THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Chinney Investments, Limited**, you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

建業實業有限公司

Chinney Investments, Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 216)

MAJOR TRANSACTION

ISSUING OF GUARANTEE IN RELATION TO THE DISPOSAL OF SUBSIDIARIES BY A JOINTLY-CONTROLLED ENTITY

11 November 2009

CONTENTS

Page

In this circular, unless the context otherwise requires, the following expressions have the meanings as set out below:

"Agreement"	the share transfer agreement dated 17 August 2009 entered into between Pride Champion, as vendor, and XingWu, as purchaser, for the Disposal
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of directors of the Company
"Chinney Alliance"	Chinney Alliance Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
"Chinney Holdings"	Chinney Holdings Limited, a company incorporated in Hong Kong with limited liability, which is the holding company of the Company holding approximately 57.80% of the issued share capital of the Company as at the Latest Practicable Date
"Company"	Chinney Investments, Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange and which is the holding company of Hon Kwok
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Directors"	the directors of the Company
"Disposal"	the disposal of the entire issued share capital of Rich Central together with the assignment of related shareholder's loan by Pride Champion at an aggregate cash consideration of HK$250,000,000
"Group"	the Company and its subsidiaries
"Guangzhou Hua Yin"	Guangzhou Hua Yin Land Development Co., Ltd. (廣州華銀房地產開發有限公司), a company incorporated in PRC with limited liability and is an indirect wholly-owned subsidiary of Hon Kwok
"Guarantee"	the guarantee dated 30 September 2009 executed by Guangzhou Hua Yin in favour of XingWu to guarantee certain warranties given by Pride Champion under the Agreement
"Hon Kwok"	Hon Kwok Land Investment Company, Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Stock Exchange

"Hon Kwok China"	Hon Kwok Land Investment (China) Limited, a company incorporated in Hong Kong with limited liability and is a direct wholly-owned subsidiary of Hon Kwok
"Hon Kwok Group"	Hon Kwok and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"JV Partner"	a joint venture partner who is holding 50% shareholding interests in Pride Champion
"Latest Practicable Date"	6 November 2009, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Lucky Year"	Lucky Year Finance Limited, a company incorporated in the British Virgin Islands with limited liability
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers
"PRC"	the People's Republic of China
"Pride Champion"	Pride Champion Limited, a company incorporated in the British Virgin Islands with limited liability and is jointly-owned as to 50% by the Hon Kwok Group and 50% by the JV Partner
"Property"	a development site located at 459-471 Longjinzhong Road, Sansheng Sihang, Wuhang and Fushifang, Li Wan District, Guangzhou, PRC (中國廣州市荔灣區龍津中路459-471號，三聖四巷，五巷，福施坊)
"Rich Central"	Rich Central Limited, a company incorporated in the British Virgin Islands with limited liability
"Rich Central Group"	Rich Central and its subsidiaries
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Law of Hong Kong)
"Shareholder(s)"	shareholders of the Company

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"XingWu"	XingWu Investment Co., Ltd., a company incorporated in the British Virgin Islands with limited liability

For illustration purpose, RMB has been translated into HK$ at the exchange rate of HK$1.00 = RMB0.88. Such translation should not be construed as a representation that any amounts in RMB or HK$ have been, could have been, or could be, converted at the above rate or any other rates or at all.

建業實業有限公司
Chinney Investments, Limited
(Incorporated in Hong Kong with limited liability)
(Stock Code: 216)

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

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

* *Independent non-executive directors*

11 November 2009

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION

ISSUING OF GUARANTEE IN RELATION TO THE DISPOSAL OF SUBSIDIARIES BY A JOINTLY-CONTROLLED ENTITY

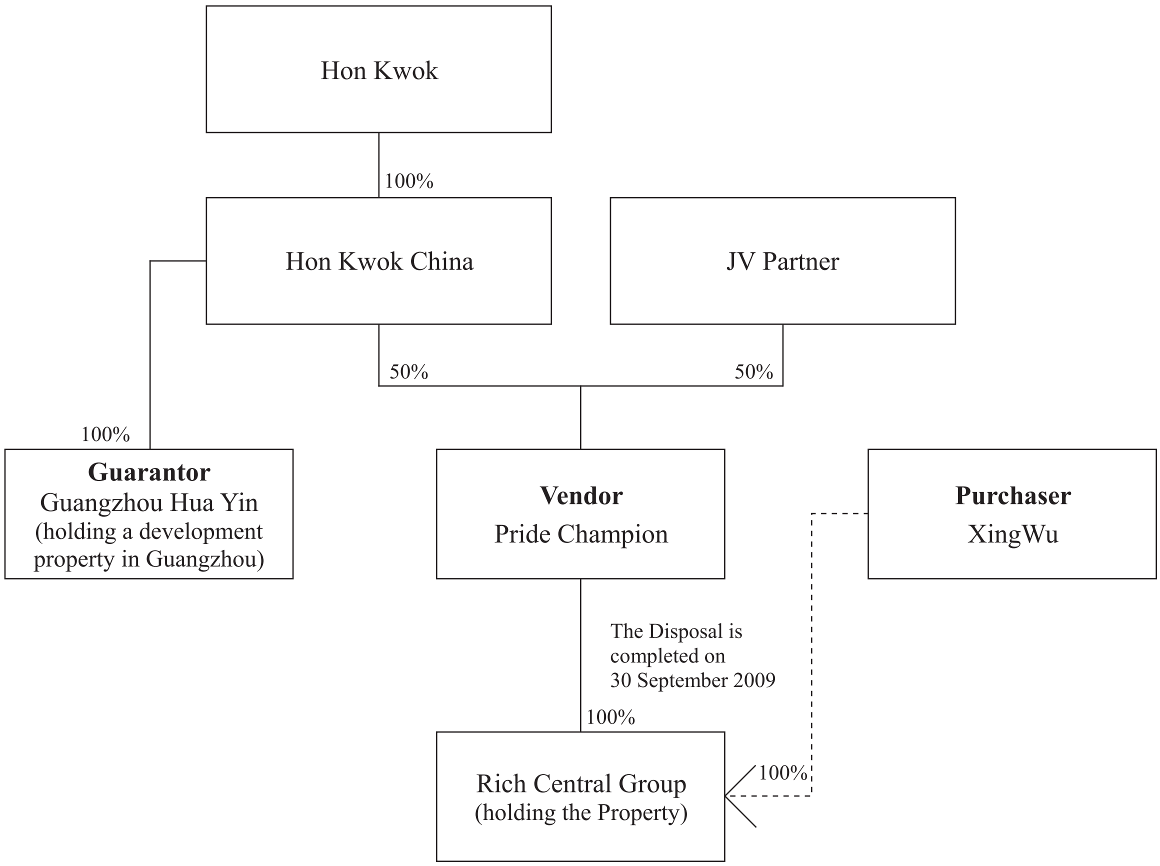
INTRODUCTION

Pursuant to the announcement dated 30 September 2009, the directors of the Company and Hon Kwok jointly announced that on 17 August 2009, Pride Champion (an indirect jointly-controlled entity of Hon Kwok), as vendor, had entered into the Agreement with XingWu, as purchaser, for the sale and purchase of the entire issued share capital of Rich Central together with the assignment of related shareholder's loan at an aggregate cash consideration of HK$250,000,000 and upon completion of the Agreement on 30 September 2009, Guangzhou Hua Yin (an indirect wholly-owned subsidiary of Hon Kwok), as guarantor, had executed the Guarantee in favour of XingWu, as purchaser, to guarantee certain warranties given by Pride Champion, as vendor, under the Agreement.

The Guarantee constitutes a major transaction for the Company under the Listing Rules. The purpose of this circular is to provide you with further information regarding the Guarantee in compliance with the requirements of the Listing Rules.

THE GUARANTEE

Pursuant to the Agreement, Guangzhou Hua Yin, as guarantor, had executed the Guarantee in favour of XingWu upon completion of the Agreement.



1. **Date of the Guarantee**

   30 September 2009

2. **Parties of the Guarantee**

   Guarantor : Guangzhou Hua Yin, an indirect wholly-owned subsidiary of Hon Kwok

   Purchaser : XingWu

3. **Information of the Disposal**

   Pride Champion is jointly-owned as to 50% by the Hon Kwok Group and 50% by the JV Partner, the attributable share of consideration received by the Hon Kwok Group for the Disposal is HK$125,000,000.

   Rich Central is a wholly-owned subsidiary of Pride Champion and the sole asset of significance of the Rich Central Group is the Property, which is a development site located at 459-471 Longjinzhong Road, Sansheng Sihang, Wuhang and Fushifang, Li Wan District, Guangzhou, PRC (中國廣州市荔灣區龍津中路459-471號，三聖四巷，五巷，福施坊) with a site area of approximately 4,362 square metres.

In the books of the Rich Central Group, the carrying value of the Property as at 31 March 2009 was approximately RMB96,185,000 (equivalent to approximately HK$109,301,000). The net assets value of the Rich Central Group and the related shareholder's loan as at 31 March 2009 was approximately HK$14,679,000 and HK$92,344,000 respectively. At the date of completion of the Agreement, the total amount of the shareholder's loan owed by Rich Central to Pride Champion is approximately HK$92,389,000.

The audited net loss before and after tax attributable to the Rich Central Group for the year ended 31 March 2008 were both approximately HK$32,000. The audited net loss before and after tax attributable to the Rich Central Group for the year ended 31 March 2009 were both approximately HK$1,882,000.

After completion of the Disposal on 30 September 2009, the Hon Kwok Group and the JV Partner both ceased to have any interests in Rich Central.

4. Terms of the Guarantee

The Guarantee is valid for a period of six months from the date of completion of the Agreement on 30 September 2009. The maximum liability under the Guarantee will not be greater than the consideration of HK$250,000,000 received by Pride Champion under the Agreement. The holding company of the JV Partner is a private investment fund with substantial assets and it has provided a counter indemnity to Guangzhou Hua Yin for 50% of any loss suffer by Guangzhou Hua Yin pursuant to the Guarantee.

XingWu may only claim either under the Agreement or the Guarantee but not both. Pursuant to the terms of the Guarantee, XingWu is obliged to first claim against Pride Champion under the Agreement before having recourse to Guangzhou Hua Yin in the event of a claim.

5. Consideration for Issuing the Guarantee

Other than the counter indemnity received from the holding company of the JV Partner, Guangzhou Hua Yin received no consideration for issuing the Guarantee on completion of the Agreement.

REASON AND BENEFIT

The directors of Hon Kwok believe that the Disposal represents a good opportunity for Pride Champion to realize its investment in the Property at an attractive return. The Disposal will further strengthen the financial position of the Hon Kwok Group and enhance its cashflow.

XingWu noticed that Guangzhou Hua Yin owns a development property in Guangzhou and the listing status of Hon Kwok and thus it requested Guangzhou Hua Yin to issue the Guarantee in favour of it upon completion of the Agreement.

The Directors believe that the Disposal is on normal commercial terms and is in the ordinary and usual course of business of Hon Kwok. The issuing of the Guarantee is on normal commercial terms and is fair and reasonable and in the interests of the Shareholders as a whole.

FINANCIAL EFFECT

Based on the unaudited financial statements of Pride Champion as at 31 August 2009, it is expected that the Hon Kwok Group will realize an overall gain before tax of approximately HK$77 million which is calculated by comparing the attributable share of the share consideration less the attributable share of the net assets value of the Rich Central Group as at 31 August 2009. The attributable share of consideration received by the Hon Kwok Group is to be retained as general working capital.

Based on the Company's shareholding interest of 54.37% in Hon Kwok, the financial effect of the Disposal on the Group is expected to be (a) a decrease in non-current assets of approximately HK$8 million; (b) an increase in current assets of approximately HK$77 million; (c) a decrease in exchange reserve of approximately HK$4 million; (d) an increase in minority interest of approximately HK$31 million; and (e) an increase in profit attributable to equity holders of the Company of approximately HK$42 million.

There is no material financial effect on the Hon Kwok Group and the Group for the issuing of the Guarantee.

IMPLICATION OF THE LISTING RULES

In accordance with the Listing Rules, the Disposal does not amount to a notifiable transaction of the Company but the issuing of the Guarantee constitutes a major transaction for the Company as the applicable percentage ratios exceed 25% but less than 75%.

As XingWu is an independent third party of the Company, no Shareholder is required to abstain from voting in the general meeting of the Company for approving the Guarantee. The Company has obtained from Chinney Holdings, which holds 57.80% of the issued share capital of the Company as at the Latest Practicable Date, written approval of the Guarantee. Pursuant to Rule 14.44 of the Listing Rules, the Guarantee, which constitutes a major transaction for the Company, has been approved by way of written shareholders' approval in lieu of holding a general meeting of the Company.

INFORMATION ON THE COMPANY

The Company is an investment holding company. Its subsidiaries (excluding the Hon Kwok Group) are mainly engaged in garment manufacturing and trading and general investment.

As at the Latest Practicable Date, Chinney Holdings is holding 318,675,324 shares of the Company, representing approximately 57.80% of its issued share capital.

INFORMATION ON HON KWOK

Hon Kwok is an investment holding company. Its subsidiaries are mainly engaged in property development, property investment and property related businesses.

As at the Latest Practicable Date, the Company is holding 261,112,553 shares of Hon Kwok, representing approximately 54.37% of its issued share capital.

INFORMATION ON XINGWU

XingWu is a company incorporated in the British Virgin Islands with limited liability and is an investment holding company.

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiry, XingWu and its ultimate beneficial owners are independent third parties of the Company and are not connected persons of the Company.

GENERAL

You attention is drawn to the appendices to this circular which contain certain additional information in relation to the Company.

Yours faithfully,
By Order of the Board
James Sai-Wing Wong
Chairman

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP FOR EACH OF THE THREE YEARS ENDED 31 MARCH 2007, 2008 AND 2009

The following is a summary of the consolidated financial information of the Group for each of the three years ended 31 March 2007, 2008 and 2009 as extracted from the relevant annual reports of the Company:

Results

	Year ended 31 March		
	2009	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*
CONTINUING OPERATIONS			
REVENUE	491,232	1,590,667	921,466
PROFIT BEFORE TAX	148,082	551,492	143,811
TAX	(43,684)	(83,519)	(63,125)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	104,398	467,973	80,686
DISCONTINUED OPERATION			
LOSS FOR THE YEAR FROM A DISCONTINUED OPERATION	–	(7,239)	(78,271)
PROFIT FOR THE YEAR	104,398	460,734	2,415
ATTRIBUTABLE TO:			
EQUITY HOLDERS OF THE COMPANY	73,533	234,305	(26,975)
MINORITY INTERESTS	30,865	226,429	29,390
	104,398	460,734	2,415

Assets, liabilities and minority interests

	At 31 March		
	2009	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*
TOTAL ASSETS	5,735,367	5,793,752	6,147,329
TOTAL LIABILITIES	(2,319,591)	(2,428,332)	(3,333,448)
MINORITY INTERESTS	(1,588,178)	(1,607,413)	(1,358,125)
	1,827,598	1,758,007	1,455,756

2. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR EACH OF THE TWO YEARS ENDED 31 MARCH 2008 AND 2009

The following is extracted from the text of the audited financial statements of the Group together with the accompanying notes contained on pages 40 to 119 of the annual report of the Company for the year ended 31 March 2009.

CONSOLIDATED INCOME STATEMENT
Year ended 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
CONTINUING OPERATIONS			
REVENUE	5	491,232	1,590,667
Cost of sales		(385,850)	(1,261,813)
Gross profit		105,382	328,854
Other income and gains	5	21,902	60,367
Fair value gains/(losses) on investment properties, net		(250,639)	381,304
Fair value gain on a completed property transferred to investment property		315,625	–
Fair value gains on properties held for sale transferred to investment properties		38,188	–
Gain on disposal of investment properties		22,252	15,550
Gain on disposal of subsidiaries		1,044	16,802
Excess over the cost of business combinations on acquisition of minority interests in subsidiaries	20	31,740	4,979
Fair value loss on equity investments at fair value through profit or loss		(24,430)	(3,810)
Selling and distribution costs		(29,234)	(38,929)
Administrative and other operating expenses		(89,078)	(130,429)
Finance costs	6	(33,159)	(91,478)
Share of profits and losses of:			
Associates		13,250	7,789
Jointly-controlled entities		25,239	493
PROFIT BEFORE TAX	7	148,082	551,492
Tax	10	(43,684)	(83,519)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		104,398	467,973
DISCONTINUED OPERATION			
Loss for the year from a discontinued operation	12	–	(7,239)
PROFIT FOR THE YEAR		104,398	460,734

	Notes	2009 HK$'000	2008 HK$'000
Attributable to:			
Equity holders of the Company	11	73,533	234,305
Minority interests		30,865	226,429
		104,398	460,734
DIVIDEND – proposed final	13	22,055	22,055
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	14		
Basic			
– For profit for the year		13.34 HK cents	42.50 HK cents
– For profit from continuing operations		13.34 HK cents	43.62 HK cents
Diluted			
– For profit for the year		12.88 HK cents	39.51 HK cents
– For profit from continuing operations		12.88 HK cents	40.64 HK cents

BALANCE SHEETS
31 March 2009

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

		Group		Company	
		2009	2008	2009	2008
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
CURRENT LIABILITIES					
Trade payables and accrued liabilities	*32*	192,575	204,498	4,477	4,846
Customer deposits		76,191	38,528	–	–
Amount due to a related company	*33*	–	44	–	–
Amounts due to the immediate holding company	*33*	40,000	–	40,000	–
Amounts due to subsidiaries	*20*	–	–	10,000	72,070
Amounts due to minority shareholders	*31*	–	17,155	–	–
Tax payable		64,756	63,599	–	–
Interest-bearing bank borrowings	*34*	522,091	780,199	143,000	124,000
Total current liabilities		895,613	1,104,023	197,477	200,916
NET CURRENT ASSETS/ (LIABILITIES)		275,699	316,409	(96,825)	(47,824)
TOTAL ASSETS LESS CURRENT LIABILITIES		4,839,754	4,689,729	847,465	843,957
NON-CURRENT LIABILITIES					
Interest-bearing bank borrowings	*34*	872,227	851,267	–	–
Promissory note payable	*35*	20,000	–	–	–
Convertible bonds	*36*	299,475	279,980	–	–
Deferred tax liabilities	*23*	232,276	193,062	–	–
Total non-current liabilities		1,423,978	1,324,309	–	–
Net assets		3,415,776	3,365,420	847,465	843,957
EQUITY					
Equity attributable to equity holders of the Company					
Issued capital	*37*	137,842	137,842	137,842	137,842
Reserves	*38*	1,667,701	1,598,110	687,568	684,060
Proposed final dividend	*13*	22,055	22,055	22,055	22,055
		1,827,598	1,758,007	847,465	843,957
Minority interests		1,588,178	1,607,413	–	–
Total equity		3,415,776	3,365,420	847,465	843,957

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2009

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

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

* *These reserve accounts comprise the consolidated reserves of HK$1,667,701,000 (2008: HK$1,598,110,000) in the consolidated balance sheet.*

CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax:			
From continuing operations		148,082	551,492
From a discontinued operation	12	–	(6,159)
Adjustments for:			
Share of profits and losses of associates and jointly-controlled entities		(38,489)	(8,282)
Interest income	5	(5,910)	(13,967)
Finance costs	6	33,159	95,350
Depreciation	7	6,868	21,892
Amortisation of prepaid land lease payments	7	471	436
Gain on disposal of subsidiaries	39	(1,044)	(16,802)
Excess over the cost of business combinations on acquisition of minority interests in subsidiaries	20	(31,740)	(4,979)
Fair value losses/(gains) of investment properties, net		250,639	(384,804)
Fair value gains on properties held for sale transferred to investment properties	7	(38,188)	–
Fair value gain on a completed property transferred to investment property	7	(315,625)	–
Gain on disposal of items of property, plant and equipment	7	(169)	(3,960)
Fair value loss on equity investments at fair value through profit or loss	7	24,430	3,810
Write-off of negative minority interests	7	–	3,000
Gain on disposal of investment properties	7	(22,252)	(15,550)
Impairment of trade receivables	7	815	7,295
Impairment of other receivable	7	–	10,524
Release of exchange fluctuation reserve upon return of investment of a foreign subsidiary	7	–	(28,515)
		11,047	210,781
Increase in properties under development		(175,617)	(249,621)
Decrease/(increase) in inventories		2,097	(870)
Decrease/(increase) in properties held for sale		(27,895)	919,311
Increase in gross amounts due from customers for contract work		–	(2,022)
Decrease in retention monies receivable		–	2,843
Decrease in loan receivables, trade and bills receivables, prepayments, deposits and other receivables		22,380	16,126
Decrease/(increase) in amounts due from related companies		1,062	(13,159)
Decrease in trade payables and accrued liabilities		(90,071)	(56,749)
Decrease in gross amounts due to customers for contract work		–	(5,429)
Increase/(decrease) in customer deposits		37,663	(176,643)
Increase/(decrease) in amount due to a related company		(44)	6,954
Cash generated from/(used in) operations		(219,378)	651,522
Hong Kong profits tax paid		(6,577)	(4,676)
Overseas taxes paid		(8,087)	(65,735)
Net cash inflow/(outflow) from operating activities		(234,042)	581,111

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2009

1. CORPORATE INFORMATION

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

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

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

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

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

2.1 BASIS OF PREPARATION

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2009. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All income, expenses and unrealised gains and losses resulting from intercompany transactions and intercompany balances within the Group are eliminated on consolidation in full.

Minority interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Company's subsidiaries. An acquisition of minority interests is accounted for using the parent entity extension method whereby the difference between the consideration and the book value of the share of the net assets acquired is recognised as goodwill.

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted the following new interpretations and amendments to HKFRSs for the first time for the current year's financial statements.

HKAS 39 and HKFRS 7 Amendments	Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement* and HKFRS 7 *Financial Instruments: Disclosures – Reclassification of Financial Assets*
HK(IFRIC)-Int 12	*Service Concession Arrangements*
HK(IFRIC)-Int 14	*HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

The adoption of these new interpretations and amendments has had no significant financial effect on these financial statements and there have been no significant changes to the accounting policies applied in these financial statements.

2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

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

1 Effective for annual periods beginning on or after 1 January 2009

2 Effective for annual periods beginning on or after 1 July 2009

3 Effective for annual periods beginning on or after 1 July 2008

4 Effective for annual periods beginning on or after 1 October 2008

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

6 Effective for transfers of assets from customers received on or after 1 July 2009

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

* *Improvements to HKFRSs* contains amendments to HKFRS 2, HKFRS 5, HKFRS 7, HKFRS 8, HKAS 1, HKAS 7, HKAS 8, HKAS 10, HKAS 16, HKAS 17, HKAS 18, HKAS 19, HKAS 20, HKAS 23, HKAS 27, HKAS 28, HKAS 29, HKAS 31, HKAS 34, HKAS 36, HKAS 38, HKAS 39, HKAS 40, HKAS 41, HK(IFRIC) – Int 9 and HK(IFRIC) – Int 16.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, it anticipates that while the adoption of HKFRS 8 and HKAS 1 (Revised) may result in new or amended disclosures and the adoption of HKFRS 3 (Revised), HKAS 27 (Revised) and HKAS 23 (Revised) may result in changes in accounting policies, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

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

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

Joint ventures

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

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

A joint venture is treated as:

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

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

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

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

Jointly-controlled entities

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

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

Associates

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

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

Goodwill

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

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

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

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

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

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

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

Goodwill previously eliminated against consolidated retained profits

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

Excess over the cost of business combinations

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

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

Impairment of non-financial assets other than goodwill

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

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

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

Related parties

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

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

(b) the party is an associate;

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

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

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

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

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

Property, plant and equipment and depreciation

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

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

Leasehold land and buildings	2% to 5% or over the unexpired term of the leases, whichever is shorter
Leasehold improvements	20% or over the unexpired term of the leases, whichever is shorter
Plant and machinery	10% to 30%
Motor vehicles	20% to 30%
Furniture, fixtures and equipment	20% to 33⅓%

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 balance sheet date.

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

Properties under development

Properties under development are stated at cost and include the cost of land, construction, financing and other related expenses, less any impairment losses. Impairment is assessed by the directors with reference to prevailing market prices, on an individual property basis.

Investment properties

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

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

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

When the Group completes the construction or development of a self-constructed investment property, any difference between the fair value of the property at the completion date and its previous carrying amount is recognised in the income statement.

Properties held for sale

Properties held for sale, consisting of completed properties and properties under development in respect of which the Group has established pre-sale programmes, are classified under current assets and are stated at the lower of cost and net realisable value. Cost includes all development expenditure, applicable borrowing costs and other direct costs attributable to such properties. Net realisable value is determined by reference to management estimates according to prevailing market conditions, on an individual property basis.

Leases

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

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

Financial assets

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

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

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

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

Financial assets at fair value through profit or loss

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

Loans and receivables

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

Fair value

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

Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the impairment loss is recognised in the income statement. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

In relation to trade and other receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor and significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor) that the Group will not be able to collect all of the amounts due under the original terms of an invoice. The carrying amount of the receivables is reduced through the use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

Derecognition of financial assets

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

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

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

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

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

Financial liabilities including trade and other payables and interest-bearing bank borrowings, convertible bonds, amounts due to minority shareholders, amount due to a related company, promissory note payable and customer deposits, are initially stated at fair value less directly attributable transaction costs and are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. The related interest expense is recognised within "Finance costs" in the income statement.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

Financial guarantee contracts

Financial guarantee contracts in the scope of HKAS 39 are accounted for as financial liabilities. A financial guarantee contract is recognised initially at its fair value less transaction costs that are directly attributable to the acquisition or issue of the financial guarantee contract, except when such contract is recognised at fair value through profit or loss. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the balance sheet date; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 *Revenue*.

Convertible bonds

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

Derecognition of financial liabilities

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

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

Inventories

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

Cash and cash equivalents

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

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

Income tax

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

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

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

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

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

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

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

Revenue recognition

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

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

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

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

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

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

Employee benefits

Paid leave carried forward

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

Pension schemes

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

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

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. Where funds have been borrowed generally, and used for the purpose of obtaining qualifying assets, a capitalisation rate of 7.77% has been applied to the expenditure on the individual assets.

Dividends

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

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

Foreign currencies

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

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

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Operating lease commitments – Group as lessor

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

Classification between investment properties and properties held for sale

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

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

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Estimation uncertainty

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

Estimation of recoverable amounts of properties under development

The Group considers information from a variety of sources, including recent prices of similar properties in the same location and condition, with adjustments to reflect any changes in economic conditions since the date of transactions that occurred at those prices. Particulars of the properties under development held by the Group are set out in note 16 to the financial statements.

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

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

Estimation of fair value of investment properties

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

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

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

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

The principal assumptions for the Group's estimation of the fair value include those related to current market rents for similar properties in the same location and condition, appropriate discount rates, expected future market rents and future maintenance costs. Particulars of the investment properties held by the Group are set out in note 18 to the financial statements.

Current income taxes and deferred income taxes

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

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in note 23 to the financial statements.

4. SEGMENT INFORMATION

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

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

(a) the garment segment manufactures and trades garments;

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

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

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

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

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

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

(a) Business segments

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

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

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

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

	Year ended 31 March 2008							
	Continuing operations						Discontinued operation	
	Garment	Property development	Property investment	Others	Eliminations	Total	Construction	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Assets								
Segment assets	151,140	2,275,028	2,435,050	2,636,528	(2,666,648)	4,831,098	–	4,831,098
Interests in associates	–	–	–	106,132	–	106,132	–	106,132
Interests in jointly-controlled entities	–	70,455	–	–	–	70,455	–	70,455
Amounts due from jointly-controlled entities	–	159,417	–	–	–	159,417	–	159,417
Unallocated assets								626,650
Total assets								5,793,752
Liabilities								
Segment liabilities	43,340	1,317,561	1,134,520	158,074	(2,410,425)	243,070	–	243,070
Unallocated liabilities								2,185,262
Total liabilities								2,428,332
Other segment information:								
Capital expenditure	3,566	1,195	22	478	–	5,261	21,935	27,196
Fair value gains on investment properties, net	300	–	381,004	–	–	381,304	3,500	384,804
Release of exchange fluctuation reserve upon return of investment of a foreign subsidiary	–	(28,515)	–	–	–	(28,515)	–	(28,515)
Depreciation of property, plant and equipment	3,646	1,961	116	916	–	6,639	15,978	22,617
Amortisation of prepaid land ease payments	436	–	–	–	–	436	–	436
Gain on disposal of items of property, plant and equipment	–	–	–	–	–	–	(3,960)	(3,960)
Impairment of trade receivables	1,088	–	–	–	–	1,088	6,207	7,295
Impairment of other receivable	–	10,524	–	–	–	10,524	–	10,524

(b) Geographical segments

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

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

5. REVENUE, OTHER INCOME AND GAINS

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

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

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

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

6. FINANCE COSTS

	Group 2009	Group 2008
	HK$'000	*HK$'000*
Interest on bank loans, overdrafts and other loans (including convertible bonds) wholly repayable within five years	73,813	135,060
Interest on amounts due to related companies	–	452
Interest on finance leases	–	158
Total interest expense on financial liabilities not at fair value through profit or loss	73,813	135,670
Less: Interest capitalised under property development projects	(40,654)	(40,320)
	33,159	95,350
Attributable to a discontinued operation *(note 12)*	–	3,872
Attributable to continuing operations reported in the consolidated income statement	33,159	91,478
	33,159	95,350

7. PROFIT BEFORE TAX

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

	Group	
	2009	**2008**
	HK$'000	*HK$'000*
Cost of properties sold	110,129	964,744
Cost of inventories sold	230,070	247,364
Depreciation	6,868	22,617
Less: Amount capitalised in contract costs	–	(725)
	6,868	21,892
Amortisation of prepaid land lease payments	471	436
Minimum lease payments under operating leases on land and buildings*	20,200	18,701
Auditors' remuneration	2,782	3,714
Employee benefit expense (including directors' remuneration *(note 8)*):		
Wages, salaries, allowances and benefits in kind	76,719	139,930
Pension scheme contributions	2,473	3,159
	79,192	143,089
Less: Amounts capitalised in contract costs	–	(33,184)
Amount capitalised under property development projects	(8,179)	–
	71,013	109,905
Gross rental income included in the following categories:		
Rental income	(82,374)	(91,580)
Other income	(411)	(375)
	(82,785)	(91,955)
Less: Outgoing expenses**	45,651	44,493
	(37,134)	(47,462)
Fair value gain on a completed property transferred to investment property	(315,625)	–
Fair value gains on properties held for sale transferred to investment properties	(38,188)	–
Fair value losses/(gains) on investment properties, net	250,639	(381,304)
Gain on disposal of investment properties	(22,252)	(15,550)
Provision for/(write back of provision for) a claim	(5,426)	9,111
Interest income	(5,910)	(13,967)
Gain on disposal of items of property, plant and equipment	(169)	(3,960)
Fair value loss on equity investments at fair value through profit or loss	24,430	3,810
Impairment of trade receivables***	815	7,295
Write-off of negative minority interests	–	3,000
Release of exchange fluctuation reserve upon return of investment of a foreign subsidiary	–	(28,515)
Impairment of other receivable****	–	10,524

At the balance sheet date, the amount of forfeited pension scheme contributions available to the Group for future utilisation was not significant.

* *Included in the amount is rental expenses for carpark operations of HK$17,251,000 (2008: HK$14,619,000) which are included in "Cost of sales" on the face of the consolidated income statement.*

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

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

**** *The impairment of other receivable is included in "Administrative and other operating expenses" on the face of the consolidated income statement.*

8. DIRECTORS' REMUNERATION

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

	Group	
	2009	**2008**
	HK$'000	*HK$'000*
Fees	200	225
Other emoluments:		
Salaries, allowances and benefits in kind	5,730	5,970
Performance related bonuses*	3,000	2,000
	8,730	7,970
	8,930	8,195

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

(a) Independent non-executive directors

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

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

There were no other emoluments payable to the independent non-executive directors during the year (2008: Nil).

(b) Executive directors and non-executive directors

	Fees	Salaries, allowances and benefits in kind	Discretionary performance related bonuses	Pension scheme contributions	Total remuneration
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2009					
Executive directors:					
James Sai-Wing Wong	–	3,000	1,500	–	4,500
Herman Man-Hei Fung	–	2,730	1,500	–	4,230
	–	5,730	3,000	–	8,730
Non-executive directors:					
Madeline May-Lung Wong	–	–	–	–	–
William Chung-Yue Fan	50	–	–	–	50
	50	–	–	–	50
	50	5,730	3,000	–	8,780
2008					
Executive directors:					
James Sai-Wing Wong	–	3,000	1,000	–	4,000
Herman Man-Hei Fung	–	2,970	1,000	–	3,970
	–	5,970	2,000	–	7,970
Non-executive directors:					
Madeline May-Lung Wong	–	–	–	–	–
William Chung-Yue Fan	50	–	–	–	50
	50	–	–	–	50
	50	5,970	2,000	–	8,020

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

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two (2008: two) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining three (2008: three) non-director, highest paid employees for the year are set out below:

	Group	
	2009	**2008**
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	4,837	4,232
Performance related bonuses	6,400	6,052
Pension scheme contributions	254	241
	11,491	10,525

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

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

10. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. The lower Hong Kong profits tax rate is effective from the year of assessment 2008/2009, and so is applicable to the assessable profits arising in Hong Kong for the whole year ended 31 March 2009. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

Land appreciation tax has been calculated in conformity with the prevailing rules and practices on the Group's completed projects in Mainland China at progressive rates ranging from 30% to 60% on the appreciation of land value, net of deductibles. No applicable land appreciation tax has been provided during the year (2008: Nil).

	2009	**2008**
	HK$'000	*HK$'000*
Group:		
Current – Hong Kong		
Charge for the year	3,804	4,713
Underprovision/(overprovision) in prior years	319	(10)
Current – Elsewhere		
Charge for the year	2,897	47,021
Underprovision/(overprovision) in prior years	–	1,052
Deferred *(note 23)*	36,664	31,823
Total tax charge for the year	43,684	84,599

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

	Group	
	2009	**2008**
	HK$'000	*HK$'000*
Profit before tax	148,082	545,333
Tax at the statutory tax rate of 16.5% (2008: 17.5%)	24,434	95,433
Effect of different rates of companies operating in other jurisdictions	25,596	35,025
Adjustments in respect of current tax of previous periods	319	1,042
Effect on opening deferred tax of decrease in rates	(4,515)	–
Adjustment in respect of deferred tax arising from change in tax base of certain investment properties	–	(15,687)
Income not subject to tax	(10,651)	(50,973)
Expenses not deductible for tax	8,325	17,700
Tax losses utilised from previous periods	(2,149)	(2,116)
Tax losses not recognised	8,341	6,380
Profits and losses attributable to jointly-controlled entities and associates	(6,351)	(1,449)
Others	335	(756)
Tax charge at the Group's effective rate of 29.5% (2008: 15.5%)	43,684	84,599
Represented by:		
Tax charge attributable to a discontinued operation *(note 12)*	–	1,080
Tax charge attributable to continuing operations reported in the consolidated income statement	43,684	83,519
	43,684	84,599

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

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

11. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The consolidated profit attributable to equity holders of the Company for the year ended 31 March 2009 includes a profit of HK$25,563,000 (2008: HK$54,581,000) which has been dealt with in the financial statements of the Company (note 38(b)).

12. DISCONTINUED OPERATION

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

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

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

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

	2008
	HK$'000
Net cash inflow from operating activities	4,794
Net cash inflow from investing activities	3,039
Net cash inflow from financing activities	3,955
Net cash inflow	11,788
Loss per share:	
Basic, from the discontinued operation	1.13 cents
Diluted, from the discontinued operation	N/A

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

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

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

13. DIVIDEND

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

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

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

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

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

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

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

15. PROPERTY, PLANT AND EQUIPMENT

Group

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

Group

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

Details of the leasehold land and buildings are as follows:

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

Company

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

Company

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

16. PROPERTIES UNDER DEVELOPMENT

Group

	2009	2008
	HK$'000	*HK$'000*
At beginning of year	1,699,408	1,533,280
Additions	318,448	343,167
Transfer to properties held for sale	–	(330,252)
Transfer to investment properties *(note 18)*	(343,466)	–
Exchange realignment	37,868	153,213
At end of year	1,712,258	1,699,408

Properties under development included interest expense of HK$31,950,000 (2008: HK$18,337,000) that was incurred and capitalised during the year.

Details of the properties under development are as follows:

	2009	2008
	HK$'000	*HK$'000*
Medium term leases:		
Hong Kong	3,582	3,582
Mainland China	986,753	1,016,867
Long term leases:		
Mainland China	721,923	678,959
	1,712,258	1,699,408

Certain of the Group's properties under development with an aggregate carrying value of HK$131,827,000 (2008: HK$1,182,265,000) at the balance sheet date were pledged to the Group's bankers to secure the banking facilities granted to the Group as detailed in note 34(a)(ii) to the financial statements.

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

17. PREPAID LAND LEASE PAYMENTS

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

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

18. INVESTMENT PROPERTIES

	Group	
	2009	**2008**
	HK$'000	*HK$'000*
Carrying amount at beginning of year	2,378,828	2,059,491
Additions, at cost	14,356	11,114
Transfer from properties held for sale	35,676	–
Transfer from properties under development *(note 16)*	343,466	–
Disposals	(322,744)	(93,995)
Disposal of subsidiaries *(note 39)*	–	(24,000)
Net gain from a fair value adjustment in a discontinued operation *(note 12)*	–	3,500
Net gain from a fair value adjustment	103,174	381,304
Exchange realignment	10,859	41,414
Carrying amount at end of year	2,563,615	2,378,828
Analysed by type and location:		
Long term leasehold land and buildings in Hong Kong	781,000	1,203,000
Medium term leasehold land and buildings in Hong Kong	600,800	698,050
Medium term leasehold land and buildings in Mainland China	1,181,815	477,778
	2,563,615	2,378,828

In the prior year, included in above was a commercial podium in Mainland China with a carrying amount of HK$477,778,000. Certain units of the investment property were not available for sale as a result of a court order in Mainland China in respect of a claim against a subsidiary of the Group by a contractor for a total sum of Renminbi ("RMB") 8,164,000. The claim amount had been fully provided for in the prior year's financial statements. During the year ended 31 March 2009, the case was settled and the units of the investment property previously not available for sale were released.

At the balance sheet date, all of the investment properties were revalued on an open market, existing use basis, by Savills Valuation and Professional Services Limited and Memfus Wong Surveyors Limited, independent professionally qualified valuers. Certain investment properties are leased to third parties under operating leases, further summary details of which are included in note 42(a) to the financial statements.

The Group's investment properties with an aggregate carrying value of HK$2,253,118,000 (2008: HK$2,373,878,000) at the balance sheet date were pledged to the Group's bankers to secure the banking facilities granted to the Group as detailed in note 34(a)(i) to the financial statements. In addition, certain of the Group's bank loans are secured by assignments of rental income from the leases of the Group's investment properties as detailed in note 34(a)(v).

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

19. GOODWILL

Group

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

20. INVESTMENTS IN SUBSIDIARIES

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

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

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

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

On 27 June 2006, a wholly-owned subsidiary of Hon Kwok issued convertible bonds due June 2011 at par for a principal sum of HK$280 million (the "Bonds"). The Bonds are guaranteed by Hon Kwok and bear interest at the rate of 3.5% per annum, payable semi-annually in arrears. The bondholders have the rights, at any time on or after 27 July 2006 up to and including the seventh business date prior to 27 June 2011 to convert the Bonds into equity shares of Hon Kwok with a nominal value of HK$1.00 each at an initial conversion price of HK$4.00 per share, subject to adjustments in certain events. With effect from 3 October 2008, the conversion price of the Bonds has been adjusted from HK$4.00 per share to HK$3.90 per share. Further particulars on the Bonds are set out in note 36 to the financial statements. Assuming a full conversion of the Bonds, the Company's equity interest in Hon Kwok would be reduced to 47.30% (2008: 46.20%). In the opinion of directors, despite the potential dilution of the Company's equity interest in Hon Kwok below 50%, in view of current shareholding structure of Hon Kwok, the Company has de facto control on the operating and financial policies of Hon Kwok and its subsidiaries.

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary share capital/ paid up registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Allwin Group Holdings Limited	BVI	US$1	–	100.00	Sourcing agent for garment
Billion Capital Development Limited	Hong Kong	HK$2	–	54.37	Property investment
Chinney Property Management Limited	Hong Kong	HK$100	–	54.37	Property management
Cosmos Wealth Development Limited [1]	Hong Kong	HK$1,000	–	54.37	Property development
CP Hotel & Guesthouse Management Limited (now known as "The Bauhinia Hotel Management Limited")	Hong Kong	HK$2	–	54.37	Property letting
CP Parking Limited	Hong Kong	HK$2	–	54.37	Carpark management
Crown Honour Developments Limited	Hong Kong	HK$2	–	54.37	Nominee services
Dongguan Chinney Garments Limited [#2]	People's Republic of China ("PRC")/ Mainland China	HK$9,000,000	–	100.00	Garment manufacturing
Dongguan Marigold Industry City Developing Co., Ltd. [#2]	PRC/Mainland China	HK$50,000,000[3]	–	100.00	Property holding and development
Full Yip Development Limited	BVI/Hong Kong	US$1	–	54.37	Property holding and letting
Global Wealth Development Limited	Hong Kong	HK$1,000	–	54.37	Property investment
Guangzhou Honkwok Fuqiang Land Development Ltd. [#2]	PRC/Mainland China	RMB185,000,000	–	32.62[4]	Property development
Guangzhou Honkwok Hengsheng Land Development Ltd. [#2]	PRC/Mainland China	RMB220,000,000	–	40.78[4]	Property development
Guangzhou Hua Yin Land Development Co., Ltd. [#2]	PRC/Mainland China	RMB80,000,000 (2008: RMB8,000,000)	–	54.37	Property development
Guangzhou Sheng Jin Real Estate Information Consultancy Co., Ltd. [#2]	PRC/Mainland China	RMB40,000,000	–	54.37	Property development
Guangzhou Zhong Lu Da Dao Real Estate Development Co., Ltd. [#2]	PRC/Mainland China	RMB90,000,000 (2008: RMB64,893,250)	–	54.37	Property development

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
Hon Cheong Limited [1]	Hong Kong	HK$2	–	54.37	Property holding and letting
Hon Kwok Land Investment (China) Limited	Hong Kong	HK$2	–	54.37	Investment holding
Hon Kwok Land Investment Company, Limited	Hong Kong	HK$480,286,201	54.37	–	Investment holding
Hon Kwok Land Investment (Shenzhen) Co., Ltd. [#2]	PRC/Mainland China	HK$30,000,000	–	54.37	Property development
Hon Kwok Land Treasury IV Limited	BVI	US$1	–	54.37	Financing
Hon Kwok Project Management Limited	Hong Kong	HK$2	–	54.37	Project management
Hon Kwok Treasury Limited	Hong Kong	HK$2	–	54.37	Financing
Honour Well Development Limited	Hong Kong	HK$2	–	54.37	Property holding and letting
Hotfield Land Investment (Chongqing) Co., Ltd. [#2]	PRC/Mainland China	US$14,300,000 (2008: US$7,550,000)	–	54.37	Property holding and letting
Island Parking Limited	BVI/Hong Kong	US$10	–	54.37	Property holding and letting
J.L. Chinney (Holdings) Company Limited	BVI	US$1,250,000	100.00	–	Investment holding
J.L. Garment Manufacturers Limited	Hong Kong	HK$1,000,000	–	100.00	Garment trading
J.L. Group Company Limited	Hong Kong	HK$8,000,000	–	100.00	Garment trading
J.L. Investment Company Limited	Hong Kong	HK$10,000	–	100.00	Property holding
King Capital Development Limited	Hong Kong	HK$2	–	54.37	Property holding and letting
King Champion Limited	Hong Kong	HK$2	–	54.37	Property holding and letting
Lido Parking Limited	BVI/Hong Kong	US$1	–	54.37	Property holding and letting
Multi-Investment Group Limited	BVI	US$1	–	100	Investment holding
One City Hall Place Limited [#]	Canada	Canadian Dollars (“CAD”) 100	–	40.78[4]	Property development
Shenzhen Guanghai Investment Co., Ltd. [#2]	PRC/Mainland China	RMB467,273,375 (2008: RMB200,000,000)	–	54.37	Property development

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
Shenzhen Honkwok Huaye Development Co., Ltd. #2	PRC/Mainland China	RMB50,000,000	–	54.37	Property holding and letting
Vast Champ Investment (Chongqing) Co., Ltd. #2	PRC/Mainland China	US$2,200,000 (2008: US$2,000,000)	–	54.37	Property development
Wise Pacific Investment Limited	Hong Kong	HK$10,000	–	54.37	Money lending

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

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

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

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

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

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

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

21. INVESTMENTS IN ASSOCIATES

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

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

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

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

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

Particulars of the associates are as follows:

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

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

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

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

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

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

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

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

22. INTERESTS IN JOINTLY-CONTROLLED ENTITIES

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

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

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

Name	Particulars of issued share capital/paid up registered capital	Place of incorporation/ registration	Percentage of Ownership interest	Percentage of Voting power	Percentage of Profit sharing	Principal activity
Foshan Nanhai XinDa Land Development Ltd.	Registered capital of HK$129,480,000	PRC	27.19	27.19	27.19	Property development
Guangzhou Lian Cheng Real Estate Co., Ltd.	Registered capital of RMB95,000,000	PRC	27.19	27.19	27.19	Property development
Hunnewell Limited	Ordinary share capital of HK$1,000,000	Hong Kong	27.19	27.19	27.19	Property development
King Success Limited	Ordinary share capital of HK$10,000	Hong Kong	27.19	27.19	27.19	Property development
Two City Hall Place Limited	Common share capital of CAD100	Canada	27.19	27.19	27.19	Property development

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

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

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

	2009 *HK$'000*	2008 *HK$'000*
Share of the jointly-controlled entities' assets and liabilities:		
Total non-current assets	184,054	214,034
Total current assets	3,322	9,335
Total current liabilities	(164,239)	(169,200)
Net assets	23,137	54,169
Share of the jointly-controlled entities' results:		
Total revenue	69,858	848
Total expenses	(44,619)	(355)
Profit for the year	25,239	493

23. DEFERRED TAX

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

Group

	Depreciation allowance in excess of related depreciation *HK$'000*	Revaluation of investment properties *HK$'000*	Tax losses *HK$'000*	Others *HK$'000*	Total *HK$'000*
At 1 April 2007	(18,166)	(153,189)	1,376	2,297	(167,682)
Exchange realignment	–	(9,718)	–	–	(9,718)
Disposal of subsidiaries *(note 39)*	17,119	–	(799)	–	16,320
Deferred tax charged to the income statement during the year *(note 10)*	(237)	(31,586)	–	–	(31,823)
Net deferred tax liabilities at 31 March 2008	(1,284)	(194,493)	577	2,297	(192,903)
Exchange realignment	–	(2,539)	–	–	(2,539)
Deferred tax credited/(charged) to the income statement during the year including the effect of the change in statutory tax rate from 17.5% to 16.5% of HK$4,515,000 *(note 10)*	30	(36,694)	–	–	(36,664)
Net deferred tax liabilities at 31 March 2009	(1,254)	(233,726)	577	2,297	(232,106)

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

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

At the balance sheet date, the Group had unrecognised deductible temporary differences of HK$531,000 (2008: HK$7,646,000) and unrecognised tax losses arising in Hong Kong of HK$1,135,887,000 (2008: HK$1,095,447,000) and in Mainland China of HK$12,489,000 (2008: HK$744,000) and the Company has tax losses arising in Hong Kong of HK$95,863,000 (2008: HK$72,489,000) that are available for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

At 31 March 2009, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China and in Canada. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China and in Canada for which deferred tax liabilities have not been recognised totalled approximately HK$80,984,000 at 31 March 2009 (2008: HK$71,011,000).

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

The Company had no significant unrecognised deferred tax liability (2008: Nil).

24. LOAN RECEIVABLES

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

25. INVENTORIES

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

26. PROPERTIES HELD FOR SALE

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

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

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

27. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

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

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

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

28. TRADE AND BILLS RECEIVABLES

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

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

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

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

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

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

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

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

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

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

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

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

29. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

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

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

	Group	
	2009	**2008**
	HK$'000	*HK$'000*
At beginning of year	10,524	–
Impairment losses recognised *(note 7)*	–	10,524
	10,524	10,524

Included in the above provision for impairment of other receivables is a provision for an impaired other receivables of HK$10,524,000 (2008: HK$10,524,000) with a carrying amount of HK$10,524,000 (2008: HK$10,524,000). The Group does not hold any collateral or other credit enhancements over these balances.

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

30. CASH AND CASH EQUIVALENTS

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

At the balance sheet date, the cash and bank balances including time deposits of the Group denominated in RMB amounted to HK$157,772,000 (2008: HK$269,160,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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

31. AMOUNTS DUE TO MINORITY SHAREHOLDERS

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

32. TRADE PAYABLES AND ACCRUED LIABILITIES

Included in trade payables and accrued liabilities are trade payables of HK$26,412,000 (2008: HK$24,179,000). An aged analysis of the trade payables as at the balance sheet date, based on the invoice date, is as follows:

	Group	
	2009	**2008**
	HK$'000	*HK$'000*
Within 30 days	15,164	16,715
31 to 60 days	8,377	5,318
61 to 90 days	2,152	524
Over 90 days	719	1,622
	26,412	24,179

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

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

33. BALANCES WITH THE IMMEDIATE HOLDING COMPANY AND RELATED COMPANIES

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

34. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2009			2008		
	Effective interest rate *(%)*	Maturity	*HK$'000*	Effective interest rate *(%)*	Maturity	*HK$'000*
Group						
Current						
Bank loans – unsecured	1.2	2009	56,000	3.0 – 3.6	2008	93,200
Current portion of long term bank loans – secured	1.0 – 5.4	2009-2010	466,091	2.3 – 7.6	2008-2009	686,999
			522,091			780,199
Non-current						
Bank loans – unsecured	1.2	2010	210,000	3.6	2009-2010	126,000
Bank loans – secured	1.0 – 5.4	2010-2012	662,227	2.3 – 7.6	2009-2010	725,267
			872,227			851,267
Convertible bonds *(note 36)*	10.4	2011	299,475	10.4	2011	279,980
			1,171,702			1,131,247
			1,693,793			1,911,446
Company						
Current						
Bank loans – secured	1.3 – 1.72	2009	143,000	2.33 – 2.97	2008	124,000

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

Notes:

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

(i) mortgages over certain of the Group's investment properties, which had an aggregate carrying value at the balance sheet date of HK$2,253,118,000 (2008: HK$2,373,878,000);

(ii) mortgages over certain of the Group's properties under development, which had an aggregate carrying value at the balance sheet date of HK$131,827,000 (2008: HK$1,182,265,000);

(iii) mortgages over certain of the Group's properties held for sale, which had an aggregate carrying value at the balance sheet date of HK$199,346,000 (2008: HK$366,503,000);

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

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

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

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

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

(c) Except for certain bank loans denominated in RMB equivalent to HK$181,818,000 (2008: HK$506,744,000), all bank borrowings at the balance sheet date were denominated in Hong Kong dollars.

Other interest rate information:

	Group			
	2009		**2008**	
	Fixed rate	**Floating rate**	**Fixed rate**	**Floating rate**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Bank loans – unsecured	–	266,000	–	219,200
Bank loans – secured	–	1,128,318	506,744	905,522

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

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

35. PROMISSORY NOTE PAYABLE

During the year, the Group acquired the remaining interest in a jointly-controlled entity holding a piece of land at a consideration of HK$40,000,000, of which HK$20,000,000 was satisfied by a promissory note. The promissory note payable is unsecured, interest-free and is due on 4 January 2011. The fair value of the promissory note payable approximated to HK$17,500,000 as at 31 March 2009.

36. CONVERTIBLE BONDS

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

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

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

	2009	**2008**
	HK$'000	*HK$'000*
Nominal value of the Bonds	280,000	280,000
Equity component*	(25,500)	(25,500)
Direct transaction costs attributable to the liability component	(6,731)	(6,731)
Liability component at the issuance date	247,769	247,769
Interest expense	76,206	46,911
Interest paid	(24,500)	(14,700)
Liability component at 31 March *(note 34)*	299,475	279,980

The effective interest rate of the Bonds was 10.4% per annum. The fair value of the liability component of the Bonds was estimated using an equivalent market interest rate for a similar convertible bond. The fair value of the Group's convertible bonds was approximately HK$325,000,000 (2008: HK$307,000,000) at the balance sheet date.

* *The direct transaction costs attributable to the equity component of the Bonds amounted to HK$674,000.*

37. SHARE CAPITAL

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

38. RESERVES

(a) Group

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

(b) Company

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

39. DISPOSAL OF SUBSIDIARIES

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

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

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

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

40. MAJOR NON-CASH TRANSACTIONS

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

During the year, the Group acquired the remaining interest in a jointly-controlled entity holding a piece of land at a consideration of HK$40,000,000, of which HK$20,000,000 was satisfied by a promissory note.

(b) Purchase consideration on disposal of subsidiaries

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

(c) Acquisition of properties under development

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

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

41. CONTINGENT LIABILITIES

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

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

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

(b) As at 31 March 2009, the Group has given guarantees of approximately HK$34,556,000 (2008: Nil) to banks for housing loans extended by the banks to the purchasers of the Group's properties for a period from the date the loans are granted to the purchasers to the date of issue of property title certificates to the purchasers.

42. OPERATING LEASE ARRANGEMENTS

(a) As lessor

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

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

	Group	
	2009	**2008**
	HK$'000	*HK$'000*
Within one year	14,740	13,778
In the second to fifth years, inclusive	15,855	7,113
	30,595	20,891

Certain of the Group's bank loans are secured by assignments of rental income from the leases of the Group's properties as detailed in note 34(a)(v).

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

(b) As lessee

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

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

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

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

43. CAPITAL COMMITMENTS

In addition to the operating lease commitments detailed in note 42(b) above, the Group had authorised and contracted capital commitments in respect of property development expenditure and acquisition of properties amounted to approximately HK$245,118,000 (2008: HK$185,198,000) at the balance sheet date.

The Group's share of the jointly-controlled-entities' authorised and contracted capital commitments in respect of property development expenditure and acquisition of properties, which are not included in the above, amounted to HK$26,380,000 (2008: HK$7,310,000).

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

44. RELATED PARTY TRANSACTIONS

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

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

Notes:

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

(ii) *In the prior year, commission was paid to the ultimate holding company for the provision of cash security for certain bank loans granted to the Group and was charged at a rate mutually agreed upon by both parties based on the average principal amount of the cash security outstanding during the terms of the bank loans. Further details of which are included in paragraph (b)(i) below.*

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

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

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

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

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

(iii) On 11 May 2007, a wholly-owned subsidiary of Hon Kwok, Cheerworld Group Limited, as purchaser, entered into a sale and purchase agreement with Enhancement Investments Limited, Galantine Management Limited and Sharp-View Group Inc., as vendors, for the acquisition of the entire issued share capital of Unity Wise International Limited and the assignment of related shareholders' loans to the Hon Kwok at an aggregate cash consideration of HK$90 million. On the same date, Cheerworld Group Limited, as purchaser, entered into another sale and purchase agreement with Enhancement Investments Limited, as vendor, for the acquisition of 50% of the issued share capital of Ample Joy International Limited and assignment of related shareholder's loan to the Hon Kwok at an aggregate cash consideration of HK$12 million. The considerations of the transactions were mutually agreed among the parties. Enhancement Investments Limited is controlled by James Sai-Wing Wong, director and substantial shareholder of the Company. These two acquisitions were completed on 4 July 2007.

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

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

(c) Outstanding balances with related parties:

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

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

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

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

45. FINANCIAL INSTRUMENTS BY CATEGORY

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

2009

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

2009

Financial liabilities

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

2008

Financial assets

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

2008

Financial liabilities

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

2009

Financial assets

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

2009

Financial liabilities

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

2008

Financial assets

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

2008

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

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Foreign currency risk

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

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

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

Equity price risk

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

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

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

* *Excluding retained earnings*

Interest rate risk

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

The following table demonstrates the sensitivity to a reasonably possible change in interest rates at the balance sheet date, with all other variables held constant, of the Group's profit after tax and the Group's equity (through the impact on floating rate borrowings) excluding the effect of those interests being capitalised under property development projects of HK$1,482,000.

Group

	Increase/ (decrease) in basis points	**Increase/ (decrease) in profit after tax and equity**
	%	*HK$'000*
2009		
Hong Kong dollar	100	(8,087)
RMB	50	191
Hong Kong dollar	(100)	8,087
RMB	(50)	(191)
2008		
Hong Kong dollar	100	(9,771)
RMB	50	670
Hong Kong dollar	(100)	9,771
RMB	(50)	(670)

Credit risk

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

The credit risk of the Group's other financial assets, which comprise loan receivables, a promissory note due from an associate, amounts due from jointly-controlled entities, amounts companies, cash and cash equivalents, and deposits and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

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

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

Liquidity risk

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

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank borrowings, bank loans and other fund raising exercises. The Group will consistently maintain a prudent financing policy and ensure that it maintains sufficient cash and credit lines to meet its liquidity requirements. 31% (2008: 41%) of the Group's debts, which comprise interest-bearing borrowings and convertible bonds, would mature in less than one year as at 31 March 2009 based on the carrying values of borrowings reflected in the financial statements.

The maturity profile of the Group's and the Company's financial liabilities as at the balance sheet date, based on the contractual undiscounted payments, was as follows:

Group

	2009				
	On demand	**Less than 12 months**	**1 to 2 years**	**Over 2 years**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Financial liabilities included in trade payables and accrued liabilities	15,715	158,643	–	–	174,358
Financial liabilities included in customer deposits	3,948	–	–	–	3,948
Amount due to the immediate holding company	40,000	–	–	–	40,000
Promissory note payable	–	–	20,000	–	20,000
Convertible bonds	–	–	–	348,735	348,735
Interest-bearing bank borrowings	–	547,173	428,958	463,075	1,439,206
	59,663	705,816	448,958	811,810	2,026,247

	2008				
	On demand	Less than 12 months	1 to 2 years	Over 2 years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Financial liabilities included in trade payables and accrued liabilities	64,515	69,981	–	–	134,496
Financial liabilities included in customer deposits	4,843	–	–	–	4,843
Amounts due to related companies	44	–	–	–	44
Amounts due to minority shareholders	17,155	–	–	–	17,155
Convertible bonds	–	–	–	348,735	348,735
Interest-bearing bank borrowings	–	780,199	317,200	534,067	1,631,466
	86,557	850,180	317,200	882,802	2,136,739

Company

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

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

Capital management

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is required to comply with certain capital requirements as set out in certain of its banking facilities. As at 31 March 2009, there was no indication of breach of covenants. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2009 and 2008.

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

Group

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

47. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 16 July 2009.

3. INDEBTEDNESS

At the close of business on 30 September 2009, the Group had outstanding borrowings of approximately HK$1,863 million comprising:

(a) secured bank loans of approximately HK$1,315 million;

(b) unsecured bank loans of approximately HK$238 million;

(c) the amortised cost of the liability component of the convertible bonds as recorded in the Group's books and records as at 30 September 2009 of approximately HK$310 million. The principal outstanding amount of the convertible bonds as at 30 September 2009 was approximately HK$317 million.

The Group's secured bank borrowings as at 30 September 2009 were secured by shares in certain subsidiaries, charges over certain equity securities, fixed charges on certain properties under development, investment properties and properties held for sale, and assignment of rental income from leases of certain properties of the Group.

Save as aforesaid or as otherwise mentioned herein and apart from intra-group liabilities and normal accounts payable and bills payable in the ordinary course of business, the Group did not have any outstanding mortgages, charges, debentures, loan capital, debt securities, bank loans and overdrafts or other similar indebtedness, finance leases or hire purchase commitment, liabilities under acceptances of acceptance credits or any guarantees as at the close of business on 30 September 2009.

For the purpose of this indebtedness statement, foreign currency amounts have been translated into Hong Kong dollars at the approximate exchange rates prevailing as at the close of business on 30 September 2009.

The Directors are not aware of any material adverse changes in the Group's indebtedness position since 30 September 2009.

4. CONTINGENT LIABILITIES

As at 30 September 2009, the Group had the following contingent liabilities:

(a) the Group was contingently liable for approximately HK$1.2 million in relation to letters of guarantee facility granted by a bank for its carpark operation and approximately HK$0.3 million in relation to banking facility granted for the issuance of utility guarantees in lieu of cash deposits;

(b) the Group has given guarantees of approximately HK$234 million to banks for housing loans extended by the banks to the purchasers of the Group's properties for a period from the date the loans are granted to the purchasers to the date of issue of property title certificates to the purchasers; and

(c) the Group has executed the Guarantee in favour of XingWu to guarantee certain warranties given by Pride Champion under the Agreement. The maximum liability under the Guarantee will not be greater than HK$250,000,000.

5. WORKING CAPITAL

The Directors, after due and careful enquiry, are of the opinion that in the absence of unforeseen circumstances, upon issuance of the Guarantee and after taking into account the financial resources available to the Group, including internal resources and present available banking facilities, the Group has sufficient working capital for its present requirements for the next twelve months from the date of this circular.

6. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The principal activities of the Group are property development and investment through the Hon Kwok Group and garment manufacturing and trading through J.L. Chinney (Holdings) Company Limited and its subsidiaries (the "J.L. Group"). Apart from these, the Company has investment in Chinney Alliance, a 29.10% owned associate, and other marketable securities.

The Hon Kwok Group has development land banks in the Mainland China as well as investment properties both in Hong Kong and the Mainland China. After the outbreak of the global financial tsunami in last year, Governments worldwide have responded with massive fiscal stimulus and bailout packages together with aggressive monetary measures to counter the economic turmoil. Although the signs of recovery were seen globally in the second half of the year, there is still uncertainty as whether such recovery is sustainable. However, the property market in the Mainland China tends to be positive in the medium to long-term based on the continued economic growth, increasing urbanization, rising household income and the anticipated appreciation of Renminbi. Supported by the strengths of the Mainland economy, the Hong Kong economy remains favorable. It is expected that the low interest rate environment and limited land supply will provide continual support to the property market in Hong Kong with the investment property market in particular. The Hon Kwok Group, with its operation based mainly in Hong Kong and the Mainland China, will be cautious of any opportunities and threats that may arise especially any austerity measures tend to be imposed in the Mainland China.

As caused by the financial crisis in the US, the J.L. Group, which produces fashionable garment in the Mainland China for export to the European markets, was inevitably affected with reduced turnover and profit. Under the sluggish economic environment, J.L. Group will continue to implement cost control measures strategically, including restructuring its factory operations in the Mainland China and streamlining the work processes to improve productivity. New product development processes have also been implemented to cater for the customers' specific needs to maintain the competitive advantages.

In view of the above and barring unforeseen circumstances, the Directors remain optimistic on the financial and trading prospects of the Group in the current financial year.

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS

Directors' interests and short positions in the shares and underlying shares of the Company

As at the Latest Practicable Date, the interests and short positions held by the Directors in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO to be entered into the register referred to therein, or which were required pursuant to the Model Code to be notified to the Company and the Stock Exchange, were as follows:

(a) Long positions in the ordinary shares of the Company

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

(b) Long positions in the ordinary shares of associated corporations of the Company

Name of Director	*Note*	Name of associated corporation	Capacity and nature of interest	Number of ordinary shares/amount of paid up registered capital held	Percentage of the associated corporation's issued share/ paid up registered capital
James Sai-Wing Wong	*2*	Hon Kwok	Through controlled corporation	261,112,553	54.37
	3	Guangzhou Hon Kwok Fuqiang Land Development Ltd.	Through controlled corporation	RMB185,000,000	100.00
	4	Chinney Alliance	Through controlled corporation	433,400,216	72.85
	5	Chinney Holdings	Through controlled corporation	9,900,000	99.00
		Chinney Holdings	Beneficially owned	100,000	1.00
		Lucky Year	Beneficially owned	10,000	50.00
Madeline May-Lung Wong	*2*	Hon Kwok	Through controlled corporation	261,112,553	54.37
	4	Chinney Alliance	Through controlled corporation	173,093,695	29.10
	5	Chinney Holdings	Through controlled corporation	9,900,000	99.00
		Lucky Year	Beneficially owned	10,000	50.00
Herman Man-Hei Fung		Hon Kwok	Beneficially owned	300,000	0.06

Notes:

1. *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.*

2. *These shares are beneficially held by the Company. By virtue of note 1, James Sai-Wing Wong and Madeline May-Lung Wong are deemed to be interested in these shares.*

3. *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 2, James Sai-Wing Wong is deemed to be interested in this company.*

4. *Out of 433,400,216 shares, 173,093,695 shares are held by a wholly-owned subsidiary of the Company and the remaining 260,306,521 shares are held by companies controlled by James Sai-Wing Wong. By virtue of note 1, James Sai-Wing Wong is deemed to be interested in these shares.*

5. *These shares are beneficially held by Lucky Year. By virtue of note 1, James Sai-Wing Wong and Madeline May-Lung Wong are deemed to be interested in these shares.*

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors 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 were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Other persons' interests and short positions in shares and underlying shares of the Company and other members of the Group

As at the Latest Practicable Date and so far as is known to the Directors, the following persons (not being the Directors) had or were deemed or taken to have interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

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

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

As at the Latest Practicable Date and so far as is known to the Directors, the following persons (not being the Directors) who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any option in respect of such capital:

Name of shareholder	Name of member of the Group in which interest held	Approximate percentage of equity interested
Sharp Billion Development Limited	Guangzhou Honkwok Fuqiang Land Development Ltd.	40
Guangzhou Hengsheng Group Co., Ltd.	Guangzhou Honkwok Hengsheng Land Development Ltd.	25

Save as disclosed herein and as at the Latest Practicable Date, none of the Directors was aware of any person (not being the Directors) had or was deemed or taken to have interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any option in respect of such capital.

3. DIRECTORS' INTERESTS IN ASSETS, CONTRACTS AND IN COMPETING BUSINESSES

The Company has entered into a management contract with Hon Kwok for the provision of general corporate management services. The contract is for an unspecified duration and may be terminated by either party by giving two months' written notice. A management fee of HK$6,000,000 was received from Hon Kwok for the year ended 31 March 2009. James Sai-Wing Wong and Madeline May-Lung Wong are directors of and have beneficial interests in Hon Kwok through their interests in the Company. Herman Man-Hei Fung is also a director of and has beneficial interests in Hon Kwok.

The Company, through providing administration and general services, received a management fee of HK$2,000,000 from Chinney Alliance for the year ended 31 March 2009. James Sai-Wing Wong and Herman Man-Hei Fung are directors of Chinney Alliance. James Sai-Wing Wong and Madeline May-Lung Wong have beneficial interests in Chinney Alliance.

William Chung-Yue Fan is the consultant of Messrs. Fan & Fan which provides legal and professional services to the Group and receive normal professional fees for such services. Total fees paid by the Group during the year ended 31 March 2009 was approximately HK$122,000.

James Sai-Wing Wong, Chairman of the Company, has deemed interests and held directorships in companies engaged in the businesses of property investment and garment merchandising and trading. 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.

So far as the Directors are aware and, save as disclosed as aforesaid, as at the Latest Practicable Date:

(a) none of the Directors or their associates had any direct or indirect interest in any assets which have been, since 31 March 2009 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group;

(b) none of the Directors or their associates was materially interested in any contract or arrangement entered into by any member of the Group and subsisting at the date of this circular which was significant in relation to the business of the Group; and

(c) none of the Directors or their associates had interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which will not expire or is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

5. LITIGATION

So far as the Directors are aware, there are no litigation or claims of material importance pending or threatened against any member of the Group as at the Latest Practicable Date.

6. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Group within two years immediately preceding the Latest Practicable Date which are or may be material:

(a) The Guarantee.

(b) Deed of assignment dated 30 September 2009 entered into between Pride Champion, XingWu and Rich Central in relation to the assignment of the shareholder's loan owing by Rich Central.

(c) The Agreement.

(d) Deed of assignment dated 19 January 2009 entered into between Cheerworld Group Limited, Sharp-View Group Inc. and Ample Joy International Limited in relation to the assignment of the shareholder's loan owing by Ample Joy International Limited.

(e) Sale and purchase agreement dated 5 January 2009 entered into between Cheerworld Group Limited and Sharp-View Group Inc. in relation to the acquisition of 50% of the issued share capital of Ample Joy International Limited and the assignment of the related shareholder's loan at an aggregate consideration of HK$40,000,000.

(f) Sale and purchase agreement dated 17 September 2008 entered into between Join Ally Limited and Enhancement Investments Limited in relation to the acquisition of the entire issued share capital of Guru Star Investments Limited and the assignment of the related shareholder's loan at an aggregate cash consideration of HK$135,000,000.

(g) Sale and purchase agreement dated 14 April 2008 entered into between Hon Cheong Limited and Well Friendship Investment Limited in relation to the sale and purchase of Yien Yieh Commercial Building at a consideration of HK$335,000,000.

7. GENERAL

(a) The secretary of the Company is Ms. Wendy Yuk-Ying Chan. She is a fellow of The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries.

(b) The registered office of the Company is at 23rd Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong.

(c) The Company's share registrar is Tricor Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong.

(d) The English language text of this circular shall prevail over the Chinese language text.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the registered office of the Company at 23rd Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong from the date of this circular up to and including 30 November 2009:

(a) the Guarantee;

(b) the Agreement;

(c) the memorandum and articles of association of the Company;

(d) the published audited consolidated financial statements of the Company and its subsidiaries for each of the two financial years ended 31 March 2009 and 2008;

(e) each of the material contracts referred to under the section headed "Material Contracts" in Appendix II to this circular; and

(f) this circular.