,000
	73,087	262,140	**73,087**	262,140

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of listed equity investments are based on quoted market prices.

Cash and cash equivalents, pledged deposits, trade and bills receivables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in customer deposits, trade payables and accrued liabilities and balances with subsidiaries, jointly-controlled entities, a related company and the immediate holding company approximate to their carrying amounts largely due to the short term maturities of these instruments.

45. FAIR VALUE AND FAIR VALUE HIERARCHY *(Continued)*

The fair values of the loan receivables, promissory note receivable from an associate, interest-bearing bank borrowings and promissory note payable have been calculated by discounting the expected future cash flows using rates currently available for instruments on similar terms, credit risk and remaining maturities. The fair value of the liability portion of the convertible bonds is estimated using an equivalent market interest rate for a similar convertible bond.

Fair value hierarchy

The Group and the Company uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

As at 31 March 2011 and 2010, the financial instruments measured at fair value held by the Group and the Company comprised equity investments at fair value through profit or loss and were classified as Level 1.

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2010: Nil).

The Group and the Company did not have any financial liabilities measured at fair value as at 31 March 2011 (2010: Nil).

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments include a promissory note receivable from an associate, equity investments at fair value through profit or loss, amounts due from jointly-controlled entities, other receivables, pledged deposits, cash and cash equivalents, other payables, customer deposits, an amount due to the immediate holding company, a promissory note payable, convertible bonds and interest-bearing bank borrowings. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables and trade payables, which arise directly from operations.

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

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

Foreign currency risk

The monetary assets and transactions of several subsidiaries of the Group are principally denominated in RMB, Euro dollars ("Euro") and CAD, which expose the Group to foreign currency risk. The Group currently has no particular hedging vehicles to hedge its exposure to foreign currency risk profile. It is the Group's policy to monitor foreign exchange exposure and to make use of appropriate hedging measures when required. Approximately 78% (2010: 87%) of the Group's sales were denominated in foreign currencies.

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

	Change in exchange rate %	**Increase/ (decrease) in profit after tax and equity** *HK$'000*
2011		
If Hong Kong dollar weakens against CAD	**5**	**19**
If Hong Kong dollar strengthens against CAD	**5**	**(19)**
If Hong Kong dollar weakens against Euro	**5**	**316**
If Hong Kong dollar strengthens against Euro	**5**	**(316)**
If Hong Kong dollar weakens against RMB	**5**	**(10,041)**
If Hong Kong dollar strengthens against RMB	**5**	**10,041**
2010		
If Hong Kong dollar weakens against CAD	5	18
If Hong Kong dollar strengthens against CAD	5	(18)
If Hong Kong dollar weakens against Euro	5	333
If Hong Kong dollar strengthens against Euro	5	(333)
If Hong Kong dollar weakens against RMB	5	(249)
If Hong Kong dollar strengthens against RMB	5	249

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

Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the values of individual securities. The Group is exposed to equity price risk arising from individual equity investments classified as trading equity investments (note 26) as at 31 March 2011. The Group's listed investments are listed on the Stock Exchange and are valued at quoted market prices at the end of the reporting period.

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

	Carrying amount of equity investments *HK$'000*	Increase in profit after tax *HK$'000*	Increase in equity* *HK$'000*
2011			
Investments listed in:			
Hong Kong – held-for-trading	**51,061**	**5,106**	**–**
2010			
Investments listed in:			
Hong Kong – held-for-trading	57,361	5,736	–

* *Excluding retained profits*

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with floating interest rates. The interest rates and terms of repayment of the Group's borrowings are disclosed in note 32 to the financial statements. The Group's policy is to obtain the most favourable interest rates available for its borrowings. Management monitors interest rate exposure and will consider hedging significant interest rate exposures should the need arise.

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

Interest rate risk *(Continued)*

The following table demonstrates the sensitivity to a reasonably possible change in interest rates at the end of the reporting period, with all other variables held constant, of the Group's profit after tax and the Group's equity (through the impact on floating rate borrowings) and after the effect of interest being capitalised under property development projects of HK$463,000 (2010: HK$597,000).

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit after tax and equity *HK$'000*
2011		
Hong Kong dollar	**100**	**(15,370)**
RMB	**50**	**(263)**
Hong Kong dollar	**(100)**	**15,370**
RMB	**(50)**	**263**
2010		
Hong Kong dollar	100	(10,659)
RMB	50	(784)
Hong Kong dollar	(100)	10,659
RMB	(50)	784

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

Credit risk

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

The credit risk of the Group's other financial assets, which comprise loan receivables, a promissory note due from an associate, amounts due from jointly-controlled entities and a related company, cash and cash equivalents, and deposits and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments. The Group is exposed to credit risk through the granting of financial guarantees, further details of which are disclosed in note 39 to the financial statements.

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

Further quantitative data in respect of the Group's exposure to credit risk arising from trade and bills receivables are disclosed in note 27 to the financial statements.

Liquidity risk

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

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank borrowings and other fund raising exercises. The Group will consistently maintain a prudent financing policy and ensure that it maintains sufficient cash and credit lines to meet its liquidity requirements. 38% (2010: 21%) of the Group's debts, which comprise interest-bearing borrowings and convertible bonds, would mature in less than one year as at 31 March 2011 based on the carrying values of borrowings reflected in the financial statements. If based on the maturity dates as set out in the loan agreements, 29% of the Group's debts would mature in less than one year.

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

The maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

Group

	2011				
	On demand	**Less than 12 months**	**1 to 2 years**	**Over 2 years**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Financial liabilities included in trade payables and accrued liabilities	**4,691**	**97,778**	**–**	**–**	**102,469**
Financial liabilities included in customer deposits	**16,414**	**–**	**–**	**–**	**16,414**
Convertible bonds	**–**	**109,602**	**–**	**–**	**109,602**
Interest-bearing bank borrowings	**308,000**	**563,260**	**488,025**	**1,132,373**	**2,491,658**
Guarantees given to banks in respect of mortgage facilities granted to certain purchasers of the Group's properties	**306,671**	**–**	**–**	**–**	**306,671**
	635,776	**770,640**	**488,025**	**1,132,373**	**3,026,814**

	2010				
	On demand	Less than 12 months	1 to 2 years	Over 2 years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Restated)	*(Restated)*			*(Restated)*
Financial liabilities included in trade payables and accrued liabilities	4,676	172,851	–	–	177,527
Financial liabilities included in customer deposits	6,373	–	–	–	6,373
Amount due to the immediate holding company	40,000	–	–	–	40,000
Promissory note payable	–	20,000	–	–	20,000
Convertible bonds	–	–	109,602	–	109,602
Interest-bearing bank borrowings	250,700	213,159	579,120	1,023,310	2,066,289
Guarantees given to banks in respect of mortgage facilities granted to certain purchasers of the Group's properties	251,634	–	–	–	251,634
	553,383	406,010	688,722	1,023,310	2,671,425

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

The maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows: *(Continued)*

Company

	2011		
	On demand	**Less than 3 months**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
Financial liabilities included in trade payables and accrued liabilities	**1,087**	**–**	**1,087**
Interest-bearing bank borrowings	**44,000**	**28,037**	**72,037**
	45,087	**28,037**	**73,124**

	2010		
	On demand	Less than 3 months	Total
	HK$'000	*HK$'000*	*HK$'000*
	(Restated)	*(Restated)*	*(Restated)*
Financial liabilities included in trade payables and accrued liabilities	1,140	–	1,140
Amount due to the immediate holding company	40,000	–	40,000
Amounts due to subsidiaries	10,000	–	10,000
Interest-bearing bank borrowings	140,000	71,044	211,044
	191,140	71,044	262,184

In respect of interest-bearing bank borrowings of HK$308,000,000, the loan agreements contain a repayment on-demand clause giving the bank the unconditional right to call in the loans at any time and therefore, for the purpose of the above maturity profile, the total amount is classified as "on demand'.

Notwithstanding the above clause, the directors do not believe that the loans will be called in their entirety within 12 months, and they consider that the loans will be repaid in accordance with the maturity dates as set out in the loan agreement. This evaluation was made considering: the financial position of the Group at the date of approval of the financial statements; the Group's compliance with the loan covenants; the lack of events of default, and the fact that the Group has made all previously scheduled repayments on time.

In accordance with the terms of the loans, the contractual undiscounted payments at 31 March 2011 for the interest-bearing bank borrowings are, HK$663,883,000 within one year, HK$501,089,000 in the second year and HK$1,357,832,000 beyond two years.

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

Capital management

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is required to comply with certain externally imposed capital requirements as set out in certain of its banking facilities. As at 31 March 2011, there was no indication of breach of covenants. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2011 and 2010.

The Group monitors capital using a gearing ratio, which is net interest-bearing debts divided by the equity attributable to owners of the Company plus non-controlling interests. Net interest-bearing debt includes interest-bearing bank borrowings and the liability component of convertible bonds less cash and cash equivalents and pledged deposits. The gearing ratios as at the end of the reporting periods were as follows:

Group

	2011 ***HK$'000***	2010 *HK$'000*
Interest-bearing bank borrowings	**2,363,489**	1,940,064
Convertible bonds, the liability component	**108,355**	100,900
Less: Cash and cash equivalents and pledged deposits	**(1,126,050)**	(776,200)
Net interest-bearing debts	**1,345,794**	1,264,764
Equity attributable to owners of the Company	**2,391,343**	2,085,407
Non-controlling interests	**2,002,129**	1,763,389
Equity attributable to owners of the Company and non-controlling interests	**4,393,472**	3,848,796
Gearing ratio	**31%**	33%

47. EVENT AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the outstanding principal of the 3.5% Convertible Bonds due June 2011 in the amount of HK$88,000,000 was redeemed in full together with the redemption premium upon maturity on 27 June 2011. The aggregate redemption amount was HK$109,602,000.

48. COMPARATIVE AMOUNTS

As further explained in note 2.2 to the financial statements, due to the adoption of new and revised HKFRSs and the voluntary change in accounting policy during the current year, the accounting treatment and presentation of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain prior year adjustments have been made, certain comparative amounts have been reclassified and restated to conform with the current year's presentation and accounting treatment, and a third statement of financial position as at 1 April 2009 has been presented.

49. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 28 June 2011.

FIVE YEAR FINANCIAL SUMMARY

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

	Year ended 31 March				
	2011	2010	2009	2008	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(Restated)
RESULTS					
CONTINUING OPERATIONS					
REVENUE	**354,859**	1,042,234	491,232	1,590,667	921,466
Profit before tax	**604,659**	591,291	148,082	551,492	143,811
Tax charge	**(129,068)**	(114,214)	(43,684)	(83,519)	(63,125)
Profit for the year from continuing operations	**475,591**	477,077	104,398	467,973	80,686
DISCONTINUED OPERATION					
Loss for the year from a discontinued operation	**–**	–	–	(7,239)	(78,271)
PROFIT FOR THE YEAR	**475,591**	477,077	104,398	460,734	2,415
Attributable to:					
Owners of the Company	**263,278**	276,291	73,533	234,305	(26,975)
Non-controlling interests	**212,313**	200,786	30,865	226,429	29,390
	475,591	477,077	104,398	460,734	2,415

	As at 31 March				
	2011	2010	2009	2008	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS					
TOTAL ASSETS	**8,176,436**	6,544,480	5,735,367	5,793,752	6,147,329
TOTAL LIABILITIES	**(3,782,964)**	(2,695,684)	(2,319,591)	(2,428,332)	(3,333,448)
NET ASSETS	**4,393,472**	3,848,796	3,415,776	3,365,420	2,813,881
NON-CONTROLLING INTERESTS	**(2,002,129)**	(1,763,389)	(1,588,178)	(1,607,413)	(1,358,125)
SHAREHOLDERS' FUNDS	**2,391,343**	2,085,407	1,827,598	1,758,007	1,455,756

GROUP I – PROPERTIES HELD FOR DEVELOPMENT

Location	Use	Site area (sq.m./sq.ft.)	Gross floor area (sq.m./sq.ft.)	Development progress (up to 28 June 2011)	Estimated completion date	Attributable interest of the Group (%)
MAINLAND CHINA						
1. Yayao Oasis (雅瑤綠洲) Da Li District Nanhai Guangdong Province	Low density residential	247,987 sq.m. (2,668,340 sq.ft.)	272,786 sq.m. (2,935,177 sq.ft.)	Phase 1 – Construction in progress	2012	100
2. Dong Guan Zhuan Dong Guan Zhuan Road Tian He District Guangzhou Guangdong Province	Residential	95,382 sq.m. (1,026,310 sq.ft.)	265,768 sq.m. (2,859,663 sq.ft.)	Planning stage	–	75
3. Botanica (寶翠園) Long Dong Cun Guang Shan Road Western Tian He District Guangzhou Guangdong Province	Residential	113,796 sq.m. (1,224,444 sq.ft.)	228,646 sq.m. (2,460,230 sq.ft.)	Phase 1 with 46,305 sq.m. – Completed Phase 2 with ~ 46,000 sq.m. – Internal finishing in progress	 2011	60 60
4. 45-65 Beijing Nan Road Yue Xiu District Guangzhou Guangdong Province	Commercial/ Residential	2,177 sq.m. (23,424 sq.ft.)	23,077 sq.m. (248,308 sq.ft.)	Planning stage	–	100
5. 67-107 Beijing Nan Road Yue Xiu District Guangzhou Guangdong Province	Commercial	2,781 sq.m. (29,923 sq.ft.)	38,568 sq.m. (414,991 sq.ft.)	Planning stage	–	100
6. Hon Kwok City Commercial Centre (漢國城市商業中心) Junction of Shen Nan Zhong Road and Fu Ming Road Fu Tian District Shenzhen Guangdong Province	Commercial/ Residential	7,845 sq.m. (84,412 sq.ft.)	128,000 sq.m. (1,377,280 sq.ft.)	Foundation works in progress	2014	100

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

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

Location	Use	Site area	Gross floor area	Development progress (up to 28 June 2011)	Estimated completion date	Attributable interest of the Group
		(sq.m./sq.ft.)	*(sq.m./sq.ft.)*			*(%)*
MAINLAND CHINA						
7. Lot no. B-01-02 Jin Shan Pian Qu Jin Kai Yuan Bei Bu Xin Qu Chongqing	Commercial/ Office/Hotel	12,181 sq.m. (131,067 sq.ft.)	133,502 sq.m. (1,436,481 sq.ft.)	Foundation works to be commenced	–	100
HONG KONG						
8. Lot 716 & Others in DD111, Yuen Long New Territories	–	35,386 sq.ft.	–	Temporary open storage	–	100

GROUP II – COMPLETED PROPERTIES

Location	Use	Remaining unsold units	Gross floor area	Car parking spaces	Attributable interest of the Group
			(sq.m./sq.ft.)		*(%)*
MAINLAND CHINA					
9. Ganghui Huating (港滙華庭) 5 Beijing Road Yue Xiu District Guangzhou Guangdong Province	Commercial	4-storey of commercial podium	4,157 sq.m. (44,729 sq.ft.)	71	100

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

GROUP III – PROPERTIES HELD FOR INVESTMENT

Location	Use	Gross floor area *(sq.m./sq.ft.)*	No. of apartment/ hotel rooms	Ownership status	Attributable interest of the Group *(%)*
MAINLAND CHINA					
10. City Square (城市天地廣場)/ The Bauhinia Hotel (Shenzhen) (寶軒酒店(深圳)) Jia Bin Road Luo Hu District Shenzhen Guangdong Province	5-storey of commercial podium comprising hotel, commercial and shops	20,308 sq.m. (218,514 sq.ft.)	158 hotel rooms	Medium term lease	100
11. City Suites (寶軒公寓) Jia Bin Road Luo Hu District Shenzhen Guangdong Province	Serviced apartments	3,692 sq.m. (39,725 sq.ft.)	64 units	Medium term lease	100
12. Chongqing Hon Kwok Centre (重慶漢國中心) Lot no. B-01-03 Jin Shan Pian Qu Jin Kai Yuan Bei Bu Xin Qu Chongqing	Commercial/ Office	107,802 sq.m. (1,159,949 sq.ft.)	–	Medium term lease	100
13. Ganghui Dasha (港滙大廈) 3 Beijing Road Yue Xiu District Guangzhou Guangdong Province	Commercial/ Office	13,053 sq.m. (140,450 sq.ft.)	–	Medium term lease	100
HONG KONG					
14. Hon Kwok Jordan Centre (漢國佐敦中心) 5, 7 & 7A Hillwood Road Tsim Sha Tsui Kowloon	Commercial/ Office	62,127 sq.ft.	–	Medium term lease	100
15. The Bauhinia (寶軒)/ The Bauhinia Hotel (Central) (寶軒酒店(中環)) 119-121 Connaught Road Central & 237-241 Des Voeux Road Central Hong Kong	Serviced apartments/ Hotel/ Commercial	123,283 sq.ft.	112 apartment units and 42 hotel rooms with a total of 213 rooms	Long term lease	100
16. Knutsford Place (諾士佛廣場)/ The Bauhinia Hotel (TST) (寶軒酒店(尖沙咀)) 5-9 Observatory Court Tsim Sha Tsui Kowloon	Hotel/ Office/ Commercial	60,893 sq.ft.	44 hotel rooms	Medium term lease	100

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

GROUP IV – CARPARKS HELD FOR INVESTMENT

Location	Car parking spaces	Ownership status	Attributable interest of the Group *(%)*
HONG KONG			
17. Provident Centre (和富中心) 21-53 Wharf Road North Point Hong Kong	47	Long term lease	100
18. Lido Garden (麗都花園) 41-63 Castle Peak Road Sham Tseng Tsuen Wan New Territories	47	Medium term lease	100
19. Shining Court (順寧居) 439 Shun Ning Road Cheung Sha Wan Kowloon	26	Medium term lease	100

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Chinney Investments, Limited (the "Company") will be held at Full Moon Shanghai Restaurant, Macau Jockey Club, 4th Floor, East Wing, Shun Tak Centre, 200 Connaught Road Central, Hong Kong on Thursday, 18 August 2011 at 4:30 p.m. for the following purposes:

1. To receive and consider the audited financial statements, the reports of the directors and the independent auditors' report for the year ended 31 March 2011.

2. To declare a final dividend.

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

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

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

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

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

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

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

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

By Order of the Board
Louisa Kai-Nor Siu
Company Secretary

Hong Kong, 26 July 2011

Notes:

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

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

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

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