Chinney Investments, Limited

Stock Code: 216

Annual Report 2011/12

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Cover Photos:
Left: Partial view of town houses under Phase 1 of Metropolitan Oasis, Da Li District, Nanhai
Right: The Bauhinia Hotel (Central) and the serviced apartments upstairs

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左：南海大瀝鎮雅瑤綠洲第一期之聯排別墅之部份景觀
右：寶軒酒店（中環）及位於上層之服務式住宅

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

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

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
Shanghai Commercial Bank Limited
Wing Lung Bank, Limited

AUDITORS

Ernst & Young

REGISTRARS

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

REGISTERED OFFICE

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Wing On Centre
111 Connaught Road Central
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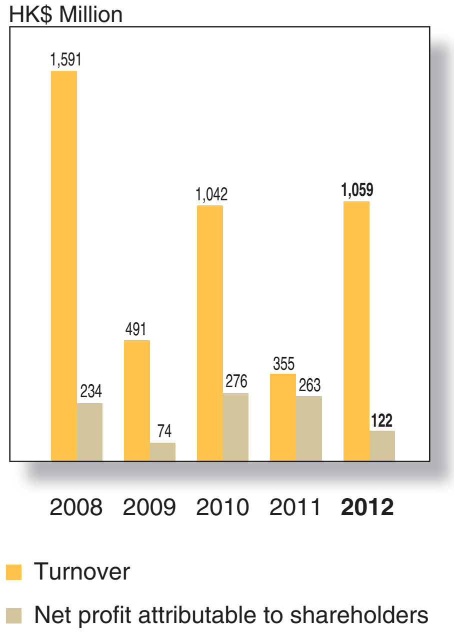
STOCK CODE

SEHK 216

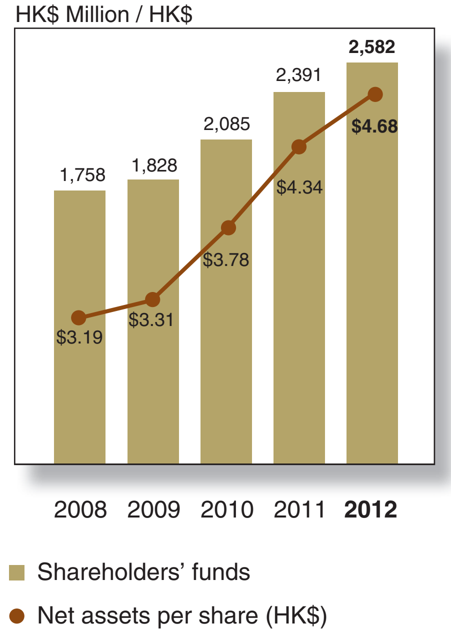
WEBSITE

http://www.chinney.com.hk

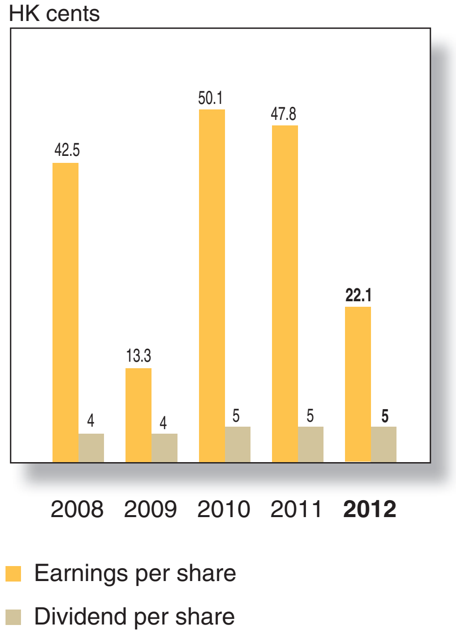
Turnover / Net Profit



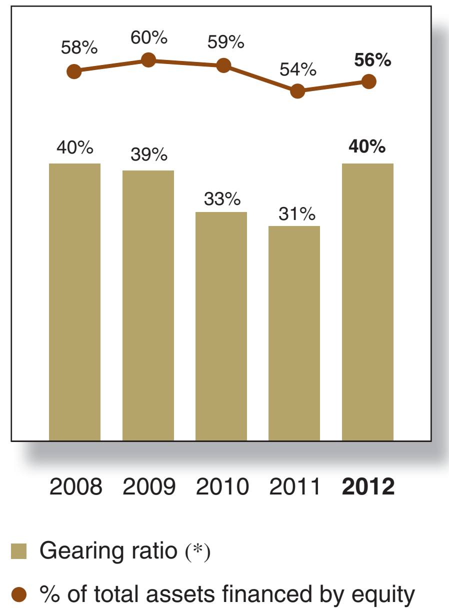
Shareholders' Funds / Net Assets per Share



Earnings / Dividend per Share



Gearing / Equity Funding



(*) 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 Metropolitan Oasis 雅瑤綠洲, Nanhai (not shown above)
6 Hon Kwok City Commercial Centre 漢國城市商業中心
7 Chongqing International Finance Centre 重慶國際金融中心

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 2012, the Group's consolidated turnover and net profit attributable to shareholders amounted to HK$1,059 million (2011: HK$355 million) and HK$122 million (2011: HK$263 million), respectively. Basic earnings per share were 22.10 Hong Kong cents (2011: 47.75 Hong Kong cents). As at 31 March 2012, the shareholders' equity amounted to HK$2,582 million (2011: HK$2,391 million) and net assets per share attributable to shareholders were HK$4.68 (2011: HK$4.34).

As reported in last year's annual report for the year ended 31 March 2011, the Group had completed the pre-sale of Botanica Phase 2, a residential development project in Guangzhou and generated sale proceeds exceeding RMB630 million. During the year under review, all those units at the above project were delivered to purchasers and turnover of approximately HK$736 million was recognised in the Group's financial statements for the year ended 31 March 2012. Together with increased contribution of income from investment properties, in particular from those properties used for hotel operation, the Group's turnover from property development and investment was substantially increased.

Despite the satisfactory performance of the Group's property development and investment business, the property revaluation gain, net of deferred tax, decreased from the high-side of HK$510 million last year to HK$136 million for the current year, thus leading to decrease of the Group's overall net profit during the year under review.

DIVIDEND

The Directors recommend the payment of a final dividend of 5 Hong Kong cents per ordinary share for the year ended 31 March 2012 (2011: 5 Hong Kong cents) to shareholders whose names appear on the Company's register of members on 31 August 2012. 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 20 September 2012.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The annual general meeting of the Company is scheduled to be held on 23 August 2012. For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from 20 August 2012 to 23 August 2012 (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 17 August 2012.

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND

The proposed final dividend for the year ended 31 March 2012 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 30 August 2012 and 31 August 2012, 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 27 August 2012. 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 29 August 2012.

BUSINESS REVIEW

1. Property Development, Investment and Hotel Operations

The Group's property development and investment activities are conducted by our 55.52% owned Hon Kwok Land Investment Company, Limited ("Hon Kwok") (Stock Code: 160). Hon Kwok reported a turnover of HK$899 million (2011: HK$146 million) and a net profit of HK$206 million (2011: HK$464 million) for the financial year 2011-12. The increase in turnover was mainly due to the sale of property units of Botanica Phase 2, Hon Kwok's development project in Guangzhou, being recognised in the financial year under review.

1.1 Property Development and Sales

Botanica Phase 2 寶翠園二期, Guangzhou, PRC

The **Botanica** 寶翠園, with total gross floor area of approximately 229,000 sq.m., is situated in the greenery zone of Tian He District near the Botanical Garden. It comprises 39 blocks of high-rise residential building and is scheduled for development and pre-sale by phases. **Botanica Phase 1** 寶翠園一期 with eight blocks totalled 332 units had been delivered to individual purchasers in the financial year 2009/10.

Botanica Phase 2 寶翠園二期 also comprises eight blocks of 420 units and over 99% have been sold out. Delivery of all these units to individual purchasers have been completed and the profits derived therefrom have been recognised in the income statement during the year under review. Foundation works of **Botanica Phase 3** 寶翠園三期, comprises 12 blocks of about 550 units, are expected to be commenced in the third quarter of this year.

Partial view of Botanica Phase 2, Tian He District, Guangzhou

BUSINESS REVIEW *(Continued)*

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

1.1 Property Development and Sales *(Continued)*

Metropolitan Oasis 雅瑤綠洲, Nanhai, PRC

Partial view of town houses under Phase 1 of Metropolitan Oasis, Da Li District, Nanhai

This project, situated in Da Li District, Nanhai, is scheduled for development by phases. Out of the total gross floor area of approximately 273,000 sq.m. (excluding car parking spaces) to be developed under the project, about 139,000 sq.m. is attributable to Phase I. Construction of 71 town houses of about 18,000 sq.m. under Phase I has been finished and such units are expected to be launched to the market for sale in the second half of this year. Construction works of the high-rise apartments of about 121,000 sq.m. under the same phase have also been commenced and are expected to be completed by stages in the financial year 2013/14.

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

The planning for the project sites at Dong Guan Zhuan Road, Tian He District is in progress whilst the development sites at 45-107 Beijing Nan Road, Yue Xiu District is under the design stage.

BUSINESS REVIEW *(Continued)*

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

1.2 Property Investment

Shenzhen, PRC

Substructure works of **Hon Kwok City Commercial Centre** 漢國城市商業中心, situated at the junction of Shen Nan Zhong Road and Fu Ming Road, Futian District with total gross floor area of 128,000 sq.m., are in progress. Construction of this 80-storey commercial/residential tower is expected to be completed two years later and thereafter, the Group intends to hold this signature building for recurrent rental income.

The ground level's retail shops and 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 fully leased out. **The Bauhinia Hotel (Shenzhen)** 寶軒酒店（深圳）, a 158-room hotel at levels 3 to 5 of the commercial podium and **City Suites** 寶軒公寓, a 64-unit serviced apartments atop of the above podium, both maintain average occupancy and room rates at a satisfactory level.

Guangzhou, PRC

The current occupancy rate of **Ganghui Dasha** 港滙大廈, a 20-storey commercial and office building situated at the junction of Beijing Road, Nanti Er Road and Baqi Er Road, Yue Xiu District, is over 99%. The average occupancy and room rates of **The Bauhinia Hotel (Guangzhou)** 寶軒酒店（廣州）, a 166-room hotel leased by the Group and situated at Jie Fang Nan Road, Yue Xiu District, are encouraging.

Chongqing, PRC

Chongqing Hon Kwok Centre 重慶漢國中心, a complete 21-storey twin-tower office building atop of a 4-storey retail/commercial podium, is situated in Bei Bu Xin Qu with occupancy rate presently approximates 95%.

Chongqing International Finance Centre 重慶國際金融中心, with total gross floor area of 133,502 sq.m., is also situated in Bei Bu Xin Qu and adjacent to the above complete property. Substructure works have been commenced and superstructure construction is expected to be completed by the end of 2013. This twin-tower project is scheduled to be developed into a grade A office tower and a 5-star hotel plus serviced apartments building with respective retail/commercial podium and is being held by the Group as investment property for future rental income.

BUSINESS REVIEW *(Continued)*

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

1.2 Property Investment *(Continued)*

Hong Kong

The retail areas at ground floor of the hotel/apartment building at Connaught Road Central and Des Voeux Road Central enjoy full occupancy while the average occupancy and room rates for both **The Bauhinia Hotel (Central)** 寶軒酒店（中環）, a 42-room boutique hotel at the podium floors, and **The Bauhinia** 寶軒, a 171-room serviced apartments atop of the above hotel, are encouraging.

The Bauhinia Hotel (Central) and the serviced apartments upstairs

Knutsford Place 諾士佛廣場, a 23-storey commercial and office building, is situated at Observatory Court, Tsim Sha Tsui. In prior years, nine upper floors had been converted into a 44-room boutique hotel, **The Bauhinia Hotel (TST)** 寶軒酒店（尖沙咀）, and maintains a satisfactory average occupancy and room rates. The Group is in the process of converting an additional ten lower floors into 45 hotel rooms. Renovation works are expected to be commenced in the next quarter upon obtaining approval from the relevant authorities. Thereafter, the whole building will comprise a total of 89-room boutique hotel with the remaining floors being retained for retail use and aim to cater for the increasing demand from overnight visitor arrivals.

Hon Kwok Jordan Centre 漢國佐敦中心, a 23-storey commercial and office building situated at Hillwood Road, Tsim Sha Tsui, is currently being occupied by approximately 85%.

Recurrent rental income

During the year under review, with contribution from the full operation of the aforesaid 645 guest rooms under the brand name of "**The Bauhinia** 寶軒" in Hong Kong, Shenzhen and Guangzhou as well as our enlarged investment property portfolios in Mainland China, the Group's recurrent rental income has been significantly enhanced.

BUSINESS REVIEW *(Continued)*

2. **Garment**

J.L. Garment Group, wholly owned by our Company, reported turnover of HK$160 million (2011: HK$209 million) with a net profit of HK$2 million (2011: HK$10 million) for the year under review.

The business condition was extremely tough for export oriented manufacturing businesses during the year under review. The weak economic growth in the US and the worsening Eurozone debt crisis continued to hamper the desire in the consumer markets, and sales orders had dropped significantly. In the Mainland China, years of rapid economic growth continuously led to surging material prices and labour costs, which accelerated a difficult operating environment. Our customers, who were mainly in Germany and Italy, became price-conscious and were cautious about placing orders with us with reduced gross profit margin. As a result of the highly competitive market, both the turnover and profit of the J.L. Group recorded a decline.

To sustain its profitability, J.L. Group continues to implement tight control on operating costs by sourcing competitive supply of production materials and accessories, and to explore opportunities for new customers in other areas where economic growth is stable.

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 2011 of HK$2,220 million (2010: HK$1,990 million) and HK$23 million (2010: HK$24 million) respectively.

Benefited from the substantial increase in demand of infrastructure works as well as housing development projects, turnover contributed from the building construction and foundation piling divisions increased over last year. The increase in labour wages and overhead costs in the construction industry led to a drop in the profit margin. The contracts currently performed included several school projects, a hotel project, private residential development and public housing projects. However, with increased turnover, better performance could be expected for the current year.

The plastic trading division remained profitable but showed a drop in both turnover and profit due to the weak demand in the US and the Europe consumer markets. This in turn, reduced the consumption of plastics and chemical raw materials. Under the difficult economic environment, the division continues its strategy to tightly control its inventory level and debt collection to maintain a sound financial position and will seize opportunity to expand the business in the Mainland China market.

4. **Other investment**

Owing to the price fluctuation in Hong Kong stock market for the year under review, the Group recorded in the income statement an unrealized fair value gain of HK$3 million on a listed investment. The carrying value of the listed investment as measured at its market value as at 31 March 2012 slightly exceeded its original acquisition cost.

OUTLOOK

The Eurozone debt crisis remains a dominant risk factor underlying the recovery of the global economy. It is anticipated that the recent deterioration of sovereign debt crisis, coupled with the weak growth data in the euro zone will continue to dampen investors' confidence as well as the consumer spending in the consumer markets. In the US, although the government had implemented severe monetary stimulus measures including the Quantitative Easing measures to boost up economic recovery, the progress of economic growth is still disappointing and unemployment rate is rising during the recent months. Under the current market uncertainty and volatility, the global economy is set to remain vulnerable to disruptions in the euro zone countries.

Following the rapid and steady economic growth in the last decade, China has become the world's second largest economy. However, the booming economy had brought about persistent upsurge of material prices, labour shortage and gradual appreciation of Renminbi which, eventually, led to a less competitive environment to the manufacturers. As the domestic consumer markets are expanding, China tends to play a vital role in the global economic recovery.

In the first quarter, the GDP growth in the Mainland China eased to 8.1%, the slowest in three years. To boost up the economy, a reduction of 0.5% on the reserve requirement ratio to 20% for large banks was effected in last month, followed by the latest cut of benchmark lending rate by 0.25% for the fist time in three and a half years.

The property market in the Mainland China has shown a decline in both the selling prices and transaction volume on the residential units. However, it is expected that the existing restrictive measures being implemented by the Central Government on the residential property market will remain throughout the year. Nevertheless, under the strong end-user demand to upgrade housing standard, the Board is prudently optimistic about the property market in the Mainland China in the medium to long term and intends to look for opportunity to replenish the Group's land bank.

Despite the external challenges, the Hong Kong property market exhibited a steady growth supported by the domestic demand of residential housing, increase in income level and prevailing low interest rate, the Hong Kong property developers are still eager to launch property development projects, together with the commencement of infrastructure works by the government, it is expected that the building construction industry will maintain its growth momentum in the year ahead.

The garment business is facing a difficult trading environment with weak external demand together with rising production cost in the Mainland China. To overcome these challenges, our garment group will focus on its strength to provide quality service, quick and flexible work flow to cater to our customers' needs and implement stringent cost control in order to sustain its profitability.

Finally, I would like to thank my fellow directors for their contributions and all staff members for their loyalty and efforts during the year under review.

James Sai-Wing Wong
Chairman

Hong Kong, 19 June 2012

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

James Sai-Wing Wong

Aged 74, 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 72, 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 Textile PLC. Hon Kwok and HKR International Limited are both listed on the Main Board of the Stock Exchange and United Nigeria Textile PLC is listed on the Nigerian Stock Exchange.

William Chung-Yue Fan

Aged 71, 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, which is listed on the Main Board of the Stock Exchange.

Herman Man-Hei Fung

Aged 74, 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 66, 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, which is listed on the Singapore Stock 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 78, 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 63, 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 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 62, was appointed as an independent non-executive director of the Company in 2007. He has over 34 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 57, is an executive director of Hon Kwok and the Vice-Chairman and Managing Director of Chinney Alliance, which are both listed on the Main Board of the Stock Exchange. He joined the Group in 1989 and has 38 years of experience in the construction industry. He is a member of the Chartered Institute of Building.

Stephen Sek-Kee Yu

Aged 60, is a director of Chinney Alliance, an associated corporation of the Company, 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 53, 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 34 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 46, joined the Company in 2005 and is the Company Secretary and Financial Controller of the Company. She has 23 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 40, joined the Company in 2010 and is the Corporate Finance – Senior Manager of the Company. He has 17 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.

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 which was in effect before 1 April 2012 (the "CG Code") as set out in former 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 2012 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

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 12 to 14 of this report.

BOARD OF DIRECTORS *(Continued)*

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.

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 2012.

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.

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 104 of the Articles of Association, Madeline May-Lung Wong and William Chung-Yue Fan 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 Clement Kwok-Hung Young, James C. Chen and Herman Man-Hei Fung. The Chairman of the Remuneration Committee is Clement Kwok-Hung Young.

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 provisions 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). On 30 March 2012, the Company had adopted the revised terms of reference of the Remuneration Committee in order to comply with the revised Appendix 14 of the Listing Rules.

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 2012.

ATTENDANCE AT MEETINGS OF THE BOARD, REMUNERATION AND AUDIT COMMITTEES

	Number of meetings attended during the year ended 31 March 2012		
	Board meetings	**Remuneration Committee meeting**	**Audit Committee meetings**
Number of meetings held during the year ended 31 March 2012	2	1	2
James Sai-Wing Wong	2	N/A	N/A
Madeline May-Lung Wong	1	N/A	N/A
William Chung-Yue Fan	1	N/A	1
Herman Man-Hei Fung	2	1	2
Paul Hon-To Tong	2	N/A	N/A
Clement Kwok-Hung Young	2	1	2
Peter Man-Kong Wong	1	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. In view of his expertise in property industry, 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	2,859
Non-audit services (tax compliance services and other services)	282
	3,141

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 33 and 34 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 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.

The directors herein present their report and the audited financial statements of the Company and the Group for the year ended 31 March 2012.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Details of the principal activities of the principal subsidiaries are set out in note 18 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 2012 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 35 to 133.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and financial resources

The total interest-bearing debts of the Group amounted to approximately HK$2,990 million as at 31 March 2012 (2011: HK$2,472 million), of which approximately 34% (2011: 38%) of the debts were classified as current liabilities. Included therein was HK$206 million (2011: HK$211 million) related to bank loans with repayable on demand clause. Based on the repayment schedules pursuant to the related loan agreements, the current portion of the total interest-bearing debts was approximately 27%. The increase in total debts was mainly due to the drawdown of additional bank loans for capital injection into mainland development projects and the refinancing of an investment property in Hong Kong with increased facility.

Total cash and bank balances including time deposits were approximately HK$1,100 million as at 31 March 2012 (2011: HK$1,126 million). The Group had a total of approximately HK$733 million (2011: HK$1,125 million) committed but undrawn banking facilities at year end available for its working capital purpose.

Total shareholders' funds as at 31 March 2012 were approximately HK$2,582 million (2011: HK$2,391 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$1,890 million (2011: HK$1,346 million) over the shareholders' funds plus non-controlling interests totalling of approximately HK$4,731 million (2011: HK$4,393 million), was 40% as at 31 March 2012 (2011: 31%).

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 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, Renminbi and United States dollars 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 2012, 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$5,598 million as at 31 March 2012 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 37 to the financial statements.

Employees and remuneration policies

The Group, not including its associates and jointly-controlled entities, employed approximately 890 employees as at 31 March 2012. 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 2012 (2011: 5 Hong Kong cents) to shareholders whose names appear on the Company's register of members on 31 August 2012. 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 20 September 2012.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The annual general meeting of the Company is scheduled to be held on 23 August 2012. For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from 20 August 2012 to 23 August 2012 (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 17 August 2012.

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND

The proposed final dividend for the year ended 31 March 2012 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 30 August 2012 and 31 August 2012, 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 27 August 2012. 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 29 August 2012.

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 134. 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 16 to the financial statements.

PARTICULARS OF PROPERTIES

Particulars of the major properties held by the Group are set out on pages 135 to 138, 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 32 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 34(b) to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 March 2012, 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$594,853,000, 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
Clement Kwok-Hung Young*
Peter Man-Kong Wong*
James C. Chen*

* *Independent non-executive directors*

In accordance with article 104 of the Articles of Association, Madeline May-Lung Wong and William Chung-Yue Fan 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) Madeline May-Lung Wong

Aged 72, was appointed as a director of the Company in 1987. Ms. Wong was not appointed for a specific term but is subject to retirement by rotation and re-election at the Company's annual general meeting.

Ms. Wong is a director of Chinney Holdings and Lucky Year, both being substantial shareholders of the Company. She is also a director of Hon Kwok, HKR International Limited and United Nigeria Textile PLC. Hon Kwok and HKR International Limited are both listed on the Main Board of the Stock Exchange and United Nigeria Textile PLC is listed on the Nigerian Stock Exchange.

At the date of this report, Ms. Wong was deemed to be interested in 319,655,324 shares of the Company, 266,640,553 shares in Hon Kwok, 173,093,695 shares in Chinney Alliance, 9,900,000 shares in Chinney Holdings and 10,000 shares in Lucky Year within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"). Ms. Wong's interest in the shares of the Company is through her interest in Chinney Holdings, which in turn is a subsidiary of Lucky Year.

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

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

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

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

(b) William Chung-Yue Fan

Aged 71, was appointed as a director of the Company in 1987. Mr. Fan 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. Fan is a solicitor in Hong Kong and a consultant to Fan & Fan, Solicitors which provides legal and professional services to the Group. He is also a non-executive director of Alltronics Holdings Limited, which is listed on the Main Board of the Stock Exchange.

At the date of this report, Mr. Fan was interested in 1,882,285 shares of the Company within the meaning of Part XV of the SFO. Save as disclosed above, Mr. Fan 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. Fan. 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. Fan 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 12 to 14 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 2012, 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	319,655,324	57.97
Madeline May-Lung Wong	*1 & 2*	Through controlled corporation	319,655,324	57.97
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	266,640,553	55.52
	1 & 4	Guangzhou Honkwok Fuqiang Land Development Ltd.	Through controlled corporation	RMB185,000,000	100.00
	1 & 5	Chinney Alliance	Through controlled corporation	433,500,216	72.87
	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	266,640,553	55.52
	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 433,500,216 shares, 173,093,695 shares are held by a wholly-owned subsidiary of the Company and the remaining 260,406,521 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 2012, 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 of the directors 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 41 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 2012, 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	319,655,324	57.97
Lucky Year	Through controlled corporation	319,655,324	57.97
Yu Cheuk Yi	Directly beneficially owned	27,684,000	5.02
Yu Siu Yuk	Directly beneficially owned	27,684,000	5.02

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES *(Continued)*

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. Yu Cheuk Yi and Yu Siu Yuk were both taken to be interested in the same 27,684,000 shares of the Company, which were held jointly by them.

Save as disclosed herein, as at 31 March 2012, none of the substantial shareholders or other persons (other than the directors of the Company) had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year, (i) James Sai-Wing Wong, Chairman of the Company, 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 with, 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 2012.

DISCLOSURE PURSUANT TO RULE 13.18 OF THE LISTING RULES

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

    Pursuant to the HK$400 million 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, 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)*

(a) If an event of default under the HK$400 million 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 HK$400 million Loan Facilities and/or declare all outstanding amounts together with all interest accrued under the HK$400 million Loan Facilities to be immediately due and payable.

(b) In June 2012, Hon Kwok Treasury Limited, a wholly-owned subsidiary of Hon Kwok, as borrower, entered into a facility agreement (the "HK$600 million Facility Agreement") relating to a HK$600 million transferable term and revolving loan facilities (the "HK$600 million Loan Facilities") with a syndicate of banks. The HK$600 million Loan Facilities have a term of 36 months commencing from the date of the HK$600 million Facility Agreement and will be used to refinance the HK$400 million Loan Facilities with outstanding balance of HK$272 million and as general working capital of Hon Kwok and its subsidiaries.

    Pursuant to the HK$600 million 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, Chairman of both the Company and Hon Kwok, ceases to be the major beneficial ultimate shareholder of the Company.

    If an event of default under the HK$600 million 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 HK$600 million Loan Facilities and/or declare all outstanding amounts together with all interest accrued under the HK$600 million 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 9% of the total sales for the year and sales to the largest customer included therein amounted to 3%. Purchases from the Group's five largest suppliers accounted for 40% of the total purchases for the year. Purchases from the Group's largest supplier included herein totalled 13%.

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.

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, 19 June 2012

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 35 to 133, which comprise the consolidated and company statements of financial position as at 31 March 2012, 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 2012, 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

22nd Floor
CITIC Tower
1 Tim Mei Avenue, Central
Hong Kong

19 June 2012

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2012

	Notes	**2012** ***HK$'000***	2011 *HK$'000*
REVENUE	*5*	**1,059,030**	354,859
Cost of sales		**(707,427)**	(237,360)
Gross profit		**351,603**	117,499
Other income and gains	*5*	**16,736**	18,929
Fair value gains on investment properties, net		**180,184**	631,072
Gain on disposal of investment properties, net		**–**	1,130
Fair value gain/(loss) on equity investments at fair value through profit or loss, net		**2,955**	(6,300)
Selling and distribution costs		**(18,289)**	(21,609)
Administrative and other operating expenses, net		**(110,064)**	(99,453)
Finance costs	*6*	**(50,550)**	(43,689)
Share of profits and losses of:			
Associates		**6,676**	6,886
Jointly-controlled entities		**1,824**	194
PROFIT BEFORE TAX	*7*	**381,075**	604,659
Income tax expense	*10*	**(104,322)**	(129,068)
PROFIT FOR THE YEAR		**276,753**	475,591
Attributable to:			
Owners of the Company	*11*	**121,868**	263,278
Non-controlling interests		**154,885**	212,313
		276,753	475,591

CONSOLIDATED INCOME STATEMENT *(Continued)*

Year ended 31 March 2012

	Note	2012 HK$'000	2011 HK$'000
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*13*		
Basic		**22.10 HK cents**	47.75 HK cents
Diluted		**21.89 HK cents**	45.83 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 2012

	Note	2012 HK$'000	2011 HK$'000
PROFIT FOR THE YEAR		**276,753**	475,591
OTHER COMPREHENSIVE INCOME			
Gain on property revaluation		**5,489**	–
Income tax effect		**(906)**	–
		4,583	–
Share of other comprehensive income of associates		**67**	(97)
Exchange differences on translation of foreign operations		**123,220**	127,268
		123,287	127,171
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**127,870**	127,171
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**404,623**	602,762
Attributable to:			
Owners of the Company	11	**191,706**	329,740
Non-controlling interests		**212,917**	273,022
		404,623	602,762

STATEMENTS OF FINANCIAL POSITION

31 March 2012

		Group		Company	
		2012	2011	**2012**	2011
	Notes	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
NON-CURRENT ASSETS					
Property, plant and equipment	*14*	**110,772**	115,805	**1**	1
Prepaid land lease payments	*15*	**13,857**	14,579	**–**	–
Investment properties	*16*	**5,245,546**	4,784,501	**–**	–
Investments in subsidiaries	*18*	**–**	–	**918,374**	906,493
Investments in associates	*19*	**114,045**	112,496	**–**	–
Investments in jointly-controlled entities	*20*	**3,433**	3,491	**–**	–
Deferred tax assets	*21*	**199**	117	**–**	–
Loan receivables	*22*	**2,510**	1,608	**–**	–
Amounts due from subsidiaries	*18*	**–**	–	**40,932**	–
Total non-current assets		**5,490,362**	5,032,597	**959,307**	906,494
CURRENT ASSETS					
Inventories	*23*	**7,031**	11,645	**–**	–
Properties held for sale under development and properties held for sale	*24*	**1,792,288**	1,811,676	**–**	–
Prepaid land lease payments	*15*	**1,243**	1,186	**–**	–
Equity investments at fair value through profit or loss	*25*	**54,039**	51,061	**53,586**	50,591
Trade and bills receivables	*26*	**13,144**	24,877	**–**	–
Prepayments, deposits and other receivables	*27*	**47,778**	84,719	**158**	163
Amount due from a related company	*30*	**417**	396	**–**	–
Amounts due from subsidiaries	*18*	**–**	–	**57,462**	62,805
Amounts due from jointly-controlled entities	*20*	**–**	31	**–**	–
Tax recoverable		**387**	32,198	**–**	–
Pledged deposits	*28*	**120,371**	96,974	**–**	–
Cash and cash equivalents	*28*	**979,176**	1,029,076	**80,832**	9,151
Total current assets		**3,015,874**	3,143,839	**192,038**	122,710

		Group		Company	
		2012	2011	**2012**	2011
	Notes	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
CURRENT LIABILITIES					
Trade payables and accrued liabilities	*29*	**169,530**	125,148	**4,081**	4,697
Customer deposits		**23,612**	670,433	**–**	–
Tax payable		**87,641**	67,492	**–**	–
Interest-bearing bank borrowings	*31*	**1,009,265**	821,802	**147,000**	72,000
Convertible bonds	*32*	**–**	108,355	**–**	–
Total current liabilities		**1,290,048**	1,793,230	**151,081**	76,697
NET CURRENT ASSETS		**1,725,826**	1,350,609	**40,957**	46,013
TOTAL ASSETS LESS CURRENT LIABILITIES		**7,216,188**	6,383,206	**1,000,264**	952,507
NON-CURRENT LIABILITIES					
Interest-bearing bank borrowings	*31*	**1,980,897**	1,541,687	**–**	–
Deferred tax liabilities	*21*	**504,481**	448,047	**–**	–
Total non-current liabilities		**2,485,378**	1,989,734	**–**	–
Net assets		**4,730,810**	4,393,472	**1,000,264**	952,507

		Group		Company	
		2012	2011	**2012**	2011
	Notes	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
EQUITY					
Equity attributable to owners of the Company					
Issued capital	*33*	**137,842**	137,842	**137,842**	137,842
Reserves	*34*	**2,417,015**	2,225,933	**834,854**	787,097
Proposed final dividend	*12*	**27,568**	27,568	**27,568**	27,568
		2,582,425	2,391,343	**1,000,264**	952,507
Non-controlling interests		**2,148,385**	2,002,129	**–**	–
Total equity		**4,730,810**	4,393,472	**1,000,264**	952,507

James Sai-Wing Wong
Director

Herman Man-Hei Fung
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2012

	Attributable to owners of the Company										
	Issued capital	**Share premium account**	**Other reserve**	**Asset revaluation reserve#**	**Exchange fluctuation reserve**	**Equity component of convertible bonds**	**Proposed final dividend**	**Retained profits**	**Total**	**Non-controlling interests**	**Total equity**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 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 and 1 April 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
Profit for the year	–	–	–	–	–	–	–	121,868	121,868	154,885	276,753
Other comprehensive income for the year:											
Exchange differences on translation of foreign operations	–	–	–	–	65,255	–	–	–	65,255	58,032	123,287
Gain on property valuation, net of tax	–	–	–	4,583	–	–	–	–	4,583	–	4,583
Total comprehensive income for the year	–	–	–	4,583	65,255	–	–	121,868	191,706	212,917	404,623
Redemption of convertible bonds	–	–	–	–	–	(5,344)	–	5,344	–	–	–
Acquisition of non-controlling interests	–	–	26,944	–	–	–	–	–	26,944	(38,825)	(11,881)
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	–	–	(27,836)	(27,836)
Final 2011 dividend declared	–	–	–	–	–	–	(27,568)	–	(27,568)	–	(27,568)
Proposed final 2012 dividend *(note 12)*	–	–	–	–	–	–	27,568	(27,568)	–	–	–
At 31 March 2012	**137,842**	**267,569***	**30,708***	**4,583***	**311,244***	**–***	**27,568**	**1,802,911***	**2,582,425**	**2,148,385**	**4,730,810**

The asset revaluation reserve arose from a change in use from an owned-occupied property to an investment property carried at fair value on 15 February 2012.

* *These reserve accounts comprise the consolidated reserves of HK$2,417,015,000 (2011: HK$2,225,933,000) in the consolidated statement of financial position.*

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**381,075**	604,659
Adjustments for:			
Share of profits and losses of associates and jointly-controlled entities		**(8,500)**	(7,080)
Interest income	5	**(8,064)**	(5,160)
Finance costs	6	**50,550**	43,689
Depreciation	7	**12,273**	8,969
Amortisation of prepaid land lease payments	7	**1,243**	1,186
Fair value gains of investment properties, net	7	**(180,184)**	(631,072)
Loss/(gain) on disposal of items of property, plant and equipment	7	**(272)**	499
Gain on bargain purchase	7	**–**	(1,246)
Fair value loss/(gain) on equity investments at fair value through profit or loss, net	7	**(2,955)**	6,300
Gain on disposal of investment properties, net	7	**–**	(1,130)
Impairment of trade receivables	7	**–**	22
		245,166	19,636
Decrease/(increase) in inventories		**4,614**	(2,412)
Decrease/(increase) in properties held for sale under development and properties held for sale		**149,239**	(178,761)
Decrease/(increase) in loan receivables, trade and bills receivables, prepayments, deposits and other receivables		**47,772**	(17,886)
Increase in an amount due from a related company		**(21)**	(37)
Decrease in trade payables and accrued liabilities		**(50,593)**	(96,399)
Increase/(decrease) in customer deposits		**(646,821)**	663,233
Cash generated from/(used in) operations		**(250,644)**	387,374
Hong Kong profits tax paid		**(739)**	(2,383)
Overseas taxes paid		**(10,421)**	(49,728)
Net cash flows from/(used in) operating activities		**(261,804)**	335,263

	Notes	2012 HK$'000	2011 HK$'000
Net cash flows from/(used in) operating activities		**(261,804)**	335,263
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of items of property, plant and equipment	*14*	**(8,038)**	(13,826)
Acquisition of subsidiaries	*35*	**–**	(132,649)
Acquisition of non-controlling interests		**(11,881)**	(2,321)
Additions to investment properties		**(177,490)**	(119,762)
Decrease/(increase) in amounts due from jointly-controlled entities		**31**	(6)
Dividends received from an associate		**5,192**	5,192
Dividends received from jointly-controlled entities		**1,882**	–
Interest received		**8,064**	5,160
Proceeds from disposal of items of property, plant and equipment		**680**	846
Proceeds from disposal of investment properties		**13,722**	21,558
Purchase of equity investments at fair value through profit or loss		**(23)**	–
Movement in balances with associates		**–**	40,518
Increase in pledged deposits		**(25,821)**	(974)
Net cash flows used in investing activities		**(193,682)**	(196,264)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		**(75,904)**	(59,830)
Dividends paid to non-controlling shareholders		**(27,836)**	(28,197)
Redemption of convertible bonds		**(109,602)**	–
Dividend paid		**(27,568)**	(27,568)
New bank loans		**759,980**	944,020
Repayment of bank loans		**(147,977)**	(579,360)
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		**371,093**	189,065
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(84,393)**	328,064
Cash and cash equivalents at beginning of year		**1,029,076**	685,000
Effect of foreign exchange rate changes, net		**34,493**	16,012
CASH AND CASH EQUIVALENTS AT END OF YEAR		**979,176**	1,029,076
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	*28*	**666,495**	820,964
Non-pledged time deposits with original maturity of less than three months when acquired	*28*	**312,681**	208,112
		979,176	1,029,076

1. CORPORATE INFORMATION

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

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

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

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

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

2.1 BASIS OF PREPARATION

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2012. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. 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.

Total comprehensive income within a subsidiary is 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.

2.1 BASIS OF PREPARATION *(Continued)*

Basis of consolidation *(Continued)*

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.

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 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*
HKAS 24 (Revised)	*Related Party Disclosures*
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement*
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*
Improvements to HKFRSs 2010	Amendments to a number of HKFRSs issued in May 2010

Other than as further explained below regarding the impact of HKAS 24 (Revised), and amendments to HKFRS 3, HKAS 1 and HKAS 27 included in *Improvements to HKFRSs 2010*, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these HKFRSs are as follows:

(a) HKAS 24 (Revised) *Related Party Disclosures*

HKAS 24 (Revised) clarifies and simplifies the definitions of related parties. The new definitions emphasise a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationships of an entity. The revised standard also introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The accounting policy for related parties has been revised to reflect the changes in the definitions of related parties under the revised standard. The adoption of the revised standard did not have any impact on the financial position or performance of the Group. Details of the related party transactions, including the related comparative information, are included in note 41 to the consolidated financial statements.

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

(b) *Improvements to HKFRSs 2010* issued in May 2010 sets out amendments to a number of HKFRSs. 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 has had a significant financial impact on the financial position or performance of the Group. Details of the key amendments most applicable to the Group are as follows:

- HKFRS 3 *Business Combinations*: The amendment 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 amendment limits the scope of measurement choices for non-controlling interests. Only the components of non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another HKFRS.

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

- HKAS 1 *Presentation of Financial Statements*: The amendment clarifies that an analysis of each component of other comprehensive income can be presented either in the statement of changes in equity or in the notes to the financial statements. The Group elects to present the analysis of each component of other comprehensive income in the statement of changes in equity.

- HKAS 27 *Consolidated and Separate Financial Statements*: The amendment 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.

2.3 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 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*[1]
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans*[4]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets*[1]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*[4]
HKFRS 9	*Financial Instruments*[6]
HKFRS 10	*Consolidated Financial Statements*[4]
HKFRS 11	*Joint Arrangements*[4]
HKFRS 12	*Disclosure of Interests in Other Entities*[4]
HKFRS 13	*Fair Value Measurement*[4]
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*[3]
HKAS 12 Amendments	Amendments to HKAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets*[2]
HKAS 19 (2011)	*Employee Benefits*[4]
HKAS 27 (2011)	*Separate Financial Statements*[4]
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*[4]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*[5]
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*[4]
Annual Improvements Project	*Annual Improvements to IFRSs 2009-2011 Cycle*[4]

1 Effective for annual periods beginning on or after 1 July 2011
2 Effective for annual periods beginning on or after 1 January 2012
3 Effective for annual periods beginning on or after 1 July 2012
4 Effective for annual periods beginning on or after 1 January 2013
5 Effective for annual periods beginning on or after 1 January 2014
6 Effective for annual periods beginning on or after 1 January 2015

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 2015.

HKFRS 10 establishes a single control model that applies to all entities including special purpose entities or structured entities. It includes a new definition of control which is used to determine which entities are consolidated. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled, compared with the requirements in HKAS 27 and HK(SIC)-Int 12 *Consolidation – Special Purpose Entities*. HKFRS 10 replaces the portion of HKAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements. It also includes the issues raised in HK(SIC)-Int 12.

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK(SIC)-Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. It describes the accounting for joint arrangements with joint control. It addresses only two forms of joint arrangements, i.e., joint operations and joint ventures, and removes the option to account for joint ventures using proportionate consolidation.

HKFRS 12 includes the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities that are previously included in HKAS 27 *Consolidated and Separate Financial Statements*, HKAS 31 *Interests in Joint Ventures* and HKAS 28 *Investments in Associates*. It also introduces a number of new disclosure requirements for these entities.

Consequential amendments were made to HKAS 27 and HKAS 28 as a result of the issuance of HKFRS 10, HKFRS 11 and HKFRS 12. The Group expects to adopt HKFRS 10, HKFRS 11, HKFRS 12, and the consequential amendments to HKAS 27 (2011) and HKAS 28 (2011) from 1 April 2013.

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

HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. The Group expects to adopt HKFRS 13 prospectively from 1 April 2013.

Amendments to HKAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items which will never be reclassified. The Group expects to adopt the amendments from 1 April 2013.

HKAS 12 Amendments clarify the determination of deferred tax for investment property measured at fair value. The amendments introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, the amendments incorporate the requirement previously in HK(SIC)-Int 21 *Income Taxes – Recovery of Revalued Non-Depreciable Assets* that deferred tax on non-depreciable assets, measured using the revaluation model in HKAS 16, should always be measured on a sale basis. The Group expects to adopt HKAS 12 Amendments from 1 April 2012.

HKAS 19 (2011) includes a number of amendments that range from fundamental changes to simple clarifications and re-wording. The revised standard introduces significant changes in the accounting for defined benefit pension plans including removing the choice to defer the recognition of actuarial gains and losses. Other changes include modifications to the timing of recognition for termination benefits, the classification of short-term employee benefits and disclosures of defined benefit plans. The Group expects to adopt HKAS 19 (2011) from 1 April 2013.

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 Group, 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 Group does not have unilateral control, but has joint control, directly or indirectly, over the joint venture;

(c) an associate, if the Group 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 Group 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. Adjustments are made to bring into line any dissimilar accounting policies that may exist. 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.

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.

Business combinations and goodwill

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 Group elects whether it measures the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition costs are expensed as incurred.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations and goodwill *(Continued)*

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 will be 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 will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of HKAS 39, it is measured in accordance with the appropriate HKFRS.

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 identifiable net 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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations and goodwill *(Continued)*

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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related parties

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

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a); and
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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 depreciates them accordingly.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

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

Leasehold land and buildings	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.

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.

Properties under construction or development for future use as investment properties are classified as investment properties under construction. If the fair value cannot be reliably determined, the investment properties 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 as the properties are in the early stage of development at the end of the reporting period, therefore, the Group's investment properties under construction continue to be measured at cost.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investment properties *(Continued)*

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.

If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under “Property, plant and equipment and depreciation” up to the date of change in use, and surplus or deficit at that date between the carrying amount and the fair value of the property is dealt with as movements in the asset revaluation reserve or charged to the income statement, respectively.

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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

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 transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

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, pledged deposits, trade and other receivables, deposits, loan receivables, equity investments at fair value through profit or loss, an amount due from a related company and amounts due from jointly-controlled entities.

Subsequent measurement

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

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. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net 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, in rare circumstances, 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. 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 other income in the income statement. The loss arising from impairment is recognised in the income statement in finance costs for loans and in other operating expenses for receivables.

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, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it 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.

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 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets *(Continued)*

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.

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 and all collateral has been realised or has been transferred to the Group.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities *(Continued)*

Initial recognition and measurement (Continued)

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

The Group's financial liabilities include trade payables and certain accrued liabilities, interest-bearing bank borrowings, convertible bonds and certain customer deposits.

Subsequent measurement

The subsequent 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 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities *(Continued)*

Convertible bonds

The component of convertible bonds that exhibits characteristics of a liability is recognised as a liability in the consolidated 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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Inventories

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

Cash and cash equivalents

For the purpose of the consolidated 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

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

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

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

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

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

- in respect of deductible temporary differences associated with investments in subsidiaries and 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) income from the sale of properties, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the properties sold;

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

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

(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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Employee benefits *(Continued)*

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 are 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.

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 3.02% (2011: 4.25%) has been applied to the expenditure on the individual assets.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the 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.

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 arising on settlement or translation of monetary items 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 gain or loss arising on retranslation of a non-monetary item is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation differences on item whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries and jointly-controlled entities 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

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 described below.

Estimation of net realisable values 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 24 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 dates of the transactions that occurred at those prices; and

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

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

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

Estimation uncertainty *(Continued)*

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 21 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 LAT, which has been included in income tax. However, the implementation of LAT varies amongst various Mainland China cities and the Group has not finalised certain of its LAT 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 LAT 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 development and 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, 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 2012	Garment HK$'000	Property development HK$'000	Property investment HK$'000	Others HK$'000	Total HK$'000
Segment revenue:					
Sales to external customers	159,608	735,687	125,158	38,577	1,059,030
Segment results	2,963	211,183	209,892	1,381	425,419
Reconciliation:					
Interest income					8,064
Dividend income and unallocated gains					3,976
Corporate and other unallocated expenses					(14,334)
Finance costs					(50,550)
Share of profits and losses of associates					6,676
Share of profits and losses of jointly-controlled entities					1,824
Profit before tax					381,075
Segment assets	88,705	1,858,345	5,631,837	1,557,587	9,136,474
Reconciliation:					
Elimination of intersegment receivables					(1,901,888)
Investments in associates					114,045
Investments in jointly-controlled entities					3,433
Corporate and other unallocated assets					1,154,172
Total assets					8,506,236
Segment liabilities					
Reconciliation:	19,130	1,216,258	453,471	406,171	2,095,030
Elimination of intersegment payables					(1,901,888)
Corporate and other unallocated liabilities					3,582,284
Total liabilities					3,775,426
Other segment information:					
Fair value gains on investment properties, net	2,450	–	177,734	–	180,184
Depreciation and amortisation	3,912	2,148	544	6,912	13,516
Capital expenditure	421	300	192,610	6,533	199,864*

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

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 and losses of associates					6,886
Share of profits and losses 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)*

Geographical information

(a) Revenue

	2012	2011
	HK$'000	*HK$'000*
Hong Kong	**92,176**	79,772
Mainland China	**814,273**	67,252
Europe	**138,720**	183,438
North America	**12,555**	20,881
Other countries	**1,306**	3,516
	1,059,030	354,859

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

(b) Non-current assets

	31 March 2012	31 March 2011
	HK$'000	*HK$'000*
Hong Kong	**2,208,101**	2,153,701
Mainland China	**3,162,074**	2,761,184
	5,370,175	4,914,885

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

In the prior year, revenue of approximately HK$55,846,000 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	
	2012	2011
	HK$'000	*HK$'000*
Revenue		
Sale of goods	**159,608**	209,325
Sale of properties	**735,687**	28,318
Gross rental income	**161,504**	115,045
Property management income	**2,231**	2,171
	1,059,030	354,859
Other income		
Bank interest income	**7,221**	3,678
Other interest income	**843**	1,482
Dividend income from listed investments at fair value through profit or loss	**1,021**	914
Management fee income received from an associate	**3,000**	3,000
Others	**4,651**	4,479
	16,736	13,553
Gains		
Gain on bargain purchase *(note 35)*	**–**	1,246
Foreign exchange differences, net	**–**	4,130
	–	5,376
	16,736	18,929

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Group 2012 HK$'000	2011 HK$'000
Interest on bank loans, overdrafts and other loans (including convertible bonds) wholly repayable within five years	**74,509**	64,977
Interest on bank loans wholly repayable after five years	**2,642**	2,308
Less: Interest capitalised under property development projects	**(26,601)**	(23,596)
	50,550	43,689

7. PROFIT BEFORE TAX

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

	Group 2012 HK$'000	2011 HK$'000
Cost of properties sold	**510,853**	17,898
Cost of inventories sold	**120,150**	154,803
Depreciation *(note 14)*	**12,273**	8,969
Amortisation of prepaid land lease payments *(note 15)*	**1,243**	1,186
Minimum lease payments under operating leases on land and buildings*	**20,949**	25,836
Auditors' remuneration	**2,859**	2,793
Employee benefit expense (including directors' remuneration *(note 8)*):		
Wages, salaries, allowances and benefits in kind	**81,521**	81,865
Pension scheme contributions	**2,263**	2,330
	83,784	84,195
Less: Amount capitalised under property development projects	**(5,135)**	(6,200)
	78,649	77,995

7. PROFIT BEFORE TAX *(Continued)*

	Group	
	2012	2011
	HK$'000	*HK$'000*
Gross rental income included in the following categories:		
Rental income	**(161,504)**	(115,045)
Other income	**(136)**	(124)
	(161,640)	(115,169)
Less: Outgoing expenses**	**76,424**	64,659
	(85,216)	(50,510)
Rental income on investment properties less direct operating expenses of HK$40,045,000 (2011: HK$28,415,000)	**(85,113)**	(55,465)
Foreign exchange differences, net	**1,516**	(4,130)
Fair value gains on investment properties, net *(note 16)*	**(180,184)**	(631,072)
Gain on disposal of investment properties, net	**–**	(1,130)
Fair value losses/(gains) on equity investments at fair value through profit or loss, net	**(2,955)**	6,300
Interest income	**(8,064)**	(5,160)
Impairment of trade receivables *(note 26)****	**–**	22
Reversal of impairment of trade receivables *(note 26)*	**(24)**	(5)
Gain on bargain purchase *(note 35)*	**–**	(1,246)
Loss/(gain) on disposal of items of property, plant and equipment	**(272)**	499

At the end of the reporting period, the amount of forfeited pension scheme contributions available to the Group for future utilisation was not significant (2011: Nil).

* *Included in the amount is rental expenses for carpark operations of HK$10,846,000 (2011: HK$16,099,000) 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.*

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	
	2012	2011
	HK$'000	*HK$'000*
Fees	**250**	225
Other emoluments:		
Salaries, allowances and benefits in kind	**8,110**	7,480
Discretionary performance related bonuses*	**3,000**	3,000
	11,110	10,480
	11,360	10,705

* *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:

	2012	2011
	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 (2011: Nil).

8. DIRECTORS' REMUNERATION *(Continued)*

(b) Executive directors and non-executive directors

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary performance related bonuses HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
2012					
Executive directors:					
James Sai-Wing Wong	**–**	**4,000**	**1,500**	**–**	**5,500**
Herman Man-Hei Fung	**–**	**4,110**	**1,500**	**–**	**5,610**
	–	**8,110**	**3,000**	**–**	**11,110**
Non-executive directors:					
Madeline May-Lung Wong	**–**	**–**	**–**	**–**	**–**
William Chung-Yue Fan	**50**	**–**	**–**	**–**	**50**
Paul Hon-To Tong	**50**	**–**	**–**	**–**	**50**
	100	**–**	**–**	**–**	**100**
	100	**8,110**	**3,000**	**–**	**11,210**
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

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 (2011: two) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining three (2011: three) non-director, highest paid employees for the year are as follows:

	Group	
	2012	2011
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**5,394**	4,902
Discretionary performance related bonuses	**4,178**	3,007
Pension scheme contributions	**138**	134
	9,710	8,043

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

	Number of employees	
	2012	2011
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	**1**	–
HK$3,500,001 to HK$4,000,000	**–**	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% (2011: 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)*

	2012	2011
	HK$'000	*HK$'000*
Group:		
Current – Hong Kong		
Charge for the year	**803**	1,685
Current – Elsewhere		
Charge for the year	**46,109**	3,925
LAT in Mainland China	**15,105**	568
Deferred *(note 21)*	**42,305**	122,890
Total tax charge for the year	**104,322**	129,068

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

	Group	
	2012	2011
	HK$'000	*HK$'000*
Profit before tax	**381,075**	604,659
Tax at the statutory tax rate of 16.5% (2011: 16.5%)	**62,877**	99,769
Effect of different rates of companies operating in other jurisdictions	**26,483**	20,087
Income not subject to tax	**(1,765)**	(847)
Expenses not deductible for tax	**5,187**	4,365
Tax losses utilised from previous periods	**(447)**	(710)
Tax losses not recognised	**5,633**	11,921
Profits and losses attributable to jointly-controlled entities and associates	**(1,403)**	(1,168)
LAT	**15,105**	568
Others	**(7,348)**	(4,917)
Tax charge at the Group's effective rate of 27.4% (2011: 21.3%)	**104,322**	129,068

10. INCOME TAX *(Continued)*

Certain subsidiaries of the Group operate in Shenzhen, Mainland China, which were subject to the corporate income tax rates of 24% from 1 April 2011 to 31 December 2011 and 25% from 1 January 2012 to 31 March 2012.

The share of net tax charge attributable to associates amounting to HK$1,576,000 (2011: HK$1,379,000) 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 2012 (2011: Nil).

11. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated profit attributable to owners of the Company for the year ended 31 March 2012 includes a profit of HK$64,525,000 (2011: HK$80,578,000) which has been dealt with in the financial statements of the Company.

12. DIVIDEND

	2012	2011
	HK$'000	*HK$'000*
Proposed final – 5 HK cents (2011: 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:

	2012	2011
	HK$'000	*HK$'000*
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	**121,868**	263,278
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	**(1,151)**	(12,622)
Profit attributable to ordinary equity holders of the Company after the full conversion of the convertible bonds of a subsidiary	**120,717**	252,689

14. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold land and buildings Hong Kong HK$'000	Leasehold land and buildings Mainland China HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Motor vehicles HK$'000	Furniture, fixtures and equipment HK$'000	Total HK$'000
31 March 2012							
At 31 March 2011 and at 1 April 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
At 1 April 2011, net of accumulated depreciation	37,861	43,919	21,023	1,272	3,731	7,999	115,805
Additions	–	–	4,088	58	1,657	2,235	8,038
Disposals	–	–	–	–	(209)	(199)	(408)
Depreciation provided during the year	(1,113)	(3,195)	(3,589)	(636)	(1,376)	(2,364)	(12,273)
Transfers to investment properties	(3,111)	–	–	–	–	–	(3,111)
Exchange realignment	–	1,608	762	40	117	194	2,721
At 31 March 2012, net of accumulated depreciation	**33,637**	**42,332**	**22,284**	**734**	**3,920**	**7,865**	**110,772**
At 31 March 2012:							
Cost	**51,800**	**65,085**	**41,353**	**11,311**	**9,376**	**23,277**	**202,202**
Accumulated depreciation	**(18,163)**	**(22,753)**	**(19,069)**	**(10,577)**	**(5,456)**	**(15,412)**	**(91,430)**
Net carrying amount	**33,637**	**42,332**	**22,284**	**734**	**3,920**	**7,865**	**110,772**

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 2011							
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 35)*	–	–	–	–	–	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)*

Details of the leasehold land and buildings are as follows:

	2012	2011
	HK$'000	*HK$'000*
Medium term leases:		
Hong Kong	**51,800**	56,455
Mainland China	**38,693**	37,274
Long term leases in Mainland China	**26,392**	25,461
	116,885	119,190

Company

	Furniture, fixtures and equipment
	HK$'000
31 March 2012	
At 31 March 2011 and 1 April 2011:	
Cost	82
Accumulated depreciation	(81)
Net carrying amount	1
At 1 April 2011, net of accumulated depreciation	1
Additions	1
Depreciation provided during the year	(1)
At 31 March 2012, net of accumulated depreciation	**1**
At 31 March 2012:	
Cost	**83**
Accumulated depreciation	**(82)**
Net carrying amount	**1**

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

Company

	Furniture, fixtures and equipment *HK$'000*
31 March 2011	
At 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

At 31 March 2012, certain of the Group's leasehold land and buildings with a net carrying amount of approximately HK$33,637,000 (2011: HK$37,861,000) were pledged to secure general banking facilities granted to the Group as detailed in note 31(a)(vii).

15. PREPAID LAND LEASE PAYMENTS

	Group	
	2012	2011
	HK$'000	*HK$'000*
At beginning of year	**15,765**	16,241
Recognised during the year	**(1,243)**	(1,186)
Exchange realignment	**578**	710
At end of year	**15,100**	15,765
Current portion	**(1,243)**	(1,186)
Non-current portion	**13,857**	14,579

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

16. INVESTMENT PROPERTIES

Group

		2012	
	Completed investment properties at fair value	**Investment properties under construction at cost**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
At 1 April 2011	3,851,538	932,963	4,784,501
Additions	27,015	164,811	191,826
Transfers from property, plant and equipment	8,600	–	8,600
Disposals	(13,722)	–	(13,722)
Net gains from fair value adjustments	180,184	–	180,184
Exchange realignment	63,314	30,843	94,157
At 31 March 2012	**4,116,929**	**1,128,617**	**5,245,546**

16. INVESTMENT PROPERTIES *(Continued)*

	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 35)*	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

	2012	2011
	HK$'000	*HK$'000*
Analysed by type and location:		
Long term leasehold land and buildings in Hong Kong	**1,191,100**	1,178,500
Medium term leasehold land and buildings in Hong Kong	**999,000**	942,450
Medium term leasehold land and buildings in Mainland China	**3,055,446**	2,663,551
	5,245,546	4,784,501

16. INVESTMENT PROPERTIES *(Continued)*

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 39(a) to the financial statements.

Investment properties under construction included interest expense of HK$14,336,000 (2011: HK$13,555,000) 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 as the properties are in the early stage of development 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$5,071,151,000 (2011: HK$4,699,235,000) 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 31(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 31(a)(iv).

Further particulars of the Group's investment properties are included in "Particulars of Properties" on pages 135 to 138.

17. GOODWILL

Group

	HK$'000
At 1 April 2010, 31 March 2011, 1 April 2011 and 31 March 2012:	
Cost	2,463
Accumulated impairment	(2,463)
Net carrying amount	–

18. INVESTMENTS IN SUBSIDIARIES

	Company	
	2012	2011
	HK$'000	*HK$'000*
Listed shares in Hong Kong, at cost	**823,125**	811,244
Unlisted shares, at cost	**95,249**	95,249
	918,374	906,493
Market value of listed shares	**730,595**	767,445

The amounts due from subsidiaries included in the Company's current assets are unsecured, interest-free and have no fixed terms of repayment. The amounts due from subsidiaries included in non-current assets are unsecured, interest-free and repayable on demand, but in the opinion of the directors, these amounts are not expected to be repaid within one year. The carrying amounts of these amounts due from 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 31(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 paid amounting to HK$26,944,000 (2011: HK$3,764,000) is credited to the other reserve.

18. 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 dollar ("CAD") 1	–	55.52	Investment holding
Chinney Property Management Limited	Hong Kong	HK$100	–	55.52	Property management
CP Parking Limited	Hong Kong	HK$760,000	–	55.52	Carpark management
Crown Honour Developments Limited	Hong Kong	HK$2	–	55.52	Nominee services
Dongguan Chinney Garments Limited[#1]	People's Republic of China ("PRC")/ Mainland China	HK$11,100,000 (2011: 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	–	55.52	Property holding and letting
Foshan Nanhai XinDa Land Development Ltd.[#1]	PRC/ Mainland China	HK$300,000,000	–	55.52	Property development
Guangzhou Honkwok Fuqiang Land Development Ltd.[#1]	PRC/ Mainland China	Renminbi ("RMB") 185,000,000	–	33.31[3]	Property development
Guangzhou Honkwok Hengsheng Land Development Ltd.[#1]	PRC/ Mainland China	RMB220,000,000	–	41.64[3]	Property development
Guangzhou Hua Yin Land Development Co., Ltd.[#1]	PRC/ Mainland China	RMB80,000,000	–	55.52	Property development

18. 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 Co., Ltd.#1	PRC/ Mainland China	RMB40,000,000	–	55.52	Property development
Guangzhou Tungfu Property Management Co., Ltd.#1	PRC/ Mainland China	RMB44,400,000	–	55.52	Property holding and letting
Guangzhou Zhong Lu Da Dao Real Estate Development Co., Ltd#1	PRC/ Mainland China	RMB90,000,000	–	55.52	Property development
Hon Kwok Land Investment (China) Limited	Hong Kong	HK$2	–	55.52	Investment holding
Hon Kwok Land Investment Company, Limited	Hong Kong	HK$480,286,201	55.52	–	Investment holding
Hon Kwok Land Investment (Shenzhen) Co., Ltd.#1	PRC/ Mainland China	HK$30,000,000	–	55.52	Property development
Hon Kwok Land Treasury IV Limited	BVI	US$1	–	55.52	Financing
Hon Kwok Project Management Limited	Hong Kong	HK$2	–	55.52	Project management
Hon Kwok Treasury Limited	Hong Kong	HK$2	–	55.52	Financing
Honour Well Development Limited	Hong Kong	HK$2	–	55.52	Property holding and letting
Hotfield Land Investment (Chongqing) Co., Ltd#1	PRC/ Mainland China	US$14,300,000	–	55.52	Property holding and letting
Island Parking Limited	BVI/Hong Kong	US$10	–	55.52	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

18. 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. Group Company Limited	Hong Kong	HK$8,000,000	–	100.00	Garment trading
J.L. Investment Company Limited	Hong Kong	HK$10,000	–	100.00	Property holding
King Capital Development Limited	Hong Kong	HK$2	–	55.52	Property holding and letting
King Champion Limited	Hong Kong	HK$2	–	55.52	Property holding and letting
Lido Parking Limited	BVI/Hong Kong	US$1	–	55.52	Property holding and letting
Multi-Investment Group Limited	BVI	US$1	–	100.00	Investment holding
Prime Best Development Limited	Hong Kong	HK$2	–	55.52	Investment holding
Shenzhen Guanghai Investment Co., Ltd.#1	PRC/ Mainland China	RMB600,000,000	–	55.52	Property development
Shenzhen Honkwok Huaye Development Co., Ltd.#1	PRC/ Mainland China	RMB50,000,000	–	55.52	Property holding and letting
The Bauhinia Hotel Management Limited	Hong Kong	HK$2	–	55.52	Property letting
The Bauhinia Hotel (TST) Management Limited	Hong Kong	HK$2	–	55.52	Property letting
Vast Champ Investment (Chongqing) Co., Ltd.#1	PRC/ Mainland China	US$30,000,000 (2011: US$10,000,000)	–	55.52	Property development
Wide Fame Investment Limited	Hong Kong	HK$2	–	55.52	Investment holding
Wise Pacific Investment Limited	Hong Kong	HK$10,000	–	55.52	Money lending

18. 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.

19. INVESTMENTS IN ASSOCIATES

	Group 2012 HK$'000	2011 HK$'000
Share of net assets	**114,045**	112,496
Market value of listed shares	**58,852**	64,910

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 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.

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

	Group 2012 HK$'000	2011 HK$'000
Total assets	**1,400,048**	1,324,048
Total liabilities	**(869,172)**	(835,655)
Revenues	**2,220,451**	1,990,214
Profit for the year	**22,941**	23,662

20. INVESTMENTS IN JOINTLY-CONTROLLED ENTITIES

	Group	
	2012	2011
	HK$'000	*HK$'000*
Share of net assets	**3,433**	3,491

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

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

			Percentage of			
Name	**Particular of issued share capital**	**Place of incorporation**	**Ownership interest**	**Voting power**	**Profit sharing**	**Principal activity**
Two City Hall Place Limited#	Common share capital of CAD100	Canada	27.76	27.76	27.76	Property development

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

All of the 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.

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

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

	2012	2011
	HK$'000	*HK$'000*
Share of the jointly-controlled entities' assets and liabilities:		
Total non-current assets	**3,823**	6,144
Total current assets	**666**	582
Total current liabilities	**(1,056)**	(3,235)
Net assets	**3,433**	3,491
Share of the jointly-controlled entities' results:		
Total revenue	**2,336**	263
Total expenses	**(512)**	(69)
Profit for the year	**1,824**	194

21. 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 2010	(1,315)	(286,696)	577	(3,289)	(290,723)
Acquisition of subsidiaries *(note 35)*	–	(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)
Deferred tax charged to the income statement during the year *(note 10)*	(392)	(41,913)	–	–	(42,305)
Deferred tax charged to the asset revaluation reserve during the year	–	(906)	–	–	(906)
Exchange realignment	–	(13,141)	–	–	(13,141)
Net deferred tax liabilities at 31 March 2012	**(1,723)**	**(499,847)**	**577**	**(3,289)**	**(504,282)**

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:

	2012 *HK$'000*	2011 *HK$'000*
Net deferred tax assets recognised in the consolidated statement of financial position	**199**	117
Net deferred tax liabilities recognised in the consolidated statement of financial position	**(504,481)**	(448,047)
	(504,282)	(447,930)

21. DEFERRED TAX *(Continued)*

At the end of the reporting period, the Group had unrecognised deductible temporary differences of HK$1,277,000 (2011: HK$208,000) and unrecognised tax losses arising in Hong Kong of HK$1,166,018,000 (2011: HK$1,162,210,000) and in Mainland China of HK$35,223,000 (2011: HK$20,039,000) and the Company had tax losses arising in Hong Kong of HK$51,334,000 (2011: HK$53,981,000). 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 2012, 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$371,828,000 at 31 March 2012 (2011: HK$227,109,000) and the amounts, net of non-controlling interests, amounted to HK$286,565,000 (2011: HK$198,934,000).

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 (2011: Nil).

22. LOAN RECEIVABLES

The loan receivables are unsecured, bear interest at 5% per annum and repayable by 42 monthly instalments between 1 July 2011 and 31 December 2014. The carrying amounts approximate to their fair values.

23. INVENTORIES

	Group	
	2012	2011
	HK$'000	*HK$'000*
Raw materials	**1,160**	2,827
Work in progress	**5,384**	8,687
Finished goods	**487**	131
	7,031	11,645

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

	Group	
	2012	2011
	HK$'000	*HK$'000*
Completed properties held for sale	**196,083**	77,190
Properties held for sale under development	**1,596,205**	1,734,486
	1,792,288	1,811,676
Properties held for sale under development		
– expected to be recovered:		
Within one year	**244,212**	304,942
After one year	**550,118**	664,717
– pending for construction expected to be recovered after one year	**801,875**	764,827
	1,596,205	1,734,486

Properties held for sale under development and properties held for sale included interest expense of HK$12,265,000 (2011: HK$10,041,000) 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$319,001,000 (2011: HK$263,045,000) at the end of the reporting period were pledged to secure the banking facilities granted to the Group as detailed in note 31(a)(ii) to the financial statements.

24. 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 and properties held for sale situated in the PRC, with a carrying amount of HK$576,652,000 (2011: 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. In addition, the construction works on the land have already commenced and the construction of certain property units has been completed.

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$68 million (2011: HK$65 million), following 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 on the development of the project.

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

	2012	2011
	HK$'000	*HK$'000*
Medium term leases:		
Hong Kong	**4,437**	4,437
Mainland China	**274,899**	269,885
Long term leases:		
Mainland China	**1,512,952**	1,537,354
	1,792,288	1,811,676

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 135 to 138.

25. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Listed equity investments in Hong Kong, at market value	**54,039**	51,061	**53,586**	50,591

The above equity investments at 31 March 2012 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 2012, certain of the Group's listed equity investments with a carrying value of HK$53,586,000 (2011: HK$50,591,000) at the end of the reporting period were pledged to secure the Group's bank borrowings, as further detailed in note 31(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$52,734,000.

26. TRADE AND BILLS RECEIVABLES

	Group	
	2012	2011
	HK$'000	*HK$'000*
Trade and bills receivables	**14,273**	26,058
Impairment	**(1,129)**	(1,181)
	13,144	24,877

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.

26. 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	
	2012	2011
	HK$'000	*HK$'000*
Within 30 days	**6,748**	5,447
31 to 60 days	**1,236**	4,723
61 to 90 days	**5,160**	14,506
Over 90 days	**–**	201
	13,144	24,877

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

	Group	
	2012	2011
	HK$'000	*HK$'000*
At beginning of year	**1,181**	1,294
Impairment losses recognised *(note 7)*	**–**	22
Amount written off as uncollectible	**(28)**	(130)
Impairment loss reversed *(note 7)*	**(24)**	(5)
At end of year	**1,129**	1,181

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of HK$1,129,000 (2011: HK$1,181,000) with a carrying amount before provision of HK$1,129,000 (2011: HK$1,181,000). 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.

26. 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	
	2012	2011
	HK$'000	*HK$'000*
Neither past due nor impaired	**8,417**	20,706
Less than 30 days past due	**3,429**	2,391
30 to 90 days past due	**1,298**	1,587
Over 90 days past due	**–**	193
	13,144	24,877

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 (2011: Nil).

27. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Prepayments	**12,353**	44,946	**40**	40
Deposits	**10,961**	14,595	**–**	–
Other receivables	**35,446**	36,098	**118**	123
Impairment	**(10,982)**	(10,920)	**–**	–
	47,778	84,719	**158**	163

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

27. 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$10,982,000 (2011: HK$10,920,000) with a carrying amount before provision of HK$10,982,000 (2011: 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 related to a large number of independent parties for whom there was no recent history of default.

28. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	Group		Company	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Cash and bank balances	**666,495**	820,964	**17,712**	9,151
Time deposits	**433,052**	305,086	**63,120**	–
	1,099,547	1,126,050	**80,832**	9,151
Less: Pledged time deposits				
Pledged for a short term bank loan *(note 31(a)(vi))*	**(120,371)**	(96,974)	**–**	–
Cash and cash equivalents	**979,176**	1,029,076	**80,832**	9,151

Included in cash and cash equivalents are restricted bank deposits of HK$205,531,000 (2011: HK$424,674,000) which can only be applied in the designated property development project prior to its completion of construction.

At the end of the reporting period, the cash and bank balances including time deposits of the Group denominated in RMB amounted to HK$464,623,000 (2011: HK$636,678,000). 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 pledged deposits are deposited with creditworthy banks with no recent history of default.

29. TRADE PAYABLES AND ACCRUED LIABILITIES

Included in trade payables and accrued liabilities are trade payables of HK$36,445,000 (2011: HK$23,704,000). An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	Group	
	2012	2011
	HK$'000	*HK$'000*
Within 30 days	**32,854**	17,498
31 to 60 days	**3,591**	5,318
61 to 90 days	**–**	75
Over 90 days	**–**	813
	36,445	23,704

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 (2011: Nil).

30. BALANCE WITH A RELATED COMPANY

The balance with a related company is unsecured, interest-free and has no fixed terms of repayment.

31. INTEREST-BEARING BANK AND OTHER BORROWINGS

Group

	2012			2011		
	Effective interest rate (%)	**Maturity**	***HK$'000***	Effective interest rate (%)	Maturity	*HK$'000*
Current						
Bank loans – unsecured	**2.3**	**2013**	**300,000**	2.1	2011	82,000
Bank loans – secured	**1.1 – 7.2**	**2012 – 2013 or on demand**	**709,265**	1.0 – 6.5	2011 – 2012 or on demand	739,802
			1,009,265			821,802
Convertible bonds *(note 32)*			**–**	10.4	2011	108,355
			1,009,265			930,157
Non-current						
Bank loans – unsecured			**–**	2.1	2013	220,000
Bank loans – secured	**1.8 – 7.2**	**2013 – 2020**	**1,980,897**	0.9 – 6.5	2012 – 2020	1,321,687
			1,980,897			1,541,687
			2,990,162			2,471,844

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

Company

	2012			2011		
	Effective interest rate (%)	**Maturity**	***HK$'000***	Effective interest rate (%)	Maturity	*HK$'000*
Current						
Bank loans – secured	**1.57 – 3.05**	**2012 or on demand**	**147,000**	1.48 – 1.71	2011 or on demand	72,000

	Group		**Company**	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Analysed into:				
Bank loans repayable:				
Within one year or on demand	**1,009,265**	821,802	**147,000**	72,000
In the second year	**806,864**	450,313	**–**	–
In the third to fifth years, inclusive	**1,154,799**	1,068,680	**–**	–
Beyond five years	**19,234**	22,694	**–**	–
	2,990,162	2,363,489	**147,000**	72,000
Other borrowings repayable:				
Within one year	**–**	108,355	**–**	–
	2,990,162	2,471,844	**147,000**	72,000

31. 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$5,071,151,000 (2011: HK$4,699,235,000);

(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$319,001,000 (2011: HK$263,045,000);

(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$53,586,000 (2011: HK$50,591,000);

(vi) the pledge of certain of the Group's time deposits amounting to HK$120,371,000 (2011: HK$96,974,000); 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$33,637,000 (2011: HK$37,861,000).

(b) Except for certain bank loans denominated in RMB and US$ equivalent to HK$367,062,000 (2011: HK$400,969,000) and HK$117,000,000 (2011: Nil), respectively, all bank borrowings at the end of the reporting period were denominated in Hong Kong dollars.

As further explained in note 44 to the financial statements, the Group's interest-bearing bank borrowings in the amount of HK$205,500,000 (2011: HK$211,000,000) 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$803,765,000 (2011: HK$610,802,000); in the second year HK$821,364,000 (2011: HK$460,313,000); in the third to fifth years, inclusive HK$1,187,799,000 (2011: HK$1,101,680,000) and beyond five years HK$177,234,000 (2011: HK$190,694,000).

All bank loans of the Group and the Company bear interest 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.

32. 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"). The Bonds were guaranteed by Hon Kwok and bore interest at the rate of 3.5% per annum, payable semi-annually in arrears. The bondholders had 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 would 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 was assigned as the equity component and was 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 professionally 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 for the year ended 31 March 2010. 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.

During the year, 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.

32. CONVERTIBLE BONDS *(Continued)*

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

Group

	2012		
	Liability component of the Bonds	**Equity component of the Bonds**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
At 1 April 2011	**108,355**	**5,344**	**113,699**
Interest expense	**2,787**	**–**	**2,787**
Interest paid	**(1,540)**	**–**	**(1,540)**
Redemption of bonds	**(109,602)**	**–**	**(109,602)**
Transfer to retained profits	**–**	**(5,344)**	**(5,344)**
At 31 March 2012	**–**	**–**	**–**

	2011		
	Liability component of the Bonds	Equity component of the 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

The effective interest rate of the Bonds was 10.4% per annum. In the prior year, the fair value of the liability component of the Bonds was estimated using an equivalent market interest rate for a similar bond. The fair value of the outstanding Bonds was approximately HK$110 million at 31 March 2011. The outstanding Bonds were fully redeemed during the year.

33. SHARE CAPITAL

	2012	2011
	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

34. 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

	Note	**Share premium account**	**Retained profits**	**Total**
		HK$'000	*HK$'000*	*HK$'000*
At 1 April 2010		267,569	466,518	734,087
Total comprehensive income for the year		–	80,578	80,578
Proposed final 2011 dividend	*12*	–	(27,568)	(27,568)
At 31 March 2011 and 1 April 2011		267,569	519,528	787,097
Total comprehensive income for the year		–	75,325	75,325
Proposed final 2012 dividend	*12*	–	(27,568)	(27,568)
At 31 March 2012		**267,569**	**567,285**	**834,854**

35. BUSINESS COMBINATION

In the prior year, on 21 April 2010, the Group acquired a 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	*16*	210,227
Prepayments, deposits, and other receivables		246
Cash and bank balances		11,562
Trade payable and accrued liabilities		(3,570)
Interest-bearing bank borrowings		(43,590)
Deferred tax liabilities	*21*	(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 values of other receivables as at the date of acquisition amounted to HK$213,000. The gross contractual amounts of other receivables were HK$213,000, of which none was expected to be uncollectible.

The Group incurred transaction costs of HK$236,000 for this acquisition. These transaction costs had been expensed and were included in administrative expenses in the consolidated income statement for the year ended 31 March 2011.

35. BUSINESS COMBINATION *(Continued)*

An analysis of the cash flows in respect of the acquisition of subsidiaries was 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 the 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 last year, the revenue of the Group and the profit of the Group for the year ended 31 March 2011 would have been HK$355,969,000 and HK$475,898,000, respectively.

36. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Major non-cash transactions

Certain additions of properties held for sale under development and properties held for sale of HK$57,188,000 (2011: Nil) were not paid at the end of the reporting period and were recorded as accrued liabilities.

37. CONTINGENT LIABILITIES

As at 31 March 2012, the Group has given guarantees of HK$153,169,000 (2011: HK$306,671,000) 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 of the Company 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 2012 and 2011 for the guarantees.

38. PLEDGE OF ASSETS

Details of the Group's bank loans, which are secured by the assets of the Group, are included in note 31 to the financial statements.

39. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases certain of its investment 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 2012, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	Group	
	2012	2011
	HK$'000	*HK$'000*
Commitments from third parties:		
Within one year	**91,916**	55,944
In the second to fifth years, inclusive	**224,494**	153,397
After five years	**417,594**	433,934
	734,004	643,275
Commitments from a related company:		
Within one year	**10,881**	4,346
In the second to fifth years, inclusive	**2,634**	7,638
	13,515	11,984

Details of the lease arrangement with the related company are included in note 41(a)(iv) to the consolidated financial statements.

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 31(a)(iv).

At the end of the reporting period, the Company had no operating lease arrangements as lessor (2011: Nil).

39. 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 2012, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group	
	2012	2011
	HK$'000	*HK$'000*
Within one year	**10,206**	11,932
In the second to fifth years, inclusive	**4,914**	8,987
	15,120	20,919

The Company had no operating lease commitments at the end of the reporting period (2011: Nil).

40. CAPITAL COMMITMENTS

In addition to the operating lease commitments detailed in note 39(b) above, the Group had the following capital commitments at the end of the reporting period:

	Group	
	2012	2011
	HK$'000	*HK$'000*
Contracted, but not provided for:		
Property development expenditure	**863,837**	524,445

The Company did not have any significant capital commitments at the end of the reporting period (2011: Nil).

41. RELATED PARTY TRANSACTIONS

(a) In addition to those transactions disclosed elsewhere in these financial statements, the Group had the following related party transactions during the year:

		Group	
		2012	2011
	Notes	***HK$'000***	*HK$'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)*	**9**	58
Interest income on a promissory note due from an associate	*(iii)*	**–**	1,482
Rental income received from a related company	*(iv)*	**11,092**	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 also 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 a 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.

41. RELATED PARTY TRANSACTIONS *(Continued)*

(b) Outstanding balances with related parties

As disclosed in the statements of financial position, the Group and the Company have outstanding balances with the Company's subsidiaries, jointly-controlled entities, and a related company as at the end of the reporting period. Particulars of the terms of the balances with subsidiaries, jointly-controlled entities and a related company are set out in notes 18, 20 and 30, respectively, to the financial statements.

(c) Compensation of key management personnel of the Group

	2012	2011
	HK$'000	*HK$'000*
Short term employee benefits	**20,932**	18,614
Post-employment benefits	**138**	134
	21,070	18,748

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

42. FINANCIAL INSTRUMENTS BY CATEGORY

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

2012 **Group**

Financial assets

	Financial assets at fair value through profit or loss HK$'000	Loans and receivables HK$'000	Total HK$'000
Loan receivables	–	2,510	2,510
Equity investments at fair value through profit or loss	54,039	–	54,039
Trade and bills receivables	–	13,144	13,144
Financial assets included in prepayments, deposits and other receivables *(note 27)*	–	35,425	35,425
Amount due from a related company	–	417	417
Pledged deposits	–	120,371	120,371
Cash and cash equivalents	–	979,176	979,176
	54,039	1,151,043	1,205,082

2012 **Group**

Financial liabilities

	Financial liabilities at amortised cost HK$'000
Financial liabilities included in trade payables and accrued liabilities	162,191
Financial liabilities included in customer deposits	22,247
Interest-bearing bank borrowings	2,990,162
	3,174,600

42. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

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 27)*	–	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

42. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

2012 **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	53,586	–	53,586
Financial assets included in prepayments, deposits and other receivables *(note 27)*	–	118	118
Amounts due from subsidiaries	–	98,394	98,394
Cash and cash equivalents	–	80,832	80,832
	53,586	179,344	232,930

2012 **Company**

Financial liabilities

	Financial liabilities at amortised cost *HK$'000*
Financial liabilities included in trade payables and accrued liabilities	4,037
Interest-bearing bank borrowings	147,000
	151,037

42. FINANCIAL INSTRUMENTS BY CATEGORY *(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 27)*	–	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

43. 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	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Financial assets				
Loan receivables	**2,510**	1,608	**2,510**	1,608
Equity investments at fair value through profit or loss	**54,039**	51,061	**54,039**	51,061
Trade and bills receivables	**13,144**	24,877	**13,144**	24,877
Financial assets included in prepayments, deposits and other receivables	**35,425**	39,773	**35,425**	39,773
Amount due from a related company	**417**	396	**417**	396
Amounts due from jointly-controlled entities	**–**	31	**–**	31
Pledged deposits	**120,371**	96,974	**120,371**	96,974
Cash and cash equivalents	**979,176**	1,029,076	**979,176**	1,029,076
	1,205,082	1,243,796	**1,205,082**	1,243,796
Financial liabilities				
Financial liabilities included in trade payables and accrued liabilities	**162,191**	102,469	**162,191**	102,469
Financial liabilities included in customer deposits	**22,247**	16,414	**22,247**	16,414
Convertible bonds	**–**	108,355	**–**	109,615
Interest-bearing bank borrowings	**2,990,162**	2,363,489	**2,990,162**	2,363,489
	3,174,600	2,590,727	**3,174,600**	2,591,987

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

Company

	Carrying amounts		Fair values	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Financial assets				
Equity investments at fair value through profit or loss	**53,586**	50,591	**53,586**	50,591
Financial assets included in prepayments, deposits and other receivables	**118**	123	**118**	123
Amounts due from subsidiaries	**98,394**	62,805	**98,394**	62,805
Cash and cash equivalents	**80,832**	9,151	**80,832**	9,151
	232,930	122,670	**232,930**	122,670
Financial liabilities				
Financial liabilities included in trade payables and accrued liabilities	**4,037**	1,087	**4,037**	1,087
Interest-bearing bank borrowings	**147,000**	72,000	**147,000**	72,000
	151,037	73,087	**151,037**	73,087

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.

The fair values of 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 and a related company approximate to their carrying amounts largely due to the short term maturities of these instruments.

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

The fair values of the loan receivables and interest-bearing bank borrowings 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 was 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 2012 and 2011, 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 (2011: Nil).

The Group and the Company did not have any financial liabilities measured at fair value as at 31 March 2012 (2011: Nil).

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments include 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, 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.

44. 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. 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 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. It is the Group's policy to monitor foreign exchange exposure and to make use of appropriate hedging measures when required. Approximately 91% (2011: 78%) 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*
2012		
If Hong Kong dollar weakens against CAD	**5**	**1**
If Hong Kong dollar strengthens against CAD	**5**	**(1)**
If Hong Kong dollar weakens against Euro	**5**	**250**
If Hong Kong dollar strengthens against Euro	**5**	**(250)**
If Hong Kong dollar weakens against RMB	**5**	**(4,518)**
If Hong Kong dollar strengthens against RMB	**5**	**4,518**
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

44. 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 25) as at 31 March 2012. 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	Increase in profit after tax	Increase in equity*
	HK$'000	*HK$'000*	*HK$'000*
2012			
Investments listed in:			
Hong Kong – held-for-trading	**54,039**	**5,404**	**–**
2011			
Investments listed in:			
Hong Kong – held-for-trading	51,061	5,106	–

* *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 31 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.

44. 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$320,000 (2011: HK$463,000).

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit after tax and equity *HK$'000*
2012		
Hong Kong dollar	**100**	**(20,151)**
RMB	**50**	**(181)**
Hong Kong dollar	**(100)**	**20,151**
RMB	**(50)**	**181**
2011		
Hong Kong dollar	100	(15,370)
RMB	50	(263)
Hong Kong dollar	(100)	15,370
RMB	(50)	263

44. 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, 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 37 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 26 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. 34% (2011: 38%) of the Group's debts, which comprise interest-bearing borrowings and convertible bonds, would mature in less than one year as at 31 March 2012 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, 27% (2011: 29%) of the Group's debts would mature in less than one year.

44. 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

			2012		
	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	**4,637**	**157,554**	**–**	**–**	**162,191**
Financial liabilities included in customer deposits	**22,247**	**–**	**–**	**–**	**22,247**
Interest-bearing bank borrowings	**465,400**	**609,560**	**855,294**	**1,197,706**	**3,127,960**
Guarantees given to banks in respect of mortgage facilities granted to certain purchasers of the Group's properties	**153,169**	**–**	**–**	**–**	**153,169**
	645,453	**767,114**	**855,294**	**1,197,706**	**3,465,567**

			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

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

Company

		2012	
	On demand	**Less than 3 months**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
Financial liabilities included in trade payables and accrued liabilities	**4,037**	**–**	**4,037**
Interest-bearing bank borrowings	**119,000**	**28,050**	**147,050**
	123,037	**28,050**	**151,087**

		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

In respect of interest-bearing bank borrowings of HK$465,400,000 (2011: 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 agreements. 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 2012 for the interest-bearing bank borrowings in respect of the Group are, HK$879,784,000 (2011: HK$663,883,000) within one year, HK$868,485,000 (2011: HK$501,089,000) in the second year and HK$1,410,112,000 (2011: HK$1,357,832,000) beyond two years.

44. 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. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2012 and 2011.

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

	2012 ***HK$'000***	2011 *HK$'000*
Interest-bearing bank borrowings	**2,990,162**	2,363,489
Convertible bonds, the liability component	**–**	108,355
Less: Cash and cash equivalents and pledged deposits	**(1,099,547)**	(1,126,050)
Net interest-bearing debts	**1,890,615**	1,345,794
Equity attributable to owners of the Company	**2,582,425**	2,391,343
Non-controlling interests	**2,148,385**	2,002,129
Equity attributable to owners of the Company and non-controlling interests	**4,730,810**	4,393,472
Gearing ratio	**40%**	31%

45. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 19 June 2012.

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				
	2012	2011	2010	2009	2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
RESULTS					
CONTINUING OPERATIONS					
REVENUE	**1,059,030**	354,859	1,042,234	491,232	1,590,667
Profit before tax	**381,075**	604,659	591,291	148,082	551,492
Tax charge	**(104,322)**	(129,068)	(114,214)	(43,684)	(83,519)
Profit for the year from continuing operations	**276,753**	475,591	477,077	104,398	467,973
DISCONTINUED OPERATION					
Loss for the year from a discontinued operation	**–**	–	–	–	(7,239)
PROFIT FOR THE YEAR	**276,753**	475,591	477,077	104,398	460,734
Attributable to:					
Owners of the Company	**121,868**	263,278	276,291	73,533	234,305
Non-controlling interests	**154,885**	212,313	200,786	30,865	226,429
	276,753	475,591	477,077	104,398	460,734

	As at 31 March				
	2012	2011	2010	2009	2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS					
TOTAL ASSETS	**8,506,236**	8,176,436	6,544,480	5,735,367	5,793,752
TOTAL LIABILITIES	**(3,775,426)**	(3,782,964)	(2,695,684)	(2,319,591)	(2,428,332)
NET ASSETS	**4,730,810**	4,393,472	3,848,796	3,415,776	3,365,420
NON-CONTROLLING INTERESTS	**(2,148,385)**	(2,002,129)	(1,763,389)	(1,588,178)	(1,607,413)
SHAREHOLDERS' FUNDS	**2,582,425**	2,391,343	2,085,407	1,827,598	1,758,007

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 19 June 2012)	Estimated completion date	Attributable interest of the Group *(%)*
MAINLAND CHINA						
1. Metropolitan 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 comprising (i) completed 71 town houses of ~18,000 sq.m. (ii) construction of high-rise apartments of ~121,000 sq.m. in progress	 – 2014	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.)	Phases 1 & 2 totalling ~92,000 sq.m. – Completed Phase 3 of ~70,000 sq.m. – Foundation works to be commenced soon	– –	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.)	Substructure 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 *(sq.m./sq.ft.)*	Gross floor area *(sq.m./sq.ft.)*	Development progress (up to 19 June 2012)	Estimated completion date	Attributable interest of the Group *(%)*
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.)	Substructure works in progress	2013	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 *(sq.m./sq.ft.)*	Car parking spaces	Attributable interest of the Group *(%)*
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
10. Botanica Phases 1 & 2 (寶翠園一及二期) Tian He District Guangzhou Guangdong Province	Commercial	5 ground floor shops	257 sq.m. (2,765 sq.ft.)	124	60

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					
11. 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 and commercial	20,308 sq.m. (218,514 sq.ft.)	158 hotel rooms	Medium term lease	100
12. 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
13. 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
14. 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					
15. Hon Kwok Jordan Centre (漢國佐敦中心) 5, 7 & 7A Hillwood Road Tsim Sha Tsui Kowloon	Commercial/ Office	62,127 sq.ft.	–	Medium term lease	100
16. The Bauhinia (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
17. 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			
18. Provident Centre (和富中心) 21-53 Wharf Road North Point Hong Kong	32	Long term lease	100
19. Lido Garden (麗都花園) 41-63 Castle Peak Road Sham Tseng Tsuen Wan New Territories	36	Medium term lease	100
20. 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, 23 August 2012 at 4:30 p.m. for the following purposes:

1. To receive and consider the audited financial statements, the report of the directors and the independent auditors' report for the year ended 31 March 2012.

2. To declare a final dividend for the year ended 31 March 2012.

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

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

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, 27 July 2012

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.