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

ACQUISITION OF 50% OF THE ISSUED SHARE CAPITAL OF FLORALMIST HOLDINGS LTD. TOGETHER WITH THE ASSIGNMENT OF RELATED SHAREHOLDER'S LOAN

16 April 2010

CONTENTS

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

"Acquisition"	the acquisition of 50% of the issued share capital of Floralmist and the assignment of related shareholder's loan pursuant to the Agreement
"Agreement"	the share purchase agreement dated 4 March 2010 entered into between High Able, as purchaser, and MSR Asia, as seller, for the acquisition of 50% of the issued share capital of Floralmist and the assignment of the related shareholder's loan to High Able
"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 and 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" or "Chinney"	Chinney Investments, Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange and is the holding company of Hon Kwok holding approximately 54.37% of the issued share capital of Hon Kwok as at the Latest Practicable Date
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Directors"	the directors of the Company
"Enlarged Group"	the Group as enlarged by the Acquisition and the proposed acquisition of Guru Star Investments Limited as disclosed in the Company's circular dated 29 March 2010
"Floralmist"	Floralmist Holdings Ltd., a company incorporated in the British Virgin Islands with limited liability
"Floralmist Group"	Floralmist and its subsidiaries
"Group"	the Company and its subsidiaries

"High Able"	High Able Group Limited, a company incorporated in the British Virgin Islands with limited liability and is an indirect wholly-owned subsidiary of Hon Kwok
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"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 Group"	Hon Kwok and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Latest Practicable Date"	9 April 2010, 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
"MSR Asia"	MSR Asia Acquisitions Vll, Inc., a company incorporated in the Cayman Islands
"PRC"	the People's Republic of China
"Property"	a residential development site located at Dali Yayao Lijiao, Nanhai District, Foshan, PRC (中國佛山市南海大瀝雅瑤立交)
"RMB"	Renminbi, the lawful currency of the PRC
"Savills"	Savills Valuation and Professional Services Limited, being the independent valuer
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Shareholder(s)"	shareholders of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

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*

16 April 2010

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION

ACQUISITION OF 50% OF THE ISSUED SHARE CAPITAL OF FLORALMIST HOLDINGS LTD. TOGETHER WITH THE ASSIGNMENT OF RELATED SHAREHOLDER'S LOAN

INTRODUCTION

Pursuant to the announcement dated 4 March 2010, the directors of the Company and Hon Kwok jointly announced that on 4 March 2010, High Able, as purchaser, has entered into the Agreement with MSR Asia, as seller, for the acquisition of 50% of the issued share capital of Floralmist and the assignment of related shareholder's loan to High Able for an agreed price of HK$200,000,000, subject to certain deductions.

The Acquisition 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 Acquisition in compliance with the requirements of the Listing Rules.

THE AGREEMENT

Pursuant to the Agreement, which was signed in Singapore, MSR Asia agreed to sell and High Able agreed to purchase 50% of the issued share capital of Floralmist and MSR Asia also agreed to assign the related shareholder's loan to High Able.

(a) Date

4 March 2010

(b) Parties

(i)	Seller	:	MSR Asia
(ii)	Purchaser	:	High Able, an indirect wholly-owned subsidiary of Hon Kwok

(c) Information of the Floralmist Group and the Property

Floralmist is an investment holding company and is jointly-owned as to 50% by High Able and 50% by MSR Asia before signing of the Agreement. The sole asset of significance held by the Floralmist Group is the Property. The Property is a residential development site located at Dali Yayao Lijiao, Nanhai District, Foshan, PRC (中國佛山市南海大瀝雅瑤立交) with a total site area of approximately 247,987 square metres. It is a site planned for low density residential development with a total gross floor area of approximately 272,786 square metres.

In the books of the Floralmist Group, the carrying cost of the Property as at 31 December 2009 was approximately HK$275 million. The net asset value of the Floralmist Group and the total amount of the shareholders' loans as at 31 December 2009 were approximately HK$32 million and HK$179 million respectively. At the date of the Agreement, the total amount of the shareholder's loan owed by Floralmist to MSR Asia was HK$89,623,273.

The audited net loss before and after tax attributable to the Floralmist Group for the year ended 31 December 2009 were both approximately HK$176,000. The audited net loss before and after tax attributable to the Floralmist Group for the year ended 31 December 2008 were both approximately HK$174,000.

(d) Agreed Price for the Acquisition

The agreed price for the Acquisition is HK$200,000,000 and was agreed at after arm's length negotiations between the parties and by reference to the market value of the Property and the net asset value of the Floralmist Group as at 31 December 2009. The net amount to be paid to the seller for the Acquisition is HK$172,493,110 which is calculated after deducting from the agreed price for the Acquisition of HK$200,000,000 by HK$27,506,890, which represents the amounts paid by the purchaser on behalf of the seller for its agreed share of working capital and other costs incurred by the Floralmist Group prior to the date of the Agreement.

(e) Completion of the Acquisition

The Acquisition was completed immediately after signing of the Agreement on 4 March 2010 in Singapore and the net amount of HK$172,493,110 payable to the seller for the Acquisition has been paid to the seller upon signing of the Agreement and completion of the Acquisition.

REASONS AND BENEFITS FOR THE ACQUISITION

The Hon Kwok Group's core business is to develop real estate properties for sale and to hold investment properties for rental income. In view of the potential of the development value of the Property and the strong demand for quality residential properties in the PRC, the directors of Hon Kwok believe that the Acquisition is in line with the strategy of the Hon Kwok Group.

The Directors believe that the terms of the Acquisition are fair and reasonable and in the interests of the shareholders of the Company and Hon Kwok as a whole.

FINANCIAL EFFECTS OF THE ACQUISITION

Upon completion of the Agreement on 4 March 2010, Floralmist has become a wholly-owned subsidiary of High Able, which in turn is an indirect wholly-owned subsidiary of Hon Kwok. The financial result of the Floralmist Group will be consolidated into the accounts of the Group.

Based on the unaudited pro forma financial information of the Enlarged Group as set out in Appendix III to this circular, the financial effects of the Acquisition on the Group are expected to be (a) an increase in non-current assets of approximately HK$326 million; (b) a decrease in current assets of approximately HK$324 million; and (c) an increase in current liabilities of approximately HK$2 million.

INFORMATION ON THE COMPANY AND HON KWOK

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

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, Chinney Holdings is holding 318,675,324 shares of the Company, representing approximately 57.80% of its issued share capital and the Company is holding 261,112,553 shares of Hon Kwok, representing approximately 54.37% of its issued share capital.

INFORMATION ON THE SELLER

MSR Asia is a company incorporated in the Cayman Islands with limited liability and is an investment holding company.

To the best of the knowledge, information and belief of the directors of the Company and Hon Kwok and having made all reasonable enquiry, MSR Asia and its ultimate beneficial owners are independent third parties of the Company and Hon Kwok and are not connected persons of the Company and Hon Kwok.

IMPLICATIONS OF THE LISTING RULES

In accordance with the Listing Rules, the Acquisition constitutes a major transaction for the Company as the applicable percentage ratios exceed 25% but less than 100%.

As MSR Asia is an independent third party of the Company and Hon Kwok, no shareholder of the Company is required to abstain from voting in the general meeting of the Company for approving the Acquisition. The Company has obtained from Chinney Holdings, which holds 57.80% of the issued share capital of the Company at the date of the Agreement, written approval of the Acquisition. Pursuant to Rule 14.44 of the Listing Rules, the Acquisition, 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.

GENERAL

Your 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. References to page numbers in this appendix are to the page numbers of such annual report of the Company.

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 *HK$'000*	Property development *HK$'000*	Property investment *HK$'000*	Others *HK$'000*	Total *HK$'000*	Construction *HK$'000*	Consolidated *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 *HK$'000*	Salaries, allowances and benefits in kind *HK$'000*	Discretionary performance related bonuses *HK$'000*	Pension scheme contributions *HK$'000*	Total remuneration *HK$'000*
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 HK$'000	Group 2008 HK$'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 *HK$'000*	**2008** *HK$'000*	**2009** *HK$'000*	**2008** *HK$'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 *HK$'000*	**2008** *HK$'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 *HK$'000*	**Loans and receivables** *HK$'000*	**Total** *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	**Loans and receivables**	**Total**
	HK$'000	*HK$'000*	*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. UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

The following is extracted from the text of the unaudited condensed interim consolidated financial statements of the Group together with the accompanying notes contained on pages 19 to 38 of the interim report of the Company for the six months ended 30 September 2009. References to page numbers in this appendix are to the page numbers of such interim report of the Company.

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 September	
		2009	**2008**
		(Unaudited)	**(Unaudited)**
	Notes	*HK$'000*	*HK$'000*
Revenue	*2*	564,062	305,300
Cost of sales		(452,358)	(236,752)
Gross profit		111,704	68,548
Other income and gains	*3*	9,897	33,148
Fair value gains/(losses) on investment properties, net		250,180	(56,395)
Change in fair value of properties held for sale transferred to investment properties		–	38,188
Loss on disposal of a subsidiary		–	(974)
Gain on disposal of a jointly-controlled entity		76,922	–
Excess over the cost of business combinations on acquisition of minority interests in subsidiaries		–	13,663
Fair value gain/(loss) on equity investments at fair value through profit or loss		19,353	(9,011)
Selling and distribution costs		(14,514)	(16,815)
Administrative and other operating expenses		(43,536)	(31,418)
Finance costs	*4*	(11,930)	(13,570)
Share of profits and losses of:			
Associates		12,439	6,876
Jointly-controlled entities		(930)	285
Profit before tax	*5*	409,585	32,525
Tax	*6*	(65,533)	8,191
Profit for the period		344,052	40,716
Attributable to:			
Equity holders of the Company		191,963	29,917
Minority interests		152,089	10,799
		344,052	40,716
Earnings per share attributable to ordinary equity holders of the Company	*7*		
Basic		34.82 HK cents	5.43 HK cents
Diluted		31.15 HK cents	5.17 HK cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 September	
	2009	**2008**
	(Unaudited)	**(Unaudited)**
	HK$'000	*HK$'000*
Profit for the period	344,052	40,716
Other comprehensive income for the period		
Exchange differences on translation of foreign operations	3,540	51,538
Total comprehensive income for the period	347,592	92,254
Attributable to:		
Equity holders of the Company	193,784	56,330
Minority interests	153,808	35,924
	347,592	92,254

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 September 2009 (Unaudited) HK$'000	As at 31 March 2009 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		94,303	95,919
Properties under development		1,666,995	1,712,258
Prepaid land lease payments		15,992	16,190
Investment properties		2,837,873	2,563,615
Investments in associates		101,037	93,084
Interests in jointly-controlled entities		31,159	39,423
Promissory note receivable from an associate		40,304	40,113
Deferred tax assets		184	170
Loan receivables		2,881	3,283
Total non-current assets		4,790,728	4,564,055
CURRENT ASSETS			
Inventories		15,061	15,718
Properties held for sale		452,147	533,608
Prepaid land lease payments		471	471
Equity investments at fair value through profit or loss		36,461	17,109
Trade and bills receivables	*8*	74,034	24,489
Prepayments, deposits and other receivables		61,597	34,393
Amount due from a related company		345	345
Amounts due from jointly-controlled entities		145,671	178,837
Tax recoverable		220	191
Cash and cash equivalents		890,868	366,151
Total current assets		1,676,875	1,171,312
CURRENT LIABILITIES			
Trade payables and accrued liabilities	*9*	206,381	192,575
Customer deposits		230,161	76,191
Amounts due to the immediate holding company		40,000	40,000
Tax payable		70,796	64,756
Dividend payable		22,055	–
Interest-bearing bank borrowings		373,364	522,091
Total current liabilities		942,757	895,613
NET CURRENT ASSETS		734,118	275,699
TOTAL ASSETS LESS CURRENT LIABILITIES		5,524,846	4,839,754
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		1,179,909	872,227
Promissory note payable		20,000	20,000
Convertible bonds		309,987	299,475
Deferred tax liabilities		273,637	232,276
Total non-current liabilities		1,783,533	1,423,978
Net assets		3,741,313	3,415,776
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital	*10*	137,842	137,842
Reserves		1,861,485	1,667,701
Proposed final dividend		–	22,055
		1,999,327	1,827,598
Minority interests		1,741,986	1,588,178
Total equity		3,741,313	3,415,776

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	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
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	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
Other comprehensive income for the period	–	–	26,413	–	–	–	26,413	25,125	51,538
Profit for the period	–	–	–	–	–	29,917	29,917	10,799	40,716
Total comprehensive income for the period	–	–	26,413	–	–	29,917	56,330	35,924	92,254
Disposal of a subsidiary	–	–	–	–	–	–	–	8,719	8,719
Acquisition of minority interests	–	–	–	–	–	–	–	(20,497)	(20,497)
Dividend paid to minority shareholders	–	–	–	–	–	–	–	(2,808)	(2,808)
Final dividend in respect of previous financial year	–	–	–	–	(22,055)	–	(22,055)	–	(22,055)
At 30 September 2008	137,842	267,569	184,254	14,600	–	1,188,017	1,792,282	1,628,751	3,421,033
At 1 April 2009	137,842	267,569	175,954	14,600	22,055	1,209,578	1,827,598	1,588,178	3,415,776
Other comprehensive income for the period	–	–	1,821	–	–	–	1,821	1,719	3,540
Profit for the period	–	–	–	–	–	191,963	191,963	152,089	344,052
Total comprehensive income for the period	–	–	1,821	–	–	191,963	193,784	153,808	347,592
Final dividend in respect of previous financial year	–	–	–	–	(22,055)	–	(22,055)	–	(22,055)
At 30 September 2009	137,842	267,569	177,775	14,600	–	1,401,541	1,999,327	1,741,986	3,741,313

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 September 2009 (Unaudited) *HK$'000*	2008 (Unaudited) *HK$'000*
Net cash inflow/(outflow) from operating activities	299,373	(35,327)
Net cash inflow from investing activities	86,632	309,082
Net cash inflow/(outflow) from financing activities	138,712	(545,029)
Net increase/(decrease) in cash and cash equivalents	524,717	(271,274)
Cash and cash equivalents at beginning of the period	366,151	579,487
Cash and cash equivalents at end of the period	890,868	308,213
Analysis of balances of cash and cash equivalents		
Cash and bank balances	728,329	218,530
Non-pledged time deposits	162,539	89,683
	890,868	308,213

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

The unaudited condensed interim consolidated financial statements for the six months ended 30 September 2009 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of Appendix 16 to the Listing Rules.

The unaudited condensed interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2009.

Accounting policies

The accounting policies and basis of preparation adopted in the preparation of this unaudited condensed interim financial statements are consistent with those adopted in the annual financial statements for the year ended 31 March 2009 except as described below. In the current period, the Group has applied, for the first time, the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs", which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA which are effective for the Group's financial year beginning on or after 1 April 2009.

HKAS 1 (Revised)	*Presentation of Financial Statements*
HKAS 23 (Revised)	*Borrowing Costs*
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation* and HKAS 1 *Presentation of Financial Statements – Puttable Financial Instruments and Obligation Arising on Liquidation*
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*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payments – Vesting Conditions and Cancellations*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments Disclosures – Improving Disclosures about Financial Instruments*
HKFRS 8	*Operating Segments*
HK(IFRIC) – Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC)-Int 9 *Reassessment of Embedded Derivatives and* HKAS 39 *Financial Instruments: Recognition and Measurement – Embedded Derivatives*
HK(IFRIC) – Int 13	*Customer Loyalty Programmes*
HK(IFRIC) – Int 15	*Agreement for the Construction of Real Estate*
HK(IFRIC) – Int 16	*Hedges of a Net Investment in a Foreign Operation*
HK(IFRIC) – Int 18	*Transfer of Assets from Customers*[2]
HKFRSs (Amendments)	*Improvements to HKFRSs* issued in 2008[1]

1 Except for the amendments to HKFRS 5 which is effective for annual period beginning on or after 1 July 2009

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

HKAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, the revised standard introduces the statement of comprehensive income, with all items of income and expense recognised in income statement, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present two statements.

HKFRS 8, which replaced HKAS 14 *Segment Reporting*, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purpose of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical area in which the Group operate, and revenue from the Group's major customers. The Group determined that the operating segments were the same as the business segments previously identified under HKAS 14 *Segment Reporting*.

Except for the adoption of HKAS 1 (Revised) and HKFRS 8, the adoption of other new and revised HKFRSs has had no material effect on the Group's results of operation and financial position.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

HKFRS 2 Amendments	*Group cash-settled Share-based Payment Transactions*[2]
HKFRS 3 (Revised)	*Business Combinations*[1]
HKFRS 5 Amendments	*Plan to sell the controlling interest in a subsidiary*[1]
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*[1]
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*[1]
HK(IFRIC) – Int 17	*Distributions of Non-cash Assets to Owners*[1]
HKFRSs (Amendments)	*Improvements to HKFRSs issued in 2008 and 2009*[3]

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

2 Effective for annual periods beginning on or after 1 January 2010

3 Except for the amendments to HKFRS 2, HKFRS 5, HKAS 38, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16, which are effective for annual periods beginning on or after 1 July 2009, and no effective date or transitional provisions for the amendment to Appendix to HKAS 18 has been specified, other amendments are effective for annual periods beginning on or after 1 January 2010, although there are separate transitional provisions for certain standards

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

The directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

2. SEGMENT INFORMATION

The Group is principally engaged in garment manufacturing and trading, property development and property investment activities. 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 operating segments represents a strategic operating unit that offers products and services which are subject to risks and returns that are different from those of the other operating segments. Operating segments are reported in a manner consistent with the internal reporting provided to key management personnel. The adoption of HKFRS 8 had no material effect on the presentation of segment information. An analysis of the Group's revenue and contribution to profit from operation by business segments and revenue by geographical segments is as follows:

(a) Business segments

	Six months ended 30 September 2009 (Unaudited)				
	Garment	**Property development**	**Property investment**	**Others**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue:					
Sale to external customers	122,442	405,552	18,638	17,430	564,062
Segment results	9,815	56,420	245,159	4,254	315,648
Net income from investments					2,036
Unallocated expenses					(3,953)
Fair value gains on equity investments at fair value through profit or loss					19,353
Finance costs					(11,930)
Share of profits and losses of associates	–	–	–	12,439	12,439
Share of profits and losses of jointly-controlled entities	–	(930)	–	–	(930)
Gain on disposal of a jointly-controlled entity					76,922
Profit before tax					409,585
Tax					(65,533)
Profit for the period					344,052

	Six months ended 30 September 2008 (Unaudited)				
	Garment	**Property development**	**Property investment**	**Others**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue:					
Sale to external customers	157,908	100,061	27,512	19,819	305,300
Segment results	10,020	46,405	(29,481)	6,495	33,439
Net income from investments					4,390
Unallocated expenses					(2,573)
Fair value losses on equity investments at fair value through profit or loss					(9,011)
Finance costs					(13,570)
Share of profits and losses of associates	–	–	–	6,876	6,876
Share of profits and losses of jointly-controlled entities	–	285	–	–	285
Loss on disposal of a subsidiary					(974)
Excess over the cost of business combinations on acquisition of minority interests in subsidiaries					13,663
Profit before tax					32,525
Tax					8,191
Profit for the period					40,716

(b) Geographical segments

The following table provides an analysis of the Group's revenue by geographical market:

	Six months ended 30 September 2009 (Unaudited)					
	Hong Kong	**Mainland China**	**Europe**	**North America**	**Others**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue:						
Sales to external customers	50,847	389,874	109,699	11,323	2,319	564,062

	Six months ended 30 September 2008 (Unaudited)					
	Hong Kong	**Mainland China**	**Europe**	**North America**	**Others**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue:						
Sales to external customers	141,406	2,832	116,760	35,385	8,917	305,300

3. OTHER INCOME AND GAINS

	Six months ended 30 September 2009 (Unaudited) HK$'000	2008 (Unaudited) HK$'000
Bank interest income	562	2,018
Other interest income	1,286	1,264
Dividend income from listed investments	188	1,108
Commission income	187	2,585
Gain on disposal of investment properties	853	22,085
Foreign exchange difference, net	4,341	1,294
Other	2,480	2,794
	9,897	33,148

4. FINANCE COSTS

	Six months ended 30 September 2009 (Unaudited) HK$'000	2008 (Unaudited) HK$'000
Interest on Bank loans, overdrafts and other loans (including convertible bonds) wholly repayable within five years	30,755	41,186
Less: Interest capitalized under property development projects	(18,825)	(27,616)
	11,930	13,570

5. PROFIT BEFORE TAX

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

	Six months ended 30 September 2009 (Unaudited) HK$'000	2008 (Unaudited) HK$'000
Depreciation	3,290	3,480
Amortisation of prepaid land lease payments	236	236
Employee benefits expense (including directors' remuneration)	37,357	37,053
Less: Amounts capitalized under property development projects	(2,984)	(2,984)
	34,373	34,069
Fair value (gains)/losses on equity investments at fair value through profit or loss	(19,353)	9,011
Bank interest income	(562)	(2,018)
Other interest income	(1,286)	(1,264)
Gain on disposal of investment properties	(853)	(22,085)
Gain on disposal of property, plant and equipment	(118)	–

6. TAX

	Six months ended 30 September	
	2009	**2008**
	(Unaudited)	**(Unaudited)**
	HK$'000	*HK$'000*
Group:		
Current		
– Hong Kong	1,829	2,631
– Outside Hong Kong	22,357	(463)
	24,186	2,168
Deferred	41,347	(10,359)
Total tax charge/(credit) for the period	65,533	(8,191)

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. 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.

7. 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 period attributable to ordinary equity holders of the Company and the number of ordinary shares in issue during the period.

The calculation of diluted earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the Company, adjusted to reflect the interest on the convertible bonds, net of tax and interest capitalization 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 period, as used in the basic earnings per share calculation.

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

	Six months ended 30 September	
	2009	**2008**
	(Unaudited)	**(Unaudited)**
	HK$'000	*HK$'000*
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	191,963	29,917
Interest on convertible bonds of a subsidiary, net of tax and interest capitalization	–	–
Dilution of earnings arising from the full conversion of convertible bonds of a subsidiary	(20,187)	(1,437)
Profit attributable to ordinary equity holders of the Company after the full conversion of the convertible bonds of a subsidiary	171,776	28,480

8. TRADE AND BILLS RECEIVABLES

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

	At 30 September 2009 (Unaudited) *HK$'000*	At 31 March 2009 (Audited) *HK$'000*
Within 30 days	45,461	9,350
31 to 60 days	7,998	904
61 to 90 days	12,598	1,669
Over 90 days	7,977	12,566
Total	74,034	24,489

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.

9. TRADE PAYABLES AND ACCRUED LIABILITIES

Included in trade payables and accrued liabilities are trade payables of HK$39,731,000 (at 31 March 2009: HK$26,412,000). An aged analysis of the trade payables, based on the invoice date, is as follows:

	At 30 September 2009 (Unaudited) *HK$'000*	At 31 March 2009 (Audited) *HK$'000*
Within 30 days	34,354	15,164
31 to 60 days	2,602	8,377
61 to 90 days	1,180	2,152
Over 90 days	1,595	719
Total	39,731	26,412

10. SHARE CAPITAL

There were no movements in the authorised, issued and fully paid share capital of the Company in both interim periods.

11. CONTINGENT LIABILITIES

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

(a) the Group has given guarantees of HK$234,158,000 (as at 31 March 2009 (audited): HK$34,556,000) to banks for housing loans extended by the banks to the purchasers of the Group's properties for a period from the date the loans are granted to the purchasers up to the date of issuance of property title certificates to the purchasers; and

(b) pursuant to the share transfer agreement dated 17 August 2009 for the sale and purchase of the entire issued share capital of Rich Central Limited, an indirect jointly-controlled entity of the Group, together with the related shareholder's loan at an aggregate cash consideration of HK$250,000,000, the Group has executed a guarantee in favour of the purchaser to guarantee certain warranties given by the vendor upon completion of the share transfer agreement on 30 September 2009 for a period of 6 months. The maximum liability under the guarantee will not be greater than HK$250,000,000. In connection therewith, the joint venture partner counter indemnifies the Group for 50% of any loss suffered by the Group pursuant to the above guarantee.

12. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its properties under operating lease arrangements, with leases negotiated for terms ranging from one to ten 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 30 September 2009, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	At 30 September 2009 (Unaudited) *HK$'000*	At 31 March 2009 (Audited) *HK$'000*
Within one year	23,287	14,740
In the second to fifth years, inclusive	45,279	15,855
Over five years	26,529	–
	95,095	30,595

(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 five years.

At 30 September 2009, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	At 30 September 2009 (Unaudited) *HK$'000*	At 31 March 2009 (Audited) *HK$'000*
Within one year	18,141	16,148
In the second to fifth years, inclusive	17,870	15,128
	36,011	31,276

13. CAPITAL COMMITMENTS

As at 30 September 2009, the Group had authorised and contracted capital commitments in respect of property development expenditure and acquisition of properties amounting to HK$184,624,000 (at 31 March 2009 (audited): HK$245,118,000).

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$32,836,000 (at 31 March 2009 (audited): HK$26,380,000).

14. RELATED PARTY TRANSACTIONS

(a) Significant transactions with related parties

	Six months ended 30 September 2009 (Unaudited) *HK$'000*	2008 (Unaudited) *HK$'000*
Legal and professional fees paid to a firm of which a director of the Company is a consultant	21	109
Interest income on a promissory note due from an associate	1,188	1,256

(b) Outstanding balances with related parties

	At 30 September 2009 (Unaudited) *HK$'000*	At 31 March 2009 (Audited) *HK$'000*
Due from related parties:		
Related companies	345	345
Jointly-controlled entities	145,671	178,837
Associate	40,304	40,113
Due to related parties:		
Immediate holding company	40,000	40,000

(c) Compensation of key management personnel of the Group

	Six months ended 30 September 2009 (Unaudited) *HK$'000*	2008 (Unaudited) *HK$'000*
Short-term employee benefits	1,360	1,360

(d) The amounts due from/to associates and jointly controlled entities are unsecured, interest-free, and are repayable on demand in both periods.

15. POST BALANCE SHEET EVENT

On 30 September 2009, the Hon Kwok Group committed to repurchase at par an aggregate principal amount of HK$192 million out of HK$280 million 3.5% guaranteed convertible bonds which were issued by a wholly-owned subsidiary of Hon Kwok in June 2006. The aforementioned repurchased bonds had been cancelled upon completion of the repurchases in October 2009.

16. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

These condensed interim consolidated financial statements were approved and authorized for issue by the board of directors on 10 December 2009.

4. INDEBTEDNESS

At the close of business on 28 February 2010, the Enlarged Group had outstanding borrowings of approximately HK$2,144 million comprising:

(a) secured bank loans of approximately HK$1,641 million;

(b) unsecured bank loans of approximately HK$210 million;

(c) the amortised cost of the liability component of unsecured convertible bonds as at 28 February 2010 of approximately HK$100 million. The principal outstanding amount of the convertible bonds as at 28 February 2010 was approximately HK$105 million;

(d) the unsecured promissory note of approximately HK$20 million;

(e) the unsecured other loans of approximately HK$133 million; and

(f) the unsecured loan from an intermediate holding company of the Company of approximately HK$40 million.

All of the above outstanding borrowings of the Enlarged Group are unguaranteed.

The Group's secured bank borrowings as at 28 February 2010 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 Enlarged 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 or liabilities under acceptances of acceptance credits as at the close of business on 28 February 2010.

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 28 February 2010.

The Directors are not aware of any material adverse changes in the Enlarged Group's indebtedness position since 28 February 2010.

5. CONTINGENT LIABILITIES

As at the Latest Practicable Date, the Group has given guarantees of HK$265,828,000 to banks for housing loans extended by the banks to the purchasers of the Group's properties for a period from the date the loans are granted to the purchasers up to the date of issuance of property title certificates to the purchasers.

Save as disclosed as aforesaid, the Enlarged Group did not have any guarantee or other material contingent liabilities as at the Latest Practicable Date.

6. WORKING CAPITAL

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

7. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 March 2009, being the date to which the latest published audited financial statements of the Group were made up.

8. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

As at 31 March 2009, being the date to which the Group's latest published audited financial statements were made up, the Group had a total shareholders' funds of approximately HK$1,828 million. The gearing ratio of the Group, as measured by the consolidated net borrowings of approximately HK$1,328 million over the total shareholders' fund plus minority interests of approximately HK$3,416 million, was 39% as at 31 March 2009. The Group had a cash and bank balance of approximately HK$366 million as at 31 March 2009. The Directors expect that the Group will continue to maintain a good financial position to support the business operations.

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. Since the outbreak of the global financial tsunami in 2008, some countries have stabilized their economies and gradually recovered from it. In the Mainland China, plunge in GDP due to loss of exports has been overcome by the Central Government's massive investments in large scale infrastructure projects and urban modernization programme, coupled with aggressive monetary relaxation policies to encourage domestic consumption. 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.

J.L. Group, which produced fashionable garment in Mainland China for export mainly to the European market, has unavoidably been affected with a general decline in demand from customers who became more conservative in stock replenishment under the weak retail business environment in 2009. 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.

9. RECONCILIATION OF THE VALUE OF THE PROPERTY

The table below sets forth the reconciliation of the carrying value of the Property as set out in the audited consolidated statements of financial position of the Floralmist Group as at 31 December 2009 to the valuation of the Property as at 4 March 2010 as set out in Appendix VI to this circular:

	HK$'000
Carrying value of the Property as at 31 December 2009	274,513
Development costs incurred during the period from 1 January 2010 to 4 March 2010	8,999
Carrying value of the Property as at 4 March 2010	283,512
Valuation surplus of the Property as at 4 March 2010	193,761
Valuation of the Property as at 4 March 2010 (as set out in Appendix VI to this circular)	477,273 (equivalent to RMB420,000,000)

The following is a text of a report prepared for the sole purpose of inclusion in this circular, received from the independent reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong. Terms defined herein apply to this report only.

ERNST & YOUNG
安 永

The Board of Directors
Chinney Investments, Limited

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") regarding Floralmist Holdings Ltd. (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") for each of the three years ended 31 December 2007, 2008 and 2009 (the "Relevant Periods"), pursuant to a share purchase agreement dated 4 March 2010 regarding the proposed acquisition of 50% of the issued share capital of the Company (the "Acquisition") from MSR Asia Acquisitions VII, Inc. The Financial Information has been prepared on the basis as set out in note 2.1 of Section II below, for inclusion in the circular of Chinney Investments, Limited ("Chinney") dated 16 April 2010 (the "Circular") in connection with the Acquisition.

The Company was incorporated in the British Virgin Islands with limited liability on 19 April 1993.

As at the date of this report, the Company has the following subsidiaries:

Name of subsidiaries	Place of incorporation/ registration and operations	Nominal value of issued ordinary share capital/ amount of paid up registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Orient States Limited ("Orient States")	Hong Kong	HK$2	100	–	Investment holding
Foshan Nanhai XinDa Land Development Ltd. ("XinDa")	Mainland China/PRC	HK$129,480,000	–	100	Property development

The statutory financial statements of Orient States for the year ended 31 December 2007 and 2008 which were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") were audited by Ernst & Young. No audited financial statements of Orient States for the year ended 31 December 2009 were issued up to the date of this report. The statutory financial statements of XinDa for the Relevant Periods were prepared in accordance with the relevant accounting rules and regulations applicable in the PRC and were audited by 佛山市南海駿朗會計師事務所有限公司 (Foshan Nanhai Jun Lang Certified Public Accountants Firm Co. Ltd.), a certified public accounting firm registered in the PRC. The consolidated financial statements of the Group for the year ended 31 December 2007, 2008 and 2009 were prepared in accordance with HKFRSs and were audited by Ernst & Young.

The statutory financial statements of Orient States for the year ended 31 December 2007 and 2008 were qualified in respect of the failure to present consolidated financial statements in accordance with Hong Kong Accounting Standard No. 27 "Consolidated and Separate Financial Statements" ("HKAS 27"). The results of Orient States and its subsidiary have been consolidated in the Financial Information for the Relevant Periods presented in this report and therefore the audit qualification has had no impact on the Financial Information.

The Financial Information prepared by the directors of Floralmist Holdings Ltd. set out in this report, including the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for the Relevant Periods, and the consolidated and company statements of financial position as at 31 December 2007, 2008 and 2009 together with the notes thereon has been prepared in accordance with HKFRSs (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA and has been prepared on the basis set out in Note 2.1 of Section II below. The Financial Information has been prepared based on the audited financial statements of the Group and the financial statements of the Company.

The directors of Floralmist Holdings Ltd. are responsible for the preparation and the true and fair presentation of the Financial Information. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In preparing the Financial Information, it is fundamental that appropriate accounting policies are selected and consistently applied, that the judgements and estimates made are prudent and reasonable. The directors of Chinney are responsible for the content of the Circular in which this report is included.

It is our responsibility to form an independent opinion on the Financial Information for the Relevant Periods, based on our audit, and to report our opinion solely to you thereon.

Procedures performed in respect of the Financial Information

For the purpose of this report, we have carried out independent audit procedures on the Financial Information in accordance with Hong Kong Standards on Auditing ("HKASs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), and have carried out such additional procedures as we consider necessary in accordance with Auditing Guideline 3.340 Prospectuses and the Reporting Accountant issued by the HKICPA. No adjustments were considered necessary to adjust the Financial Information for the Relevant Periods.

Opinion in respect of the Financial Information

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the consolidated results and consolidated cash flows of the Group for each of the Relevant Periods, and the state of affairs of the Company and of the Group as at 31 December 2007, 2008 and 2009.

I. FINANCIAL INFORMATION

Consolidated Statements of Comprehensive Income

	Notes	Year ended 31 December 2007 *HK$*	2008 *HK$*	2009 *HK$*
REVENUE	*5*	–	–	–
Administrative expenses		(166,843)	(174,480)	(175,591)
LOSS BEFORE TAX	*6*	(166,843)	(174,480)	(175,591)
Income tax expense	*9*	–	–	–
LOSS FOR THE YEAR	*10*	(166,843)	(174,480)	(175,591)
OTHER COMPREHENSIVE INCOME				
Exchange differences on translation of foreign operations		10,374,427	11,363,189	–
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		10,374,427	11,363,189	–
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		10,207,584	11,188,709	(175,591)

Consolidated Statements of Financial Position

		As at 31 December		
	Notes	**2007**	**2008**	**2009**
		HK$	*HK$*	*HK$*
NON-CURRENT ASSETS				
Property, plant and equipment	*12*	466,440	465,065	488,428
Properties under development	*13*	196,354,862	247,389,925	274,512,603
Total non-current assets		196,821,302	247,854,990	275,001,031
CURRENT ASSETS				
Prepayments, deposits and other receivables		469,902	5,398	5,398
Cash and cash equivalents	*15*	1,182,007	547,602	105,890,150
Total current assets		1,651,909	553,000	105,895,548
CURRENT LIABILITIES				
Due to shareholders	*20*	177,694,345	179,245,573	179,253,562
Due to related companies	*20*	–	34,293,475	167,572,547
Accrued liabilities		139,155	3,040,522	2,417,641
Total current liabilities		177,833,500	216,579,570	349,243,750
NET CURRENT LIABILITIES		(176,181,591)	(216,026,570)	(243,348,202)
Net assets		20,639,711	31,828,420	31,652,829
EQUITY				
Issued capital	*16*	780	780	780
Reserves	*17(a)*	20,638,931	31,827,640	31,652,049
Total equity		20,639,711	31,828,420	31,652,829

Consolidated Statements of Changes in Equity

	Issued capital *HK$*	**Surplus capital** *HK$*	**Exchange fluctuation reserve** *HK$*	**Accumulated losses** *HK$*	**Total equity** *HK$*
At 1 January 2007	780	287,951	10,483,367	(339,971)	10,432,127
Total comprehensive income for the year	–	–	10,374,427	(166,843)	10,207,584
At 31 December 2007 and 1 January 2008	780	287,951*	20,857,794*	(506,814)*	20,639,711
Total comprehensive income for the year	–	–	11,363,189	(174,480)	11,188,709
At 31 December 2008 and 1 January 2009	780	287,951*	32,220,983*	(681,294)*	31,828,420
Total comprehensive loss for the year	–	–	–	(175,591)	(175,591)
At 31 December 2009	780	287,951*	32,220,983*	(856,885)*	31,652,829

* These reserve accounts comprise the consolidated reserves of HK$31,652,049 (2008: HK$31,827,640; 2007: HK$20,638,931) in the consolidated statements of financial position.

Consolidated Statements of Cash Flows

	Notes	Year ended 31 December 2007 HK$	2008 HK$	2009 HK$
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before tax		(166,843)	(174,480)	(175,591)
Adjustment for depreciation	6	60,269	66,738	77,367
		(106,574)	(107,742)	(98,224)
Increase in properties under development		(5,274,655)	(39,774,846)	(27,122,678)
Decrease/(increase) in prepayments, deposits and other receivables		(464,902)	464,504	–
Increase/(decrease) in accrued liabilities		(7,953,517)	2,901,367	(622,881)
Cash used in operations and net cash flows used in operating activities		(13,799,648)	(36,516,717)	(27,843,783)
CASH FLOW FROM AN INVESTING ACTIVITY				
Purchases of items of property, plant and equipment and cash flows used in an investing activity	12	–	(33,560)	(100,730)
CASH FLOW FROM FINANCING ACTIVITIES				
Increase in amounts due to shareholders		5,000,855	1,551,228	7,989
Increase in amounts due to related companies		–	34,293,475	133,279,072
Net cash flows from financing activities		5,000,855	35,844,703	133,287,061
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS		(8,798,793)	(705,574)	105,342,548
Cash and cash equivalents at beginning of year		9,362,397	1,182,007	547,602
Effect of foreign exchange rate changes, net		618,403	71,169	–
CASH AND CASH EQUIVALENTS AT END OF YEAR		1,182,007	547,602	105,890,150
ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS				
Cash and bank balances	15	1,182,007	547,602	105,890,150

Statements of Financial Position

	Notes	As at 31 December		
		2007	**2008**	**2009**
		HK$	*HK$*	*HK$*
NON-CURRENT ASSETS				
Interests in subsidiaries	*14*	2	2	2
CURRENT ASSETS				
Due from a subsidiary	*14*	177,816,927	179,367,377	179,369,932
Cash and cash equivalents	*15*	11,089	6,405	3,705
Total current assets		177,828,016	179,373,782	179,373,637
CURRENT LIABILITIES				
Due to shareholders	*20*	177,694,345	179,245,573	179,253,562
Accrued liabilities		82,000	154,000	213,000
Total current liabilities		177,776,345	179,399,573	179,466,562
NET CURRENT ASSETS/(LIABILITIES)		51,671	(25,791)	(92,925)
Net assets/(liabilities)		51,673	(25,789)	(92,923)
EQUITY				
Issued capital	*16*	780	780	780
Reserves	*17(b)*	50,893	(26,569)	(93,703)
Total equity		51,673	(25,789)	(92,923)

II. Notes to Financial Information

1. CORPORATE INFORMATION

The Company was incorporated as a company with limited liability in the British Virgin Islands on 19 April 1993.

The registered office of the Company is P.O. Box 3340, Road Town, Tortola, British Virgin Islands.

The Group's principal activities consisted of investment holding and property development in the PRC.

At the end of the Relevant Periods, the Company's shares were held equally by High Able Group Limited and MSR Asia Acquisitions VII, Inc., which are incorporated in the British Virgin Islands and the Cayman Islands, respectively.

Subsequent to the end of the Relevant Periods, on 4 March 2010, MSR Asia Acquisitions VII, Inc. sold its 50% equity interest in the Company to High Able Group Limited. Since then, the Company became a wholly-owned subsidiary of High Able Group Limited and Hon Kwok Land Investment Company, Limited, a company incorporated and listed in Hong Kong, and which is an intermediate holding company of the Company. In the opinion of directors, the ultimate holding company of the Company is Lucky Year Finance Limited, a company incorporated in the British Virgin Islands.

2.1 BASIS OF PRESENTATION

The Financial Information has been prepared in accordance with HKFRSs, (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The Financial Information has been prepared under the historical cost convention. The Financial Information is presented in Hong Kong dollars ("HK$").

All HKFRSs effective for the accounting periods commencing from 1 January 2007, together with the relevant transitional provisions, have been adopted by the Group in the preparation of the Financial Information for the Relevant Periods.

2.2 NET CURRENT LIABILITIES

As at 31 December 2009, the current liabilities of the Group exceeded its current assets by approximately HK$243 million. The directors have prepared the Financial Information on a going concern basis notwithstanding the net current liability position because an intermediate holding company of the Company, Hon Kwok Land Investment Company, Limited, has agreed to provide adequate funds for the Company and the Group to meet their liabilities as and when they fall due.

2.3 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

During the current year, the Group adopted the following revised HKFRS, for the first time, which has had a significant impact to the Financial Information.

HKAS 1 (Revised) *Presentation of Financial Statements*

HKAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this standard introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present one single statement.

2.4 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 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards*[1]
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters*[2]
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions*[2]
HKFRS 3 (Revised)	*Business Combinations*[1]
HKFRS 9	*Financial Instruments*[6]
HKAS 24 (Revised)	*Related Party Disclosures*[5]
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*[1]
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation – Classification of Rights Issues*[3]
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*[1]
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement*[5]
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners*[1]
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*[4]
Amendments to HKFRS 5 included in *Improvements to HKFRSs* issued in October 2008	Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to Sell the Controlling Interest in a Subsidiary*[1]
HK Interpretation 4 (Revised in December 2009)	*Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases*[2]

Apart from the above, the HKICPA has issued *Improvements to HKFRSs 2009* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 2, HKAS 38, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16 are effective for annual periods beginning on or after 1 July 2009 while the amendments to HKFRS 5, HKFRS 8, HKAS 1, HKAS 7, HKAS 17, HKAS 38 and HKAS 39 are effective for annual periods beginning on or after 1 January 2010 although there are separate transitional provisions for each standard or interpretation.

[1] Effective for annual periods beginning on or after 1 July 2009
[2] Effective for annual periods beginning on or after 1 January 2010
[3] Effective for annual periods beginning on or after 1 February 2010
[4] Effective for annual periods beginning on or after 1 July 2010
[5] Effective for annual periods beginning on or after 1 January 2011
[6] Effective for annual periods beginning on or after 1 January 2013

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the Relevant Periods. 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.

Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

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

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets and properties under development), 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 profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill and certain financial assets 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 profit or loss 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 shareholders;

(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 profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation.

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

Office equipment	20%
Motor vehicles	10%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end date.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the profit or loss 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.

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 lessee, rentals payable under operating leases are charged to the profit or loss on the straight-line basis over the lease terms.

Financial assets

Initial recognition and measurement

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

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

The Group's financial assets include cash and bank balances, and prepayments, deposits and other receivables.

Subsequent measurement

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

Loans and receivables

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

Derecognition of financial assets

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

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

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

Financial liabilities

Financial liabilities include amounts due to shareholders and related companies, and other monetary liabilities. All financial liabilities are initially stated at fair value less directly attributable transaction costs and are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. The related interest expense is recognised within "finance costs" in the profit or loss.

Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the amortisation process.

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 profit or loss.

Offsetting of financial instruments

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

Cash and cash equivalents

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

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

Income tax

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

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

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

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

- where the deferred tax liability arises from 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, 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, carry forward 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 carry forward 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, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

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.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. All differences are taken to the profit or loss. 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 currency of an overseas subsidiary is a currency other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of this entity are translated into the presentation currency of the Company at the exchange rates ruling at the end of the reporting period, and its profit or loss is translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the profit or loss.

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

3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES

Judgement

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

Depreciation

The net book value of the Group's property, plant and equipment as at 31 December 2009 was HK$488,428 (2008: HK$465,065; 2007: HK$466,440). The Group depreciates the property, plant and equipment on the straight line basis over the respective estimated useful lives as set out in note 12 to the financial statements, with the depreciation charge commencing from the date an item of the property, plant and equipment is available for use. The estimated useful life reflects the directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment.

Estimation uncertainty

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

Estimation of 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.

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.

4. SEGMENT INFORMATION

The Group did not generate any revenue for the Relevant Periods. In the opinion of the management, the Group has only one operating segment which is property development.

No geographical information is presented as almost all of the Group's assets are located in the PRC.

5. REVENUE

The Group did not generate any revenue during the year (2008: Nil; 2007: Nil).

6. LOSS BEFORE TAX

Loss before tax is arrived at after charging:

	Year ended 31 December		
	2007	**2008**	**2009**
	HK$	*HK$*	*HK$*
Auditors' remuneration	92,000	95,000	79,000
Depreciation *(note 12)*	60,269	66,738	77,367

7. DIRECTORS' REMUNERATION

No directors of the Company received any fees or emoluments during the Relevant Periods in respect of their services rendered to the Group.

8. FIVE HIGHEST PAID EMPOLYEES

Details of the remuneration of the five highest paid employees, who are non-directors, during the Relevant Periods are as follows:

	Year ended 31 December		
	2007	**2008**	**2009**
	HK$	*HK$*	*HK$*
Salaries, allowances and benefits in kind	233,000	310,000	460,000

	Number of employees Year ended 31 December		
	2007	**2008**	**2009**
Nil to HK$1,000,000	5	5	5

9. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2008: Nil; 2007: Nil).

A reconciliation of the tax credit applicable to loss before tax at the Hong Kong statutory rate to the tax position, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate, are as follows:

	2007		**2008**		**2009**	
	HK$	*%*	*HK$*	*%*	*HK$*	*%*
Loss before tax	(166,843)		(174,480)		(175,591)	
Tax at the statutory tax rate of 16.5% (2007: 17.5%)	(29,198)	(17.5)	(28,789)	(16.5)	(28,973)	(16.5)
Expenses not deductible for tax	29,198	17.5	28,789	16.5	28,973	16.5
Tax position	–	–	–	–	–	–

There was no material unprovided deferred tax in respect of the year and as at the end of the reporting period.

10. LOSS FOR THE YEAR

The loss for the year of the Group included of a loss of HK$67,134 (2008: HK$77,462; 2007: HK$78,881) which has been dealt with in the financial statements of the Company.

11. EARNINGS PER SHARE

Earnings per share has not been presented as such information is not considered meaningful for the purpose of this report.

12. PROPERTY, PLANT AND EQUIPMENT

Group

	Office equipment *HK$*	Motor vehicle *HK$*	Total *HK$*
31 December 2007			
At 31 December 2006 and 1 January 2007:			
Cost	92,161	442,953	535,114
Accumulated depreciation	(21,802)	(19,933)	(41,735)
Net carrying amount	70,359	423,020	493,379
At 1 January 2007, net of accumulated depreciation	70,359	423,020	493,379
Depreciation provided during the year	(17,710)	(42,559)	(60,269)
Exchange realignment	4,754	28,576	33,330
At 31 December 2007, net of accumulated depreciation	57,403	409,037	466,440
At 31 December 2007:			
Cost	98,387	472,876	571,263
Accumulated depreciation	(40,984)	(63,839)	(104,823)
Net carrying amount	57,403	409,037	466,440
31 December 2008			
At 31 December 2007 and 1 January 2008:			
Cost	98,387	472,876	571,263
Accumulated depreciation	(40,984)	(63,839)	(104,823)
Net carrying amount	57,403	409,037	466,440
At 1 January 2008, net of accumulated depreciation	57,403	409,037	466,440
Additions	33,560	–	33,560
Depreciation provided during the year	(21,278)	(45,460)	(66,738)
Exchange realignment	3,914	27,889	31,803
At 31 December 2008, net of accumulated depreciation	73,599	391,466	465,065
At 31 December 2008:			
Cost	138,657	505,117	643,774
Accumulated depreciation	(65,058)	(113,651)	(178,709)
Net carrying amount	73,599	391,466	465,065

	Office equipment	Motor vehicle	Total
	HK$	*HK$*	*HK$*
31 December 2009			
At 31 December 2008 and 1 January 2009:			
Cost	138,657	505,117	643,774
Accumulated depreciation	(65,058)	(113,651)	(178,709)
Net carrying amount	73,599	391,466	465,065
At 1 January 2009, net of accumulated depreciation	73,599	391,466	465,065
Additions	100,730	–	100,730
Depreciation provided during the year	(31,906)	(45,461)	(77,367)
At 31 December 2009, net of accumulated depreciation	142,423	346,005	488,428
At 31 December 2009:			
Cost	239,387	505,117	744,504
Accumulated depreciation	(96,964)	(159,112)	(256,076)
Net carrying amount	142,423	346,005	488,428

13. PROPERTY UNDER DEVELOPMENT

Group

	2007	2008	2009
	HK$	*HK$*	*HK$*
At 1 January	180,852,191	196,354,862	247,389,925
Additions	5,274,655	39,774,846	27,122,678
Exchange realignment	10,228,016	11,260,217	–
At 31 December	196,354,862	247,389,925	274,512,603

Details of the properties under development are as follows:

	As at 31 December		
	2007	2008	2009
	HK$	*HK$*	*HK$*
Long term lease:			
Mainland China	196,354,862	247,389,925	274,512,603

The Group is subject to a risk that the land relating to the properties under development could be appropriated by the relevant government authorities in the People's Republic of China (the "PRC") as a result of the non-compliance with the requirement to complete the construction work on the land in 1996 and 1997. In the opinion of the directors, the chance that the land administration bureau will appropriate the property without paying compensation is remote because the Group fully paid the land premium in prior years and was granted approval from the relevant government departments for the modification and application for extension of several Construction Works Planning Permits and Construction Works Commencement Permits.

14. INTERESTS IN SUBSIDIARIES

Company

	As at 31 December		
	2007	**2008**	**2009**
	HK$	*HK$*	*HK$*
Unlisted shares, at cost	2	2	2
Due from a subsidiary	177,816,927	179,367,377	179,369,932
	177,816,929	179,367,379	179,369,934

The amount due from a subsidiary included in the Company's current asset is unsecured, interest-free and repayable on demand. The carrying amount of the balance due from a subsidiary approximates to its fair value.

Particulars of the subsidiaries are as follows:

Name	**Place of incorporation/ registration and operations**	**Nominal value of issued ordinary share capital/ amount of paid-up registered capital**	**Percentage of equity attributable to the Company**		**Principal activities**
			Direct	**Indirect**	
Orient States Limited	Hong Kong	HK$2	100	–	Investment holding
Foshan Nanhai XinDa Land Development Ltd.	PRC/Mainland China	HK$129,480,000	–	100	Property development

15. CASH AND CASH EQUIVALENTS

	Group As at 31 December			Company As at 31 December		
	2007	**2008**	**2009**	**2007**	**2008**	**2009**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Cash and bank balances	1,182,007	547,602	105,890,150	11,089	6,405	3,705

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to HK$105,797,388 (2008: HK$449,740; 2007: HK$1,043,806). 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.

The carrying amounts of the cash and cash equivalents approximate to their fair values.

16. SHARE CAPITAL

	As at 31 December		
	2007	**2008**	**2009**
	HK$	*HK$*	*HK$*
Authorised:			
50,000 ordinary shares of US$1 each	390,000	390,000	390,000
Issued and fully paid:			
100 ordinary shares of US$1 each	780	780	780

17. RESERVES

(a) Group

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

(b) Company

	Surplus capital	Accumulated losses	Total
	HK$	*HK$*	*HK$*
At 1 January 2007	287,951	(158,177)	129,774
Loss for the year	–	(78,881)	(78,881)
At 31 December 2007 and 1 January 2008	287,951	(237,058)	50,893
Loss for the year	–	(77,462)	(77,462)
At 31 December 2008 and 1 January 2009	287,951	(314,520)	(26,569)
Loss for the year	–	(67,134)	(67,134)
At 31 December 2009	287,951	(381,654)	(93,703)

18. OPERATING LEASE ARRANGEMENT

The Group leases its office property under an operating lease arrangement. The lease for the office property is negotiated for a term of two years.

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

	As at 31 December		
	2007	**2008**	**2009**
	HK$	*HK$*	*HK$*
Within one year	85,021	60,545	95,734
In the second to fifth years, inclusive	56,681	–	60,206
	141,702	60,545	155,940

19. CAPITAL COMMITMENT

In addition to the operating lease commitment detailed in note 18 above, the Group had the following capital commitments in respect of property development expenditure at the end of the reporting period.

	As at 31 December		
	2007	**2008**	**2009**
	HK$	*HK$*	*HK$*
Contracted, but not provided for	13,059,133	14,544,368	18,450,945

20. RELATED PARTY TRANSACTIONS

(a) Outstanding balances with shareholders and related companies:

Amounts due to shareholders and related companies, as disclosed in the statements of financial position, are unsecured, interest-free and repayable on demand. Their carrying amounts of the balances approximate to their fair values.

(b) The Group's key management personnel are the directors and they did not receive any remuneration from the Group for their services rendered during the Relevant Periods.

21. FINANCIAL INSTRUMENTS BY CATEGORY

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

Group

Financial assets

	Loans and receivables As at 31 December		
	2007	**2008**	**2009**
	HK$	*HK$*	*HK$*
Financial assets included in prepayments, deposits and other receivables	469,902	5,398	5,398
Cash and cash equivalents	1,182,007	547,602	105,890,150
	1,651,909	553,000	105,895,548

Financial liabilities

	Financial liabilities at amortised cost As at 31 December		
	2007	**2008**	**2009**
	HK$	*HK$*	*HK$*
Due to shareholders	177,694,345	179,245,573	179,253,562
Due to related companies	–	34,293,475	167,572,547
	177,694,345	213,539,048	346,826,109

Company

Financial assets

		Loans and receivables As at 31 December	
	2007	**2008**	**2009**
	HK$	*HK$*	*HK$*
Due from a subsidiary	177,816,927	179,367,377	179,369,932
Cash and cash equivalents	11,089	6,405	3,705
	177,828,016	179,373,782	179,373,637

Financial liabilities

		Financial liabilities at amortised cost As at 31 December	
	2007	**2008**	**2009**
	HK$	*HK$*	*HK$*
Due to shareholders	177,694,345	179,245,573	179,253,562

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise balances with shareholders, and cash and cash equivalents. The main purpose of these financial instruments is to provide finance for the Group's operations.

It is, and has been, throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are credit risk and liquidity risk. The management reviews and agrees policies for managing each of these risks and they are summarised below.

Credit risk

Other receivables are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

With respect to credit risk arising from cash and bank balances, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of the cash and bank balances.

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 and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the continuous financial support from an intermediate holding company, namely Hon Kwok Land Investment Company, Limited. The Group will consistently maintain a prudent financing policy and ensure that it maintains sufficient liquid funds to meet its liquidity requirements.

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

Group

	2007 **On demand** *HK$*	**2008** **On demand** *HK$*	**2009** **On demand** *HK$*
Due to shareholders	177,694,345	179,245,573	179,253,562
Due to related companies	–	34,293,475	167,572,547
	177,694,345	213,539,048	346,826,109

Company

	2007 **On demand** *HK$*	**2008** **On demand** *HK$*	**2009** **On demand** *HK$*
Due to shareholders	177,694,345	179,245,573	179,253,562

Capital management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern. As detailed in note 2.2 to the financial statements, an intermediate holding company, Hon Kwok Land Investment Company, Limited, has agreed to provide adequate funds for the Group to maintain its liquidity position.

23. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group in respect of any period subsequent to 31 December 2009.

Yours faithfully,
Ernst & Young
Certified Public Accountants
18th Floor
Two International Finance Centre
8 Finance Street, Central
Hong Kong
16 April 2010

1. UNAUDITED PRO FORMA FINANCIAL INFORMATION

The accompanying unaudited pro forma financial information has been prepared to illustrate the effect of the Acquisition on the Group.

The unaudited pro forma statement of assets and liabilities of the Group combined with the assets and liabilities of the Floralmist Group as at 31 December 2009 (the "Unaudited Pro Forma Financial Information") gives effect to the Acquisition as if the Acquisition had been completed on 31 December 2009.

The accompanying Unaudited Pro Forma Financial Information is based upon the unaudited pro forma financial information of the Group as set out in Appendix III to the Company's circular dated 29 March 2010 and the historical audited financial information of the Floralmist Group as at 31 December 2009 as extracted from the accountants' report of the Floralmist Group as set out in Appendix II to this circular. A narrative description of the pro forma adjustments of the Acquisition that are (i) directly attributable to the transactions; (ii) expected to have a continuing impact on the Group; and (iii) factually supportable, are summarised in the accompanying notes.

The accompanying Unaudited Pro Forma Financial Information is based on a number of assumptions, estimates, uncertainties and currently available information. As a result of these assumptions, estimates and uncertainties, the accompanying Unaudited Pro Forma Financial Information does not purport to describe the financial position that would have been presented had the Acquisition been completed. Further, the accompanying Unaudited Pro Forma Financial Information does not purport to predict the Enlarged Group's future financial position.

The accompanying Unaudited Pro Forma Financial Information should be read in conjunction with the audited financial statements and the unaudited condensed interim financial statements of the Group as set out in Appendix I and other financial information elsewhere in this circular.

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

	Pro forma information as disclosed in the Company's circular dated 29.3.2010	Floralmist Group 31.12.2009	Pro forma adjustments: Acquisition of Floralmist Group	Pro forma adjustments: Elimination of investment in Floralmist Group	Pro forma Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(note 1)	*(note 2)*			
Non-Current Assets					
Properties, plant and equipment	94,366	488			94,854
Properties under development	1,666,995	274,513		65,740 *(note 5)*	2,007,248
Prepaid land lease payments	15,992	–			15,992
Investment properties	3,048,100	–			3,048,100
Investment in Floralmist	–	–	97,393 *(note 3)*	(97,393) *(note 6)*	–
Goodwill	443	–			443
Interests in associates	101,037	–			101,037
Interests in jointly-controlled entities	31,159	–	(14,523) *(note 4)*		16,636
Promissory note receivable from an associate	40,304	–			40,304
Deferred tax assets	184	–			184
Loans receivables	2,881	–			2,881
	5,001,461	275,001			5,327,679
Current Assets					
Amount due from Floralmist	–	–	236,949 *(note 3)*	(236,949) *(note 6)*	–
Inventories	15,061	–			15,061
Properties held for sale	452,147	–			452,147
Prepaid land lease payments	471	–			471
Equity investments at fair value through profit and loss	36,461	–			36,461
Trade and bills receivables	74,034	–			74,034
Prepayments, deposits and other receivables	61,828	6			61,834
Amounts due from related companies	345	–			345
Amounts due from/(to) jointly-controlled entities	145,671	–	(147,326) *(note 4)*		(1,655)
Taxation recoverable	220	–			220
Bank balances and cash	757,561	105,890	(172,493) *(note 3)*	(109,877) *(note 6)*	581,081
	1,543,799	105,896			1,219,999
Current Liabilities					
Trade payables and accrued liabilities	206,822	2,418			209,240
Customers deposits	233,338	–			233,338
Due to the immediate holding company	40,000	–			40,000
Due to shareholders	–	179,254		(179,254)	–
Due to related companies	–	167,572		(167,572) *(note 6)*	–
Tax payable	71,033	–			71,033
Dividend payable	22,055	–			22,055
Interest-bearing bank borrowings	376,453				376,453
	949,701	349,244			952,119

	Pro forma information as disclosed in the Company's circular dated 29.3.2010 HK$'000 (note 1)	Floralmist Group 31.12.2009 HK$'000 (note 2)	Pro forma adjustments		Pro forma Enlarged Group HK$'000
			Acquisition of Floralmist Group HK$'000	Elimination of investment in Floralmist Group HK$'000	
Net Current Assets/(Liabilities)	594,098	(243,348)			267,880
Total Assets less Current Liabilities	5,595,559	31,653			5,595,559
Non-Current Liabilities					
Interest-bearing bank borrowings	1,221,419	–			1,221,419
Promissory note payable	20,000	–			20,000
Convertible bonds	309,987	–			309,987
Deferred tax liabilities	302,840	–			302,840
	1,854,246	–			1,854,246
Net Assets	3,741,313	31,653			3,741,313
Financed By:					
Share capital	137,842	1		(1)	137,842
Reserves	1,861,485	31,652		(31,652) *(note 6)*	1,861,485
Shareholders' funds	1,999,327	31,653			1,999,327
Minority interests	1,741,986	–			1,741,986
Total equity	3,741,313	31,653			3,741,313

Note 1: This column represents the unaudited pro forma financial information of the Group as enlarged by the acquisition of Guru Star Investments Limited as extracted from Appendix III to the Company's circular dated 29 March 2010.

Note 2: This column represents the historical audited financial information of the Floralmist Group as at 31 December 2009 as set out in the accountants' report of the Floralmist Group in Appendix II to this circular. Certain balances have been reclassified in order to conform with the classification used by the Group.

Note 3: The net amount paid by the Group for the Acquisition of HK$172,493,000 was satisfied in cash, of which HK$89,623,000 was related to the assignment of the related shareholder's loan. Hence, the excess of the net amount paid for the Acquisition over the carrying amount of the assigned shareholder's loan balance is accounted for as investment in Floralmist before elimination adjustments.

Note 4: Prior to the Acquisition, Floralmist was held by the Group as to 50% and accounted for as jointly-controlled entity. Hence, the carrying amount of the interests in jointly-controlled entities and the amount due from jointly-controlled entities relating to the Floralmist Group of HK$14,523,000 and HK$147,326,000 respectively are reclassified to account for the effect of the Acquisition.

Note 5: The excess of the net amount paid by the Group for the 50% interest in Floralmist over the cost of net assets of the Floralmist Group acquired as at 31 December 2009 and the interests in jointly-controlled entities relating to the Floralmist Group reclassified of HK$65,740,000 is included as part of the cost of properties under development and is analyzed as follows:

	HK$'000
Net amount paid by the Group for the Acquisition	172,493
Less: Carrying amount of the net assets acquired	31,653
Carrying amount of the shareholder's loan assigned	89,623
Add: Interests in jointly-controlled entities relating to the Floralmist Group reclassified	14,523
	65,740

Since the cost of net assets of the Floralmist Group as at the date of completion of the Acquisition on 4 March 2010 is different from the cost of net assets used in the preparation of this Unaudited Pro Forma Financial Information, the amount to be finally included as part of the cost of properties under development is different from the estimated amount as stated herein.

Note 6: The adjustments represents the consolidation adjustment of the Group's investments in the Floralmist Group relating to the elimination of the interest in Floralmist, inter-company current accounts between the Group and the Floralmist Group and share capital and reserves of the Floralmist Group.

2. LETTER FROM THE REPORTING ACCOUNTANTS

The following is the text of a report received from Ernst & Young, Certified Public Accountants, Hong Kong, for the sole purpose of inclusion in this circular.

ERNST & YOUNG
安 永

The Board of Directors
Chinney Investments, Limited

Dear Sirs,

We report on the unaudited pro forma financial information (the "Unaudited Pro Forma Financial Information") of Chinney Investments, Limited (the "Company") and its subsidiaries (collectively the "Group") set out in Appendix III to the Company's circular dated 16 April 2010 (the "Circular") issued by the Company in connection with the proposed acquisition (the "Acquisition") of 50% of the issued share capital of Floralmist Holdings Ltd. ("Floralmist", together with its subsidiaries, the "Floralmist Group"), pursuant to a share purchase agreement dated 4 March 2010. The pro forma financial information is unaudited and has been prepared by the directors of the Company, solely for illustrative purposes, to provide information about how the Acquisition as described in the accompanying introduction to the Unaudited Pro Forma Financial Information might have affected the historical financial information in respect of the Group presented in Appendix I to the Circular. The basis of preparation of the Unaudited Pro Forma Financial Information is set out in the accompanying introduction and the notes to the Unaudited Pro Forma Financial Information in section (1) of Appendix III to the Circular.

Respective responsibilities of directors of the Company and the reporting accountants

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the unaudited evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

Our work did not constitute an audit or a review made in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA, and accordingly, we do not express any such audit or review assurance on the Unaudited Pro Forma Financial Information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Group as at 31 December 2009 had the Acquisition actually been completed on that date or any future date.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,
Ernst & Young
Certified Public Accountants
18th Floor
Two International Finance Centre
8 Finance Street, Central
Hong Kong
16 April 2010

Set out below is the management discussion and analysis of the results of the Floralmist Group, which should be read in conjunction with the accountants' report of the Floralmist Group set out in Appendix II to this circular.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE FLORALMIST GROUP

Financial results for the year ended 31 December 2009

For the year ended 31 December 2009, the Floralmist Group did not record any turnover (2008: nil) as the Property was still under development and had incurred a total comprehensive loss of HK$175,591 (2008 income: HK$11.2 million) which were attributable to the auditors' remuneration and depreciation for that year.

Financial results for the year ended 31 December 2008

For the year ended 31 December 2008, the Floralmist Group did not record any turnover (2007: nil) and recorded a loss of HK$174,480 (2007: HK$166,843). Other comprehensive income, net of tax, of HK$11.4 million (2007: 10.4 million) arisen from exchange differences had been recognised for the relevant year and led to a total comprehensive income of HK$11.2 million (2007: 10.2 million) for the year ended 31 December 2008.

Financial results for the year ended 31 December 2007

For the year ended 31 December 2007, the Floralmist Group did not record any turnover and recorded a loss of HK$166,843. Other comprehensive income, net of tax, of exchange differences of HK$10.4 million had been recorded and resulted in a total comprehensive income of HK$10.2 million for the year ended 31 December 2007.

Capital structure, financial resources and liquidity

As at 31 December 2009, the Floralmist Group had amounts due to shareholders and related companies of HK$179.3 million and HK$167.6 million respectively which were unsecured, interest-free and repayable on demand. Total cash and cash equivalents were HK$105.9 million. The gearing ratio (as defined as total borrowings to shareholders' equity) was 11.0 times as at 31 December 2009.

As at 31 December 2008, the Floralmist Group had amounts due to shareholders and related companies of HK$179.2 million and HK$34.3 million respectively which were unsecured, interest-free and repayable on demand. Total cash and cash equivalents were HK$0.5 million. The gearing ratio (as defined as total borrowings to shareholders' equity) was 6.7 times as at 31 December 2008.

As at 31 December 2007, the Floralmist Group had amount due to shareholders of HK$177.7 million which were unsecured, interest-free and repayable on demand. Total cash and cash equivalents were HK$1.2 million. The gearing ratio (as defined as total borrowings to shareholders' equity) was 8.6 times as at 31 December 2007.

As the majority of the transactions of the Floralmist Group were denominated in RMB, there is no significant exposure to foreign currency fluctuation and hence no related hedges.

Pledge of assets

As at 31 December 2007, 31 December 2008 and 31 December 2009, none of the assets of the Floralmist Group was pledged.

Staff

The Floralmist Group employed 5 people as at each of 31 December 2007, 31 December 2008 and 31 December 2009. Remuneration is determined by reference to market terms and qualifications and experience of the staff concerned. Salaries are reviewed on annual basis. Other benefits including retirement benefits scheme, medical insurance are provided to all eligible staff.

Others

The Floralmist Group had operating lease commitments of HK$141,702, HK$60,545 and HK$155,940 as at 31 December 2007, 31 December 2008 and 31 December 2009 respectively. There were also capital commitments for the Floralmist Group in respect of property development expenditure of HK$13.1 million, HK$14.5 million and HK$18.5 million as at 31 December 2007, 31 December 2008 and 31 December 2009 respectively. There was no other contingent liability for the Floralmist Group as at 31 December 2007, 31 December 2008 and 31 December 2009 respectively, nor any material acquisitions or disposals of subsidiaries, nor future plans for material investments or capital assets as at 31 December 2009.

PROPOSED ACQUISITION OF GURU STAR INVESTMENTS LIMITED ON 8 MARCH 2010

Background

On 8 March 2010, Join Ally Limited, an indirect wholly-owned subsidiary of Hon Kwok, entered into a sale and purchase agreement with Enhancement Investments Limited for the acquisition of the entire issued share capital of Guru Star Investments Limited ("Guru Star", together with its subsidiaries, the "Guru Star Group") and the assignment of related shareholder's loan at an aggregate consideration of HK$144,211,000, being payable by cash through internal resources of the Hon Kwok Group. Guru Star is an investment holding company and the sole asset of significance held by the Guru Star Group is a completed 20-storey commercial and office building situated at 3 Beijing Road, Yuexiu District, Guangzhou, Guangdong Province, PRC and known as Newsun Commercial Building (新光商務大樓). The aggregate of the remuneration payable to and benefits in kind receivable by the directors of the acquiring company will not be varied in consequence of such acquisition.

The completion of the acquisition of Guru Star is subject to, inter alia, the approval of the independent shareholders of the Company and Hon Kwok at their respective extraordinary general meetings to be held on 16 April 2010.

Financial information

Set out below are (A) the financial information of the Guru Star Group for each of the three years ended 31 March 2007, 2008 and 2009 and for the nine-month period ended 31 December 2008 and 2009 together with relevant notes to the accounts, as extracted from the accountants' report of the Guru Star Group as set out in Appendix II to the Company's circular dated 29 March 2010; (B) the unaudited pro forma financial information of the Group as enlarged by the acquisition of Guru Star as extracted from Appendix III to the Company's circular dated 29 March 2010; and (C) the management discussion and analysis of the Guru Star Group as extracted from Appendix IV to the Company's circular dated 29 March 2010. Capitalised terms used in this appendix shall have the same meanings as defined in the Company's circular dated 29 March 2010.

A. ACCOUNTANTS' REPORT ON THE GURU STAR GROUP

The following is a text of a report received from Ernst & Young, Certified Public Accountants, Hong Kong, for the sole purpose of inclusion in the Company's circular dated 29 March 2010 in respect of the acquisition of Guru Star.

ERNST & YOUNG
安 永

The Board of Directors
Chinney Investments, Limited

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") regarding Guru Star Investments Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") for each of the three years ended 31 March 2007, 2008 and 2009 and the nine-month period ended 31 December 2009 (the "Relevant Periods") and the nine-month period ended 31 December 2008 (the "31 December 2008 Financial Information"), pursuant to a sale and purchase agreement dated 8 March 2010 regarding the proposed acquisition of the entire equity interest in the Company (the "Acquisition") from Enhancement Investments Limited. The Financial Information has been prepared on the basis as set out in note 2.1 of Section II below, for inclusion in the circular of Chinney Investments, Limited ("Chinney") dated 29 March 2010 (the "Circular") in connection with the Acquisition.

The Company was incorporated in the British Virgin Islands with limited liability on 6 July 2006.

On 5 September 2006, the Company became the holding company of the subsidiaries comprising the Group pursuant to the group reorganisation (the "Reorganisation") as set out in note 1 of Section II. During the Relevant Periods, the principal activities of the Group consisted of property holding and letting in The People's Republic of China (the "PRC"). The principal activity of the Company is investment holding.

As at the date of this report, the Company has the following subsidiaries:

Name of subsidiaries	Place of incorporation/ registration and operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Wintop International Investments Limited ("Wintop")	Hong Kong	HK$1	100	–	Investment holding
廣州市同孚物業管理有限公司 (「廣州同孚」)	Mainland China/PRC	Renminbi ("RMB") 44,400,000	–	100	Property holding and letting

The statutory financial statements of Wintop for the year ended 31 March 2007 and 2008 which were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") were audited by RSM Nelson Wheeler and Ernst & Young, respectively. No audited financial statements of Wintop for the year ended 31 March 2009 were issued up to the date of this report. The statutory financial statements of 廣州同孚 for the year ended 31 December 2007 and 2008 were prepared in accordance with the relevant accounting rules and regulations applicable in the PRC and were audited by 廣州市正大中信會計師事務所有限公司 (Guangzhou Zheng Da Zhong Xin Certified Public Accountants Co. Ltd.), a certified public accounting firm registered in the PRC. No audited financial statements of 廣州同孚 for the year ended 31 December 2009 were issued up to the date of this report. The consolidated financial statements of the Group for the year ended 31 March 2007, 2008 and 2009 and the nine-month period ended 31 December 2009 were prepared in accordance with HKFRSs and were audited by Ernst & Young.

The statutory financial statements of Wintop for the year ended 31 March 2007 and 2008 were qualified in respect of the failure to present consolidated financial statements in accordance with Hong Kong Accounting Standard No. 27 "Consolidated and Separate Financial Statements" ("HKAS 27"). The statutory financial statements of Wintop for the year ended 31 March 2007 were also modified in respect of uncertainty that cast significant doubt about Wintop's ability to continue as a going concern.

The results of Wintop have been consolidated in the Financial Information for the Relevant Periods presented in this report in accordance with the basis set out in note 2.1 of Section II. We have also performed additional audit procedures on the financial statements of Wintop and have satisfied ourselves that there is no material financial impact arising from the above audit qualification on the Financial Information.

The Financial Information prepared by the directors of Guru Star Investments Limited set out in this report, including the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for the Relevant Periods, and the consolidated and company statements of financial position as at 31 March 2007, 2008 and 2009 and 31 December 2009 together with the notes thereon has been prepared in accordance with HKFRSs (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA and has been prepared on the basis set out in Note 2.1 of Section II below.

The directors of Guru Star Investments Limited are responsible for the preparation and the true and fair presentation of the Financial Information. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In preparing the Financial Information, it is fundamental that appropriate accounting policies are selected and consistently applied, that the judgements and estimates made are prudent and reasonable. The directors of Chinney are responsible for the content of the Circular in which this report is included.

It is our responsibility to form an independent opinion and a review conclusion on the Financial Information for the Relevant Periods and the 31 December 2008 Financial Information, respectively, based on our audit and review, and to report our opinion and review conclusion solely to you thereon.

The Financial Information set out in this report has been prepared based on the audited financial statements of the Group and the financial statements of the Company.

Procedures performed in respect of the Financial Information

For the purpose of this report, we have carried out independent audit procedures on the Financial Information in accordance with Hong Kong Standards on Auditing ("HKASs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), and have carried out such additional procedures as we consider necessary in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA. No adjustments were considered necessary to adjust the Financial Information for the Relevant Periods.

Procedures performed in respect of the 31 December 2008 Financial Information

For the purpose of this report, we have also performed a review of the 31 December 2008 Financial Information for which the directors are responsible, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. Our responsibility is to express a conclusion on such information based on our review. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and apply analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an opinion on the 31 December 2008 Financial Information.

Opinion in respect of the Financial Information

In our opinion, the Financial Information prepared on the basis of presentation set out in note 2.1 of Section II below gives, for the purpose of this report, a true and fair view of the consolidated results and consolidated cash flows of the Group for each of the Relevant Periods, and the state of affairs of the Company and of the Group as at 31 March 2007, 2008 and 2009 and 31 December 2009.

Review conclusion in respect of the 31 December 2008 Financial Information

Based on our review which does not constitute an audit, for the purpose of this report, nothing has come to our attention that causes us to believe that the 31 December 2008 Financial Information does not give a true and fair view of the consolidated results and consolidated cash flows of the Group for the nine-month period ended 31 December 2008 in accordance with HKFRSs.

I. FINANCIAL INFORMATION

Consolidated Statements of Comprehensive Income

	Notes	Year ended 31 March 2007 HK$	2008 HK$	2009 HK$	Nine-month period ended 31 December 2008 HK$ (unaudited)	2009 HK$
REVENUE	5	11,977,814	11,912,660	12,270,310	9,441,613	9,645,024
Cost of sales		(2,449,776)	(3,140,088)	(2,476,004)	(1,954,608)	(1,945,451)
Gross profit		9,528,038	8,772,572	9,794,306	7,487,005	7,699,573
Other income and gains	5	400,334	307,734	162,937	715	179,574
Fair value gains/(losses) on investment properties	7	15,151,500	9,985,500	(21,536,880)	(15,881,138)	28,409,091
Administrative expenses		(737,323)	(677,980)	(1,654,785)	(1,318,930)	(1,427,989)
Finance costs	6	(3,783,011)	(3,523,893)	(3,590,923)	(2,697,318)	(2,322,268)
PROFIT/(LOSS) BEFORE TAX	7	20,559,538	14,863,933	(16,825,345)	(12,409,666)	32,537,981
Income tax expense	10	(122,604)	(3,837,817)	4,126,350	3,023,449	(8,140,180)
PROFIT/(LOSS) FOR THE YEAR/PERIOD		20,436,934	11,026,116	(12,698,995)	(9,386,217)	24,397,801
OTHER COMPREHENSIVE INCOME						
Exchange differences on translation of foreign operations		3,670,050	10,524,348	2,779,990	2,880,090	297,540
OTHER COMPREHENSIVE INCOME FOR THE YEAR/PERIOD, NET OF TAX		3,670,050	10,524,348	2,779,990	2,880,090	297,540
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD		24,106,984	21,550,464	(9,919,005)	(6,506,127)	24,695,341
Profit/(loss) attributable to:						
Owners of the Company	11	20,436,934	11,026,116	(12,698,995)	(9,386,217)	24,397,801
Minority interests		–	–	–	–	–
		20,436,934	11,026,116	(12,698,995)	(9,386,217)	24,397,801
Total comprehensive income attributable to:						
Owners of the Company	11	24,106,984	21,550,464	(9,919,005)	(6,506,127)	24,695,341
Minority interests		–	–	–	–	–
		24,106,984	21,550,464	(9,919,005)	(6,506,127)	24,695,341

Consolidated Statements of Financial Position

	Notes	As at 31 March 2007 HK$	As at 31 March 2008 HK$	As at 31 March 2009 HK$	As at 31 December 2009 HK$
NON-CURRENT ASSETS					
Property, plant and equipment	13	79,753	78,286	62,171	63,332
Investment properties	14	171,717,000	198,600,500	181,363,200	210,227,273
Total non-current assets		171,796,753	198,678,786	181,425,371	210,290,605
CURRENT ASSETS					
Prepayments, deposits and other receivables		38,998	76,128	291,417	230,619
Cash and bank balances	16	3,871,729	6,777,973	9,010,054	10,904,338
Total current assets		3,910,727	6,854,101	9,301,471	11,134,957
CURRENT LIABILITIES					
Due to former immediate holding company	17	43,113,711	–	–	–
Due to immediate holding company	17	–	43,116,311	43,121,061	43,125,819
Customer deposits		1,875,145	2,690,442	2,951,925	3,177,360
Other payables and accrued liabilities		225,039	383,418	610,446	441,022
Tax payable		228,716	51,815	110,344	236,813
Interest-bearing bank borrowing	18	2,157,302	2,423,147	2,628,056	3,088,710
Total current liabilities		47,599,913	48,665,133	49,421,832	50,069,724
NET CURRENT LIABILITIES		(43,689,186)	(41,811,032)	(40,120,361)	(38,934,767)
TOTAL ASSETS LESS CURRENT LIABILITIES		128,107,567	156,867,754	141,305,010	171,355,838
NON-CURRENT LIABILITIES					
Interest-bearing bank borrowing	18	43,595,722	45,533,095	43,916,599	41,510,313
Deferred tax liabilities	19	20,196,444	25,468,794	21,441,551	29,203,324
Total non-current liabilities		63,792,166	71,001,889	65,358,150	70,713,637
Net assets		64,315,401	85,865,865	75,946,860	100,642,201
EQUITY					
Equity attributable to owners of the Company					
Issued capital	20	8	8	8	8
Reserves	21	64,315,393	85,865,857	75,946,852	100,642,193
		64,315,401	85,865,865	75,946,860	100,642,201
Minority interests		–	–	–	–
Total equity		64,315,401	85,865,865	75,946,860	100,642,201

Consolidated Statements of Changes in Equity

	Attributable to owners of the Company					
	Issued capital *HK$*	**Exchange fluctuation reserve** *HK$*	**Retained profits** *HK$*	**Total** *HK$*	**Minority interests** *HK$*	**Total equity** *HK$*
At 1 April 2006	8	568,839	39,639,570	40,208,417	839,820	41,048,237
Total comprehensive income for the year	–	3,670,050	20,436,934	24,106,984	–	24,106,984
Acquisition of minority interests	–	–	–	–	(839,820)	(839,820)
At 31 March 2007 and 1 April 2007	8	4,238,889*	60,076,504*	64,315,401	–	64,315,401
Total comprehensive income for the year	–	10,524,348	11,026,116	21,550,464	–	21,550,464
At 31 March 2008 and 1 April 2008	8	14,763,237*	71,102,620*	85,865,865	–	85,865,865
Total comprehensive income for the year	–	2,779,990	(12,698,995)	(9,919,005)	–	(9,919,005)
At 31 March 2009 and 1 April 2009	8	17,543,227*	58,403,625*	75,946,860	–	75,946,860
Total comprehensive income for the period	–	297,540	24,397,801	24,695,341	–	24,695,341
At 31 December 2009	8	17,840,767*	82,801,426*	100,642,201	–	100,642,201
(Unaudited)						
At 31 March 2008	8	14,763,237	71,102,620	85,865,865	–	85,865,865
Total comprehensive income for the period	–	2,880,090	(9,386,217)	(6,506,127)	–	(6,506,127)
At 31 December 2008	8	17,643,327	61,716,403	79,359,738	–	79,359,738

* *These reserve accounts comprise the consolidated reserves of HK$64,315,393, HK$85,865,857, HK$75,946,852, and HK$100,642,193 in the consolidated statements of financial position as at 31 March 2007, 2008 and 2009, and 31 December 2009, respectively.*

Consolidated Statements of Cash Flows

		Year ended 31 March			Nine-month period ended 31 December	
	Notes	**2007**	**2008**	**2009**	**2008**	**2009**
		HK$	*HK$*	*HK$*	*HK$* (unaudited)	*HK$*
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit/(loss) before tax		20,559,538	14,863,933	(16,825,345)	(12,409,666)	32,537,981
Adjustments for:						
Finance costs	6	3,783,011	3,523,893	3,590,923	2,697,318	2,322,268
Interest income	5	(114)	(64)	(715)	(715)	–
Depreciation	7	12,527	19,910	21,186	15,839	16,383
Fair value (gains)/losses on investment properties	7	(15,151,500)	(9,985,500)	21,536,880	15,881,138	(28,409,091)
Excess over the cost of a business combination on acquisition of minority interests in a subsidiary	7	(400,220)	–	–	–	–
		8,803,242	8,422,172	8,322,929	6,183,914	6,467,541
Decrease/(increase) in prepayments, deposits and other receivables		16,352	(37,130)	(215,289)	(278,083)	60,798
Increase in customer deposits		429,680	815,297	261,483	236,988	225,435
Increase/(decrease) in other payables and accrued liabilities		179,257	158,379	227,028	136,128	(169,424)
Cash generated from operations		9,428,531	9,358,718	8,596,151	6,278,947	6,584,350
Interest received		114	64	715	715	–
Overseas taxes paid		(497,296)	(729,821)	(393,748)	(333,609)	(305,728)
Net cash flows from operating activities		8,931,349	8,628,961	8,203,118	5,946,053	6,278,622
CASH FLOWS FROM INVESTING ACTIVITIES						
Decrease in amount due from minority interests		439,600	–	–	–	–
Purchases of items of property, plant and equipment		(34,342)	(10,594)	(3,378)	(3,380)	(17,386)
Proceeds from disposal of an available-for-sale investment		27,659,234	–	–	–	–
Acquisition of minority interests		(439,600)	–	–	–	–
Net cash flows from/(used in) investing activities		27,624,892	(10,594)	(3,378)	(3,380)	(17,386)

	Notes	Year ended 31 March 2007 *HK$*	2008 *HK$*	2009 *HK$*	Nine-month period ended 31 December 2008 *HK$* (unaudited)	2009 *HK$*
CASH FLOWS FROM FINANCING ACTIVITIES						
Increase/(decrease) in amounts due to immediate holding company/former immediate holding company		(13,706,528)	2,600	4,750	4,750	4,758
Repayment of a bank loan		(17,723,690)	(2,299,158)	(2,449,811)	(1,825,591)	(2,062,398)
Interest paid		(3,783,011)	(3,523,893)	(3,590,923)	(2,697,318)	(2,322,268)
Net cash flows used in financing activities		(35,213,229)	(5,820,451)	(6,035,984)	(4,518,159)	(4,379,908)
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,343,012	2,797,916	2,163,756	1,424,514	1,881,328
Cash and cash equivalents at beginning of year		2,343,808	3,871,729	6,777,973	6,777,973	9,010,054
Effect of foreign exchange rate changes, net		184,909	108,328	68,325	72,804	12,956
CASH AND CASH EQUIVALENTS AT END OF YEAR		3,871,729	6,777,973	9,010,054	8,275,291	10,904,338
ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS						
Cash and bank balances		3,871,729	6,777,973	9,010,054	8,275,291	10,904,338

Statements of Financial Position

	Notes	As at 31 March 2007 HK$	As at 31 March 2008 HK$	As at 31 March 2009 HK$	As at 31 December 2009 HK$
NON-CURRENT ASSET					
Interests in subsidiaries	*15*	1	1	1	1
CURRENT ASSETS					
Other receivable		8	–	–	–
Due from a subsidiary	*15*	–	43,116,310	43,116,310	43,116,310
Total current assets		8	43,116,310	43,116,310	43,116,310
CURRENT LIABILITIES					
Due to the immediate holding company	*17*	–	43,116,303	43,121,061	43,125,819
Due to a subsidiary	*15*	1	–	–	–
Total current liabilities		1	43,116,303	43,121,061	43,125,819
NET CURRENT ASSETS/(LIABILITIES)		7	7	(4,571)	(9,509)
Net assets/(liabilities)		8	8	(4,570)	(9,508)
EQUITY					
Issued capital	*20*	8	8	8	8
Accumulated loss		–	–	(4,758)	(9,516)
Total equity		8	8	(4,750)	(9,508)

II. NOTES TO FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company was incorporated as a company with limited liability in the British Virgin Islands on 6 July 2006.

Pursuant to the Reorganisation to rationalise the structure of the Group, on 5 September 2006, the Company acquired the entire paid-up capital of Wintop, a company incorporated in Hong Kong, which is the holding company of a subsidiary comprising the Group.

The registered office of the Company is P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands.

The Group is principally engaged in property holding and letting in the PRC.

The immediate holding company of the Company is Enhancement Investments Limited, which is incorporated in the British Virgin Islands. In the opinion of directors, the ultimate holding company of the Company is Lucky Year Finance Limited, a company incorporated in the British Virgin Islands.

2.1 BASIS OF PRESENTATION

The Reorganisation involved companies under common control, and the Group is regarded and accounted for as a continuing group. Accordingly, the Financial Information has been prepared on the principles of merger accounting. On this basis, the Company has been treated as the holding company of its subsidiaries acquired through the Reorganisation for the three years ended 31 March 2007, 2008 and 2009, and for the nine-month period ended 31 December 2009. Accordingly, the consolidated statements of comprehensive income and consolidated statements of cash flows of the Group for the three years ended 31 March 2007, 2008 and 2009, and for the nine-month period ended 31 December 2009 include the results and cash flows of its subsidiaries with effect from 1 April 2006 or since their respective dates of incorporation, where this is a shorter period. For subsidiaries historically acquired by or disposed of by the Group during the Relevant Periods, their financial statements are consolidated from or to their effective dates of acquisition or disposal.

The Financial Information has been prepared in accordance with HKFRSs, (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The Financial Information has been prepared under the historical cost convention, except for investment properties which have been measured at fair value, as further explained below. The Financial Information is presented in Hong Kong dollars ("HK$").

All HKFRSs effective for the Relevant Periods, together with the relevant transitional provisions, have been adopted by the Group in the preparation of the Financial Information for the Relevant Periods.

2.2 NET CURRENT LIABILITIES

As at 31 December 2009, the current liabilities of the Group exceeded its current assets by approximately HK$38.9 million. The directors have prepared the Financial Information on a going concern basis notwithstanding the net current liability position because the immediate holding company of the Company has agreed not to request repayment of the amount due by the Company to it until the Company is in a position to do so.

2.3 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

During the current period, the Group adopted the following new and revised HKFRS, for the first time, which had significant impact to the Group, in these financial statements.

HKAS 1 (Revised) ***Presentation of Financial Statements***

HKAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this standard introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present one single statement.

2.4 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 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards*[1]
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters*[2]
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions*[2]
HKFRS 3 (Revised)	*Business Combinations*[1]
HKFRS 9	*Financial Instruments*[6]
HKAS 24 (Revised)	*Related Party Disclosures*[5]
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*[1]
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation – Classification of Rights Issues*[3]
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*[1]
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement*[5]
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners*[1]
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*[4]
Amendments to HKFRS 5 included in *Improvements to HKFRSs* issued in October 2008	Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to Sell the Controlling Interest in a Subsidiary*[1]
HK Interpretation 4 (Revised in December 2009)	*Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases*[2]

Apart from the above, the HKICPA has issued *Improvements to HKFRSs 2009* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and to clarifying wording. The amendments to HKFRS 2, HKAS 38, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16 are effective for annual periods beginning on or after 1 July 2009 while the amendments to HKFRS 5, HKFRS 8, HKAS 1, HKAS 7, HKAS 17, HKAS 38 and HKAS 39 are effective for annual periods beginning on or after 1 January 2010 although there are separate transitional provisions for each standard or interpretation.

[1] Effective for annual periods beginning on or after 1 July 2009
[2] Effective for annual periods beginning on or after 1 January 2010
[3] Effective for annual periods beginning on or after 1 February 2010
[4] Effective for annual periods beginning on or after 1 July 2010
[5] Effective for annual periods beginning on or after 1 January 2011
[6] Effective for annual periods beginning on or after 1 January 2013

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The acquisition of subsidiaries under common control has been accounted for using the merger method of accounting. The acquisition of all other subsidiaries during the Relevant Periods is accounted for using the purchase method of accounting.

The merger method of accounting involves incorporating the financial statement items of the combining entities or businesses in which the common control combination occurs in the Relevant Periods as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling parties' perspective. No amount is recognised in respect of goodwill or excess of acquirers' interests in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The purchase method of accounting involves allocating the cost of a business combination to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of acquisition is measured at the aggregate fair value of the assets given and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

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 required is recognised as goodwill.

Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

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

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 statement of comprehensive income.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets and investment properties), 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 statement of comprehensive income in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill and certain financial assets 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 impairment loss is credited to the statement of comprehensive income 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 statement of comprehensive income in the period in which it is incurred.

In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation.

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

Office equipment	20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

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

Investment properties

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

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

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

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 statement of comprehensive income 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 statement of comprehensive income 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

Initial recognition and measurement

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

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

The Group's financial assets include cash and bank balances, and trade and other receivables.

Subsequent measurement

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

Loans and receivables

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

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment valuation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the statement of comprehensive income in other income, or until the investment is determined to be impaired, at which time the cumulative gain or loss is recognised in the statement of comprehensive income and removed from the available-for-sale investment valuation reserve. Interest and dividends earned are reported as interest income and dividend income, respectively and are recognised in the statement of comprehensive income as other income in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity securities cannot be reliably measured because (i) the variability in the range of reasonable fair value estimates is significant for that investment or (ii) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such securities are stated at cost less any impairment losses.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

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

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

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

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

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, 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 discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Derecognition of financial assets

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

- the rights to receive cash flows from the asset have expired;

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

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

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

Financial liabilities at amortised cost (including interest-bearing bank borrowing)

Financial liabilities including an amount due to the immediate holding company, customer deposits, other payables and interest-bearing bank borrowing 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 statement of comprehensive income.

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

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 statement of comprehensive income.

Offsetting of financial instruments

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

Cash and cash equivalents

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

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

Income tax

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

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

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

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

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

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

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

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

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

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

(c) 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.

Employee benefits

Pension scheme

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

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. All differences are taken to the statement of comprehensive income. 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 currency of an overseas subsidiary is a currency other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of this entity are translated into the presentation currency of the Company at the exchange rates ruling at the end of the reporting period, and its statement of comprehensive income is translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of comprehensive income.

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgement

In the process of applying the Group's accounting policies, management has made the following judgement, 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 properties. 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.

Estimation uncertainty

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

Estimation of 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 14 to the Financial Information.

Current income taxes and deferred income taxes

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

4. SEGMENT INFORMATION

Operating segment

The Group's revenue is derived from property holding and rental income from its investment properties in the PRC. In the opinion of the management, the Group has only one operating segment.

No geographical information is presented as all of the Group's revenue is derived from customers based in the PRC, and almost all of the Group's assets are located in the PRC.

5. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents rental income and property management income received from investment properties.

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

	Year ended 31 March			Nine-month period ended 31 December	
	2007	**2008**	**2009**	**2008**	**2009**
	HK$	*HK$*	*HK$*	*HK$* (unaudited)	*HK$*
Revenue					
Rental income	8,958,941	9,007,002	8,970,436	6,885,056	7,081,559
Property management income	3,018,873	2,905,658	3,299,874	2,556,557	2,563,465
	11,977,814	11,912,660	12,270,310	9,441,613	9,645,024
Other income and gains					
Bank interest income	114	64	715	715	–
Compensation income	–	307,670	162,222	–	179,574
Excess over the cost of a business combination on acquisition of minority interests in a subsidiary	400,220	–	–	–	–
	400,334	307,734	162,937	715	179,574

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 March			Nine-month period ended 31 December	
	2007	**2008**	**2009**	**2008**	**2009**
	HK$	*HK$*	*HK$*	*HK$* (unaudited)	*HK$*
Interest on a bank loan	3,783,011	3,523,893	3,590,923	2,697,318	2,322,268

7. PROFIT/(LOSS) BEFORE TAX

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

	Year ended 31 March			Nine-month period ended 31 December	
	2007	**2008**	**2009**	**2008**	**2009**
	HK$	*HK$*	*HK$*	*HK$* (unaudited)	*HK$*
Depreciation	12,527	19,910	21,186	15,839	16,383
Minimum lease payments under operating leases on land and buildings	88,748	37,244	154,723	104,718	153,830
Auditors' remuneration	12,500	12,500	13,500	10,000	10,000
Employee benefits expense (including directors' remuneration *(note 8)*):					
Salaries, wages, allowances and benefits in kind	631,626	821,018	690,647	513,332	530,226
Pension scheme contributions	93,768	197,135	186,259	134,763	125,753
	725,394	1,018,153	876,906	648,095	655,979
Gross rental income	(8,958,941)	(9,007,002)	(8,970,436)	(6,885,056)	(7,081,559)
Less: Outgoing expenses	1,450,629	1,721,631	1,257,216	1,174,946	945,406
Net rental income	(7,508,312)	(7,285,371)	(7,713,220)	(5,710,110)	(6,136,153)
Fair value losses/(gains) on investment properties	(15,151,500)	(9,985,500)	21,536,880	15,881,138	(28,409,091)
Excess over the cost of a business combination on acquisition of minority interests in a subsidiary	(400,220)	–	–	–	–
Interest income	(114)	(64)	(715)	(715)	–

At the end of the reporting period, there were no forfeited pension scheme contributions available to the Group for future utilisation.

8. DIRECTORS' REMUNERATION

No directors of the Company received remuneration during the Relevant Periods for their services rendered to the Group.

9. FIVE HIGHEST PAID EMPLOYEES

Details of the remuneration of the five highest paid employees, who are non-director, during the Relevant Periods are as follows:

	Year ended 31 March			Nine-month period ended 31 December	
	2007	**2008**	**2009**	**2008**	**2009**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
				(unaudited)	
Salaries, allowances and benefits in kind	264,383	241,444	178,054	160,137	188,499

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

	Number of employees				
	Year ended 31 March			Nine-month period ended 31 December	
	2007	**2008**	**2009**	**2008**	**2009**
				(unaudited)	
Nil to HK$1,000,000	5	5	5	5	5

10. INCOME TAX

No provision for Hong Kong profit tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the Relevant Periods. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdiction in which the Group operates.

	Year ended 31 March			Nine-month period ended 31 December	
	2007	**2008**	**2009**	**2008**	**2009**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
				(unaudited)	
Group:					
Current – Elsewhere					
Charge for the year	594,666	502,383	384,470	274,293	432,197
Underprovision in prior years	43,205	50,537	67,807	67,897	–
Deferred *(note 19)*	(515,267)	3,284,897	(4,578,627)	(3,365,639)	7,707,983
	122,604	3,837,817	(4,126,350)	(3,023,449)	8,140,180

A reconciliation of the tax charge applicable to profit/(loss) before tax at the statutory rate to the tax expense/(credit) at the effective tax rates is as follows:

	Year ended 31 March			Nine-month period ended 31 December	
	2007	2008	2009	2008	2009
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
				(unaudited)	
Profit/(loss) before tax	20,559,538	14,863,933	(16,825,345)	(12,409,666)	32,537,981
Tax at the statutory tax rate of 16.5% (2007: 17.5%; 2008: 17.5%)	3,597,919	2,601,188	(2,776,182)	(2,047,595)	5,368,767
Effect of different rates for company operating in other jurisdictions	1,279,252	1,114,795	(1,430,154)	(1,054,822)	2,765,728
Effect on opening deferred tax of decrease in rate *(note 19)*	(4,779,439)	–	–	–	–
Adjustments in respect of current tax of previous periods	43,205	50,537	67,807	67,897	–
Income not subject to tax	(70,039)	–	–	–	–
Others	51,706	71,297	12,179	11,071	5,685
Tax charge/(credit) at the Group's effective rate	122,604	3,837,817	(4,126,350)	(3,023,449)	8,140,180

A major subsidiary of the Group operates in Guangzhou, Mainland China, which is subject to the corporate income tax rate of 33% for the year ended 31 March 2007. On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of the PRC (the "New CIT Law"), which became effective from 1 January 2008. Under the New CIT Law, the corporate income tax rate applicable to foreign investment enterprises from 1 January 2008 will decrease from 33% to 25%. This drop in the income tax rate will directly decrease the Group's effective tax rate prospectively from 2008. According to HKAS 12, deferred tax assets and deferred tax 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. As a result, the change in the corporate income tax rate has had the following impact on the results and financial position of the Group for the year ended 31 March 2007:

	2007
	HK$
Decrease in deferred tax expense	4,779,439
Decrease in deferred tax liabilities	4,779,439

11. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The Company did not generate any profit or loss for the years ended 31 March 2007 and 31 March 2008. The consolidated profit/(loss) attributed to equity holders of the Company for the year ended 31 March 2009 and for the nine-month period ended 31 December 2009 included a loss of HK$4,758 and HK$4,758, respectively, which has been dealt with in the financial statements of the Company (note 21(b)) (nine-month period ended 31 December 2008: a loss of HK$4,758).

12. EARNINGS PER SHARE

Earning per share has not been presented as such information is not considered meaningful for the purpose of this report.

13. PROPERTY, PLANT AND EQUIPMENT

Group	Office equipment
	HK$
31 March 2007	
At 31 March 2006 and 1 April 2006:	
Cost	56,306
Accumulated depreciation	(1,154)
Net carrying amount	55,152
At 1 April 2006, net of accumulated depreciation	55,152
Additions	34,342
Depreciation provided during the year	(12,527)
Exchange realignment	2,786
At 31 March 2007, net of accumulated depreciation	79,753
At 31 March 2007:	
Cost	93,492
Accumulated depreciation	(13,739)
Net carrying amount	79,753

Group	Office equipment
	HK$
31 March 2008	
At 31 March 2007 and 1 April 2007:	
Cost	93,492
Accumulated depreciation	(13,739)
Net carrying amount	79,753
At 1 April 2007, net of accumulated depreciation	79,753
Additions	10,594
Depreciation provided during the year	(19,910)
Exchange realignment	7,849
At 31 March 2008, net of accumulated depreciation	78,286
At 31 March 2008:	
Cost	113,288
Accumulated depreciation	(35,002)
Net carrying amount	78,286

Group	**Office equipment**
	HK$
31 March 2009	
At 31 March 2008 and 1 April 2008:	
Cost	113,288
Accumulated depreciation	(35,002)
Net carrying amount	78,286
At 1 April 2008, net of accumulated depreciation	78,286
Additions	3,378
Depreciation provided during the year	(21,186)
Exchange realignment	1,693
At 31 March 2009, net of accumulated depreciation	62,171
At 31 March 2009:	
Cost	119,118
Accumulated depreciation	(56,947)
Net carrying amount	62,171

Group	**Office equipment**
	HK$
31 December 2009	
At 31 March 2009 and 1 April 2009:	
Cost	119,118
Accumulated depreciation	(56,947)
Net carrying amount	62,171
At 1 April 2009, net of accumulated depreciation	62,171
Additions	17,386
Depreciation provided during the period	(16,383)
Exchange realignment	158
At 31 December 2009, net of accumulated depreciation	63,332
At 31 December 2009:	
Cost	136,804
Accumulated depreciation	(73,472)
Net carrying amount	63,332

14. INVESTMENT PROPERTIES

Group

	As at 31 March 2007 HK$	As at 31 March 2008 HK$	As at 31 March 2009 HK$	As at 31 December 2009 HK$
Carrying amount at beginning of year	149,032,500	171,717,000	198,600,500	181,363,200
Net gains/(loss) from a fair value adjustment	15,151,500	9,985,500	(21,536,880)	28,409,091
Exchange realignment	7,533,000	16,898,000	4,299,580	454,982
Carrying amount at end of year	171,717,000	198,600,500	181,363,200	210,227,273

The investment properties were situated in the PRC and held under a medium term lease.

At 31 March 2007, 2008 and 2009, and 31 December 2009, the investment properties were revalued at open market value, based on their existing use, by Savills Valuation and Professional Services Limited, independent qualified professional valuers. The investment properties were leased to third parties under operating leases, further summary details of which are included in note 22 to the Financial Information.

At 31 March 2007, 2008 and 2009, and 31 December 2009, the Group's investment properties with carrying values of HK$171,717,000, HK$198,600,500, HK$181,363,200 and HK$210,227,273, respectively, were pledged to secure a bank loan granted to the Group (note 18). In addition, the Group's bank loan is secured by assignments of rental income from the leases of the Group's investment properties as detailed in note 18.

15. INTERESTS IN SUBSIDIARIES

Company

	As at 31 March 2007 HK$	As at 31 March 2008 HK$	As at 31 March 2009 HK$	As at 31 December 2009 HK$
Unlisted shares, at cost	1	1	1	1
Due from a subsidiary	–	43,116,310	43,116,310	43,116,310
	1	43,116,311	43,116,311	43,116,311

The amounts due from and to a subsidiary included in the Company's current assets and current liabilities are unsecured, interest-free, and repayable on demand. The carrying amounts of balances due from/to a subsidiary approximate to their fair values.

Particulars of the subsidiaries are as follows:

Name of subsidiaries	Place of incorporation/ registration and operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Wintop International Investments Limited	Hong Kong	HK$1	100	–	Investment holding
廣州市同孚物業管理有限公司	PRC/Mainland China	RMB44,400,000	–	100	Property holding and letting

The Company acquired the 100% equity interests in Wintop from its holding company at a consideration of HK$1. The consideration is based on the investment cost incurred by its holding company.

16. CASH AND BANK BALANCES

At 31 March 2007, 2008 and 2009, and 31 December 2009, the cash and bank balances of the Group denominated in RMB amounted to HK$3,362,816, HK$6,285,265, HK$8,532,691 and HK$10,427,680, respectively. 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.

The Group's cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and bank balances approximate to their fair values.

17. DUE TO IMMEDIATE HOLDING COMPANY/FORMER IMMEDIATE HOLDING COMPANY

The balance with immediate holding company/former immediate holding company is unsecured, interest-free, and has no fixed terms of repayment. The carrying amount of the balance approximates to its fair value.

18. INTEREST-BEARING BANK BORROWING

	As at 31 March									As at 31 December 2009		
	2007			2008			2009					
Group	**Effective interest rate (%)**	**Maturity**	**HK$**	**Effective interest rate (%)**	**Maturity**	**HK$**	**Effective interest rate (%)**	**Maturity**	**HK$**	**Effective interest rate (%)**	**Maturity**	**HK$**
Current												
Bank loan – secured	6.12-6.84	March 2008	2,157,302	7.56	March 2009	2,423,147	7.56-7.83	March 2010	2,628,056	5.94-7.83	December 2010	3,088,710
Non-current												
Bank loan -secured	6.84	2008-2020	43,595,722	7.56	2009-2020	45,533,095	7.83	2010-2020	43,916,599	5.94	2010-2020	41,510,313

Group

		As at 31 March		As at 31 December
	2007	**2008**	**2009**	**2009**
	HK$	*HK$*	*HK$*	*HK$*
Analysed into:				
Bank loan repayable:				
Within one year or on demand	2,157,302	2,423,147	2,628,056	3,088,710
In the second year	2,309,577	2,612,820	2,841,357	3,277,258
In the third to fifth years, inclusive	7,953,709	9,130,865	9,984,347	11,081,712
Beyond five years	33,332,436	33,789,410	31,090,895	27,151,343
	45,753,024	47,956,242	46,544,655	44,599,023

Notes:

(a) The Group's bank loan is secured by mortgages over the Group's investment properties, which had an aggregate carrying value at 31 March 2007, 2008 and 2009, and 31 December 2009 of HK$171,717,000, HK$198,600,500, HK$181,363,200 and HK$210,227,273, respectively, and assignments of rental income from the leases of the Group's investment properties.

(b) The Group's bank borrowing was denominated in RMB and bore interest at floating rates at the end of the reporting period.

The carrying amount of the Group's current and non-current bank borrowing approximates to its fair value.

19. DEFERRED TAX

The movements in deferred tax liabilities during the Relevant Periods are as follows:

Group

	Revaluation of properties
	HK$
At 1 April 2006	19,715,187
Deferred tax credited to the statement of comprehensive income during the year including the effect of the change in corporate income tax rate from 33% to 25% of HK$4,779,439 *(note 10)*	(515,267)
Exchange realignment	996,524
At 31 March 2007 and 1 April 2007	20,196,444
Deferred tax charged to the statement of comprehensive income during the year *(note 10)*	3,284,897
Exchange realignment	1,987,453
At 31 March 2008 and 1 April 2008	25,468,794

Group

	Revaluation of properties *HK$*
At 31 March 2008 and 1 April 2008	25,468,794
Deferred tax credited to the statement of comprehensive income during the year *(note 10)*	(4,578,627)
Exchange realignment	551,384
At 31 March 2009 and 1 April 2009	21,441,551
Deferred tax charged to the statement of comprehensive income during the period *(note 10)*	7,707,983
Exchange realignment	53,790
At 31 December 2009	29,203,324

At 31 March 2007, 2008 and 2009, and 31 December 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 subsidiary established in Mainland China. In the opinion of the directors, it is not probable that the subsidiary will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with the investment in subsidiary in Mainland China for which deferred tax liabilities have not been recognised totalled approximately HK$1,440,461 and HK$2,733,390 at 31 March 2009 and 31 December 2009, respectively (31 March 2007 and 2008: Nil).

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

20. SHARE CAPITAL

		As at 31 March		As at 31 December
	2007	**2008**	**2009**	**2009**
	HK$	*HK$*	*HK$*	*HK$*
Authorised:				
50,000 ordinary shares of US$1.00 each	390,000	390,000	390,000	390,000
Issued and fully paid:				
1 ordinary share of US$1.00 each	8	8	8	8

21. RESERVES

(a) The Group

The amounts of the Group's reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity of the Financial Information.

(b) The Company

	Accumulated losses *HK$*
At 31 March 2008 and 1 April 2008	–
Total comprehensive income for the year	(4,758)
At 31 March 2009 and 1 April 2009	(4,758)
Total comprehensive income for the year	(4,758)
At 31 December 2009	(9,516)

22. OPERATING LEASE ARRANGEMENTS

(a) As lessor

At 31 March 2007, 2008 and 2009, and 31 December 2009, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

Group

		As at 31 March		As at 31 December
	2007	2008	2009	2009
	HK$	*HK$*	*HK$*	*HK$*
Within one year	8,075,773	8,918,056	8,073,751	10,989,169
In the second to fifth years, inclusive	2,355,485	7,744,831	11,287,914	11,585,655
	10,431,258	16,662,887	19,361,665	22,574,824

At the end of the reporting period, the Company had no operating lease arrangements as lessor.

(b) As lessee

The Group leases its office properties and staff quarter under operating lease arrangements. Leases for properties are negotiated for terms of one to two years.

At 31 March 2007, 2008 and 2009, and 31 December 2009, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

Group

		As at 31 March		As at 31 December
	2007	2008	2009	2009
	HK$	*HK$*	*HK$*	*HK$*
Within one year	15,636	75,741	146,731	140,516
In the second to fifth years, inclusive	–	–	216,693	121,800
	15,636	75,741	363,424	262,316

At the end of the reporting period, the Company had no operating lease arrangements as lessee.

23. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in this report, the Group had the following material transaction with a related party during the year ended 31 March 2007:

	Note	*HK$*
Sales proceeds received from a related company for disposal of an available-for-sale investment	*(i)*	27,659,234

Note:

(i) The Group disposed of the available-for-sale investment to a related company at a total consideration of HK$27,659,234 during the year ended 31 March 2007. The consideration was determined based on the carrying amount of the available-for-sale investment.

(b) Outstanding balances with related parties:

As disclosed in the statements of financial position, the Group and the Company had outstanding balances with its immediate holding company/former immediate holding company, minority interests and a subsidiary. Particulars of the terms of balances with the immediate holding company, minority interests and a subsidiary are set out in the respective notes to the Financial Information.

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

	Year ended 31 March			**Nine-month period ended 31 December**	
	2007	**2008**	**2009**	**2008**	**2009**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
				(unaudited)	
Short term employee benefits	264,383	241,444	178,054	160,137	188,499

Further details of directors' emoluments are included in note 8 to the Financial Information.

24. FINANCIAL INSTRUMENTS BY CATEGORY

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

Group

31 March 2007

Financial assets

	Loans and receivables
	HK$
Financial assets included in prepayments, deposits and other receivables	2,937
Cash and bank balances	3,871,729
	3,874,666

Financial liabilities

	Financial liabilities at amortised cost
	HK$
Due to former immediate holding company	43,113,711
Customer deposits	1,875,145
Financial liabilities included in other payables and accrued liabilities	164,250
Interest-bearing bank borrowing	45,753,024
	90,906,130

31 March 2008

Financial assets

	Loans and receivables
	HK$
Financial assets included in prepayments, deposits and other receivables	44,174
Cash and bank balances	6,777,973
	6,822,147

31 March 2008

Financial liabilities

	Financial liabilities at amortised cost
	HK$
Due to immediate holding company	43,116,311
Customer deposits	2,690,442
Financial liabilities included in other payables and accrued liabilities	332,915
Interest-bearing bank borrowing	47,956,242
	94,095,910

31 March 2009

Financial assets

	Loans and receivables
	HK$
Financial assets included in prepayments, deposits and other receivables	258,771
Cash and bank balances	9,010,054
	9,268,825

Financial liabilities

	Financial liabilities at amortised cost
	HK$
Due to immediate holding company	43,121,061
Customer deposits	2,951,925
Financial liabilities included in other payables and accrued liabilities	551,590
Interest-bearing bank borrowing	46,544,655
	93,169,231

31 December 2009

Financial assets

	Loans and receivables
	HK$
Financial assets included in prepayments, deposits and other receivables	197,392
Cash and bank balances	10,904,338
	11,101,730

Financial liabilities

	Financial liabilities at amortised cost
	HK$
Due to immediate holding company	43,125,819
Customer deposits	3,177,360
Financial liabilities included in other payables and accrued liabilities	373,999
Interest-bearing bank borrowing	44,599,023
	91,276,201

Company

Financial assets

	Loans and receivables			
		As at 31 March		**As at 31 December**
	2007	**2008**	**2009**	**2009**
	HK$	*HK$*	*HK$*	*HK$*
Financial assets included in other receivable	8	–	–	–
Due from a subsidiary	–	43,116,310	43,116,310	43,116,310
	8	43,116,310	43,116,310	43,116,310

Financial liabilities

	Financial liabilities at amortised cost			
		As at 31 March		As at 31 December
	2007	2008	2009	2009
	HK$	*HK$*	*HK$*	*HK$*
Due to immediate holding company	–	43,116,303	43,121,061	43,125,819
Due to a subsidiary	1	–	–	–
	1	43,116,303	43,121,061	43,125,819

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include cash and bank balances, an amount due to the immediate holding company/the former immediate holding company, customer deposits and an interest-bearing bank borrowing. Details of these financial instruments are disclosed in their respective notes. The risks associated with these financial instruments are interest rate risk, credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

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 a floating interest rate.

The Group mitigates the risk by monitoring closely the movements in interest rates and reviewing its banking facilities regularly. The Group has not used any interest rate swap to hedge its exposure to interest rate risk.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates at the end of reporting period, with all other variables held constant, of the Group's profit after tax and the Group's equity (through the impact on floating rate borrowings).

Group

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit after tax	Increase/ (decrease) in equity*
		HK$	*HK$*
31 March 2007			
RMB	50	(153,273)	–
RMB	(50)	153,273	–
31 March 2008			
RMB	50	(165,449)	–
RMB	(50)	165,449	–
31 March 2009			
RMB	50	(177,732)	–
RMB	(50)	177,732	–
31 December 2009			
RMB	50	(159,013)	–
RMB	(50)	159,013	–

* *excluding retained profits*

Credit risk

Monthly rent in respect of leased properties is payable in advance by the tenants pursuant to the terms of the tenancy agreements. Overdue trade debts are followed up closely by management and are provided for in full in case of non-recoverability. The Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise other receivables, and cash and bank balances, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

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 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 bank loans. The Group will consistently maintain a prudent financing policy and ensure that it maintains sufficient cash and credit lines to meet its liquidity requirements. As at 31 March 2007, 2008 and 2009, and 31 December 2009, 5%, 5% and 6% and 7%, respectively, of the Group's bank loan would mature in less than one year based on the carrying value of borrowings reflected in the Financial Information.

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

Group

	31 March 2007				
	On demand	**Less than 12 months**	**1 to 2 years**	**Over 2 years**	**Total**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
Due to former immediate holding company	43,113,711	–	–	–	43,113,711
Customer deposits	1,875,145	–	–	–	1,875,145
Financial liabilities included in other payables and accrued liabilities	164,250	–	–	–	164,250
Interest-bearing bank borrowing	–	5,189,386	5,190,909	59,412,050	69,792,345
	45,153,106	5,189,386	5,190,909	59,412,050	114,945,451

	31 March 2008				
	On demand	**Less than 12 months**	**1 to 2 years**	**Over 2 years**	**Total**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
Due to immediate holding company	43,116,311	–	–	–	43,116,311
Customer deposits	2,690,442	–	–	–	2,690,442
Financial liabilities included in other payables and accrued liabilities	332,915	–	–	–	332,915
Interest-bearing bank borrowing	–	5,616,183	5,634,902	60,246,710	71,497,795
	46,139,668	5,616,183	5,634,902	60,246,710	117,637,463

	31 March 2009				
	On demand	Less than 12 months	1 to 2 years	Over 2 years	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
Due to immediate holding company	43,121,061	–	–	–	43,121,061
Customer deposits	2,951,925	–	–	–	2,951,925
Financial liabilities included in other payables and accrued liabilities	551,590	–	–	–	551,590
Interest-bearing bank borrowing	–	5,761,182	5,786,288	56,174,318	67,721,788
	46,624,576	5,761,182	5,786,288	56,174,318	114,346,364

	31 December 2009				
	On demand	Less than 12 months	1 to 2 years	Over 2 years	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
Due to immediate holding company	43,125,819	–	–	–	43,125,819
Customer deposits	3,177,360	–	–	–	3,177,360
Financial liabilities included in other payables and accrued liabilities	373,999	–	–	–	373,999
Interest-bearing bank borrowing	–	5,346,782	5,369,408	47,714,489	58,430,679
	46,677,178	5,346,782	5,369,408	47,714,489	105,107,857

Company

	As at 31 March			As at 31 December
	2007	2008	2009	2009
	On demand	On demand	On demand	On demand
	HK$	*HK$*	*HK$*	*HK$*
Due to immediate holding company	–	43,116,303	43,121,061	43,125,819
Due to a subsidiary	1	–	–	–
	1	43,116,303	43,121,061	43,125,819

Capital management

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes during the three years ended 31 March 2007, 2008, 2009, and nine-month period ended 31 December 2009.

The Group monitors capital using a gearing ratio, which is net interest-bearing debts divided by the equity attributable to owners of the Company. Net interest-bearing debts include interest-bearing bank borrowing less cash and bank balances. The gearing ratios as at the end of reporting periods were as follows:

Group

	As at 31 March			As at 31 December
	2007	**2008**	**2009**	**2009**
	HK$	*HK$*	*HK$*	*HK$*
Interest-bearing bank borrowing	45,753,024	47,956,242	46,544,655	44,599,023
Less: Cash and bank balances	(3,871,729)	(6,777,973)	(9,010,054)	(10,904,338)
Net interest-bearing debts	41,881,295	41,178,269	37,534,601	33,694,685
Equity attributable to owners of the Company	64,315,401	85,865,865	75,946,860	100,642,201
Gearing ratio	65%	48%	49%	33%

26. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group in respect of any period subsequent to 31 December 2009.

Yours faithfully,
Ernst & Young
Certified Public Accountants
18th Floor
Two International Finance Centre
8 Finance Street, Central
Hong Kong
29 March 2010

B. UNAUDITED PRO FORMA FINANCIAL INFORMATION

Set out below is the unaudited pro forma financial information to illustrate the effect of the acquisition of Guru Star as set out in Appendix III to the Company's circular dated 29 March 2010 in respect of the acquisition of Guru Star.

I. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The accompanying unaudited pro forma financial information of the Enlarged Group has been prepared to illustrate the effect of the Acquisition.

The unaudited pro forma statement of assets and liabilities of the Enlarged Group as at 31 December 2009 (the "Unaudited Pro Forma Financial Information") gives effect to the Acquisition as if the Acquisition had been completed on 31 December 2009.

The accompanying Unaudited Pro Forma Financial Information is based upon the historical consolidated balance sheets of the Group and Guru Star Group as extracted from the respective unaudited interim condensed financial statements for the six months ended 30 September 2009 and the Financial Information for the nine-month period ended 31 December 2009, respectively, as set out in Appendices I and II to the Circular. A narrative description of the pro forma adjustments of the Acquisition that are (i) directly attributable to the transactions; (ii) expected to have a continuing impact on the Group; and (iii) factually supportable, are summarised in the accompanying notes.

The accompanying Unaudited Pro Forma Financial Information is based on a number of assumptions, estimates, uncertainties and currently available information. As a result of these assumptions, estimates and uncertainties, the accompanying Unaudited Pro Forma Financial Information does not purport to describe the financial position that would have been presented had the Acquisition been completed. Further, the accompanying Unaudited Pro Forma Financial Information does not purport to predict the Enlarged Group's future financial position.

The accompanying Unaudited Pro Forma Financial Information should be read in conjunction with the audited financial statements and the unaudited interim condensed financial statements of the Group as set out in Appendix I and other financial information elsewhere in the Circular.

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

			Pro forma adjustments		
	Chinney Group 30.9.2009 (unaudited)	**Guru Star Group 31.12.2009 (audited)**	**Acquisition of Guru Star Group**	**Elimination of investment in Guru Star Group**	**Pro Forma Enlarged Group**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		(note 1)	*(note 2)*	*(note 3)*	
Non-Current Assets					
Properties, plant and equipment	94,303	63			94,366
Properties under development	1,666,995	–			1,666,995
Prepaid land lease payments	15,992	–			15,992
Investment properties	2,837,873	210,227			3,048,100
Investment in Guru Star Group	–	–	101,085	(101,085)	–
Goodwill	–	–		443	443
Interests in associates	101,037	–			101,037
Interests in jointly-controlled entities	31,159	–			31,159
Promissory note receivable from an associate	40,304	–			40,304
Deferred tax assets	184	–			184
Loans receivables	2,881	–			2,881
	4,790,728	210,290			5,001,461
Current Assets					
Amount due from Guru Star Group	–	–	43,126	(43,126)	–
Inventories	15,061	–			15,061
Properties held for sale	452,147	–			452,147
Prepaid land lease payments	471	–			471
Equity investments at fair value through profit and loss	36,461	–			36,461
Trade and bills receivables	74,034	–			74,034
Prepayments, deposits and other receivables	61,597	231			61,828
Amounts due from related companies	345	–			345
Amounts due from jointly-controlled entities	145,671	–			145,671
Taxation recoverable	220	–			220
Cash and cash equivalents	890,868	10,904	(144,211)		757,561
	1,676,875	11,135			1,543,799
Current Liabilities					
Trade payables and accrued liabilities	206,381	441			206,822
Customers deposits	230,161	3,177			233,338
Due to immediate holding company	40,000	43,126		(43,126)	40,000
Tax payable	70,796	237			71,033
Dividend payable	22,055	–			22,055
Interest-bearing bank borrowings	373,364	3,089			376,453
	942,757	50,070			949,701

	Chinney Group 30.9.2009 (unaudited) HK$'000	Guru Star Group 31.12.2009 (audited) HK$'000 (note 1)	Pro forma adjustments: Acquisition of Guru Star Group HK$'000 (note 2)	Pro forma adjustments: Elimination of investment in Guru Star Group HK$'000 (note 3)	Pro Forma Enlarged Group HK$'000
Net Current Assets/(Liabilities)	734,118	(38,935)			594,098
Total Assets less Current Liabilities	5,524,846	171,355			5,595,559
Non-Current Liabilities					
Interest-bearing bank borrowings	1,179,909	41,510			1,221,419
Promissory note payable	20,000	–			20,000
Convertible bonds	309,987	–			309,987
Deferred tax liabilities	273,637	29,203			302,840
	1,783,533	70,713			1,854,246
Net Assets	3,741,313	100,642			3,741,313
Financed By:					
Issued capital	137,842	–			137,842
Reserves	1,861,485	100,642		(100,642)	1,861,485
Shareholders' funds	1,999,327	100,642			1,999,327
Minority interests	1,741,986	–			1,741,986
Total equity	3,741,313	100,642			3,741,313

(note 1) This column represents the historical audited financial information of the Guru Star Group as at 31 December 2009 as set out in the Accountants' Report of the Guru Star Group in Appendix II to the Circular. Certain balances have been reclassified in order to conform with the classification used by the Group.

(note 2) The adjustments represent the acquisition of 100% equity interests in Guru Star Group and the assignment of related shareholder's loan for a cash consideration of HK$144,211,000.

(note 3) The adjustments represent the elimination of the acquisition cost incurred by the Chinney Group and the pre-acquisition reserves of the Guru Star Group. Goodwill of HK$443,000 for the acquisition represents the difference between the consideration and the Guru Star Group's net assets as at 31 December 2009. Since the fair value of the net identifiable assets of the Guru Star Group at the date of completion of the acquisition, probably in April 2010, may be substantially different from the net assets value used in the preparation of this unaudited pro forma statement of assets and liabilities of the Enlarged Group, the final amount of goodwill (or negative goodwill) to be recognised in connection with the acquisition will be different from the estimated goodwill stated herein.

II. LETTER FROM THE REPORTING ACCOUNTANTS

The following is a text of a report received from Ernst & Young, Certified Public Accountants, Hong Kong, for the sole purpose of inclusion in the Company's circular dated 29 March 2010 in respect of the acquisition of Guru Star.

ERNST & YOUNG
安 永

The Board of Directors
Chinney Investments, Limited

Dear Sirs,

We report on the unaudited pro forma financial information (the "Unaudited Pro Forma Financial Information") of Chinney Investments, Limited (the "Company") and its subsidiaries (collectively the "Group") set out in Appendix III to the Company's circular dated 29 March 2010 (the "Circular") issued by the Company in connection with the proposed acquisition (the "Acquisition") of the entire issued share capital of Guru Star Investments Limited ("Guru Star", together with its subsidiaries, "Guru Star Group"), pursuant to a sale and purchase agreement dated 8 March 2010. The pro forma financial information is unaudited and has been prepared by the directors of the Company, solely for illustrative purposes, to provide information about how the Acquisition as described in the accompanying introduction to the Unaudited Pro Forma Financial Information might have affected the historical financial information in respect of the Group presented in Appendix I to the Circular. The basis of preparation of the Unaudited Pro Forma Financial Information is set out in the accompanying introduction and the notes to the Unaudited Pro Forma Financial Information in section (1) of Appendix III to the Circular.

Respective responsibilities of directors of the Company and the reporting accountants

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the unaudited evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

Our work did not constitute an audit or a review made in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA, and accordingly, we do not express any such audit or review assurance on the Unaudited Pro Forma Financial Information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Group as at 31 December 2009 had the Acquisition actually been completed on that date or any future date.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,
Ernst & Young
Certified Public Accountants
18th Floor
Two International Finance Centre
8 Finance Street, Central
Hong Kong
29 March 2010

C. MANAGEMENT DISCUSSION AND ANALYSIS OF THE GURU STAR GROUP

Set out below is the management discussion and analysis of the results of the Guru Star Group, which should be read in conjunction with the accountants' report of the Guru Star Group set out in Appendix II to the Company's circular dated 29 March 2010 in respect of the acquisition of Guru Star.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE GURU STAR GROUP

Financial results for the year ended 31 March 2009

For the year ended 31 March 2009, the Guru Star Group recorded a turnover of HK$12.3 million (2008: HK$11.9 million) with a net loss of HK$12.7 million (2008 net profit: HK$11.0 million). The results included the revaluation loss (net of deferred tax) on the investment property amounted to HK$17.0 million for the year ended 31 March 2009 and the revaluation gain (net of deferred tax) amounted to HK$6.7 million for the year ended 31 March 2008. Excluding the revaluation effect of the investment property, the net profit for the year ended 31 March 2009 and 31 March 2008 would be HK$4.3 million and HK$4.3 million respectively. The Guru Star Group maintained a steady operating profit as compared with prior year.

Financial results for the year ended 31 March 2008

For the year ended 31 March 2008, the Guru Star Group recorded a turnover of HK$11.9 million with a net profit of HK$11.0 million representing 1% decrease and 46% decrease respectively as compared with prior year. The decrease in net profit for the year ended 31 March 2008 was due to the effect of revaluation gain (net of deferred tax) on the investment property which dropped from HK$15.7 million for the year ended 31 March 2007 to HK$6.7 million for the year ended 31 March 2008. Excluding the revaluation gain, the net profit for the year ended 31 March 2008 and 31 March 2007 would be HK$4.3 million and HK$4.7 million respectively. Such slightly drop in net profit was mainly due to general increase in staff cost and operating expenses.

Financial results for the year ended 31 March 2007

For the year ended 31 March 2007, the Guru Star Group recorded a turnover of HK$12 million with a net profit of HK$20.4 million. The net profit included the revaluation gain (net of deferred tax) on the investment property amounted to HK$15.7 million for the year ended 31 March 2007. Excluding the revaluation gain, the net profit for the year ended 31 March 2007 would be HK$4.7 million.

Capital structure, financial resources and liquidity

As at 31 March 2009, the total interest-bearing debts of the Guru Star Group amounted to HK$46.5 million of which approximately 5.6% of the debts were due and repayable within one year. Total cash and bank balances were approximately HK$9 million. The gearing ratio (as defined as combined net interest-bearing borrowings of HK$37.5 million divided by shareholder's fund of HK$75.9 million) was 49% as at 31 March 2009.

As at 31 March 2008, the total interest-bearing debts of the Guru Star Group amounted to HK$48.0 million of which approximately 5.1% of the debts were due and repayable within one year. Total cash and bank balances were approximately HK$6.8 million. The gearing ratio (as defined as combined net interest-bearing borrowings of HK$41.2 million divided by shareholder's fund of HK$85.9 million) was 48% as at 31 March 2008.

As at 31 March 2007, the total interest-bearing debts of the Guru Star Group amounted to HK$45.8 million of which approximately 4.7% of the debts were due and repayable within one year. Total cash and bank balances were approximately HK$3.9 million. The gearing ratio (as defined as combined net interest-bearing borrowings of HK$41.9 million divided by shareholder's fund of HK$64.3 million) was 65% as at 31 March 2007.

As at 31 March 2009, 31 March 2008 and 31 March 2007, the shareholder's loan all amounted to HK$43.1 million and was interest-free and has no fixed term of repayment. The interest-bearing debts referred to above represented the secured mortgaged loan on the investment property and were denominated in Renminbi and bear interest at floating rates. There is no significant exposure to foreign currency fluctuation and no related hedges.

Pledge of assets

The investment property with carrying value of HK$181.4 million, HK$198.6 million and HK$171.7 million was pledged to secure certain bank borrowings of the Guru Star Group as at 31 March 2009, 31 March 2008 and 31 March 2007, respectively.

Staff

The Guru Star Group employed 27 people as at 31 March 2009, 25 people as at 31 March 2008 and 34 people as at 31 March 2007, respectively. Remuneration is determined by reference to market terms and qualifications and experience of the staff concerned. Salaries are reviewed on annual basis. Other benefits including retirement benefits scheme, medical insurance are provided to all eligible staff.

Others

The Guru Star Group did not have any significant capital expenditure commitments and other contingent liabilities as at 31 March 2009, 31 March 2008 and 31 March 2007. There were no material acquisitions or disposals of subsidiaries and no future plans for material investments or capital assets as at 31 March 2009.

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this circular received from Savills Valuation and Professional Services Limited, an independent property valuer, in connection with their opinion of value of the property as at 4 March 2010.

Savills Valuation and
Professional Services Limited
23/F Two Exchange Square
Central, Hong Kong

T: (852) 2801 6100
F: (852) 2530 0756

EA Licence: C-023750
savills.com

The Directors
Chinney Investments, Limited
Hon Kwok Land Investment Company, Limited
23rd Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

16 April 2010

Dear Sirs,

RE: YAYAO OASIS, HENGMAWEI, YAYAO MANAGEMENT ZONE, DALI TOWN, NANHAI DISTRICT, FOSHAN, GUANGDONG PROVINCE, PRC (THE "PROPERTY")

In accordance with the instructions from Chinney Investments, Limited ("Chinney") and Hon Kwok Land Investment Company, Limited ("Hon Kwok") for us to value the property situated in the People's Republic of China (the "PRC"), we confirm that we have carried out an inspection, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of value of the property as at 4 March 2010 ("date of valuation") for incorporation in a circular.

Our valuation of the property is our opinion of its market value which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion".

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, joint ventures, management agreements, special considerations or concessions granted by anyone associated with the sale, or any element of special value. The market value of a property is also estimated without regard to costs of sale and purchase, and without offset for any associated taxes.

In valuing the property, which is to be developed by Hon Kwok, we have adopted the direct comparison approach by making reference to the comparable market transactions as available in the market.

We have been provided with copies of the title document relating to the property such as State-owned Land Use Certificates. However, we have not inspected the original documents to verify the ownership or to ascertain the existence of any amendments which may not appear on the copies provided to us. In the course of our valuation, we have relied to a considerable extent on the information given by Hon Kwok and its PRC's legal adviser, Guangdong Jindi Law Firm (廣東金地律師事務所), regarding the title to the property. We have also accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, particulars of occupancy, site and floor areas and all other relevant matters. Dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided by Hon Kwok to us and are therefore only approximations. No on-site measurements have been taken. We have had no reason to doubt the truth and accuracy of the information provided to us by Hon Kwok, which is material to our valuation. We have also sought confirmation from Hon Kwok that no material facts have been omitted from the information supplied.

We have inspected the property. During the course of our inspection, we did not note any serious defects. However, no structural survey has been made, we are therefore unable to report whether the property is free from rot, infestation or any other defects. No tests were carried out on any of the services. We have also not carried out investigations on site to determine the suitability of the ground conditions and the services for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the development period.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

Unless otherwise stated, all monetary amounts stated in this report are in Renminbi ("RMB").

We enclose herewith our valuation certificate.

Yours faithfully,
For and on behalf of
Savills Valuation and Professional Services Limited
Charles C K Chan
MSc FRICS FHKIS MCIArb RPS(GP)
Managing Director

Note: Mr. Charles C K Chan is a qualified surveyor and has about 25 years' experience in the valuation of properties in Hong Kong and 20 years' experience in the valuation of properties in the PRC.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 4 March 2010
Yayao Oasis, Hengmawei, Yayao Management Zone, Dali Town, Nanhai District, Foshan, Guangdong Province, PRC	The property comprises two parcels of land with a total site area of approximately 247,987.00 sq.m. (2,669,332 sq.ft.) on which a residential development named Yayao Oasis is planned to be built. The land use rights of the property have been granted for terms expiring on 22 July 2063 and 28 November 2064 for residential use.	Site levelled work is in progress.	RMB420,000,000

Notes:

(1) Pursuant to the following State-owned Land Use Certificates, the land use rights of two parcels of land with a total site area of 247,987.00 sq.m. have been granted to Foshan Nanhai XinDa Land Development Ltd. ("Nanhai XinDa"). Details of the said certificates are, inter-alia, summarized as below:

Certificate No.	Issue Date	Site Area *(sq.m.)*	Usage	Expiry Date
Nan Fu Guo Yong (2004) No. Te 040028	31 May 2004	200,000.00	Residential	22 July 2063
Nan Fu Guo Yong (2004) No. Te 040029	31 May 2004	47,987.00	Residential	28 November 2064

(2) We have been provided with the legal opinion on the title to the property issued by Hon Kwok's PRC legal adviser, which contains, inter-alia, the following information:

(i) Nanhai XinDa has obtained the land use rights of the property and such land use rights are free from any mortgages or seizures;

(ii) Nanhai XinDa is entitled to occupy, use, earn from, mortgage, lease or transfer the land use rights of the property under the PRC laws;

(iii) Nanhai XinDa has obtained the two Construction Land Planning Permits for the land use rights of the property for residential use;

(iv) Nanhai XinDa has obtained the 126 Construction Works Planning Permits for portion of the property. Since the construction works have not been commenced before the deadlines specified in the permits, Nanhai Xinda should apply for extension or re-apply for the Construction Works Planning Permits before commencing the construction works;

(v) Nanhai XinDa has obtained the 98 Construction Works Commencement Permits for portion of the property. The procedure for changing contractor for the 19 Construction Works Commencement Permits has been completed on 22 March 2010. Since the remaining Construction Works Commencement Permits have been expired, Nanhai Xinda should apply for their extension before commencing the construction works; and

(vi) though Nanhai XinDa has not completed the construction works within the period stipulated in the Land Grant Contracts, the relevant government departments have issued Construction Land Planning Permits, Construction Works Planning Permits and Construction Works Commencement Permits to Nanhai XinDa. They have also approved the modification and application for extension of several Construction Works Planning Permits and Construction Works Commencement Permits. Such actions can be inferred that such departments have no intension to re-enter the land use rights of the property. Nevertheless, it is suggested that Nanhai XinDa should strictly follow the deadline stipulated in the documents or certificates approved by the relevant government departments. If possible, Nanhai XinDa should sign a supplementary agreement with the relevant government departments to extend the completion date for the development of the property to a more reasonable period.

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	*Notes*	Name of associated corporation	Capacity and nature of interest	Number of ordinary shares/amount of paid up registered capital held	Percentage of the associated corporation's issued share capital/paid up registered capital
James Sai-Wing Wong	*2*	Hon Kwok	Through controlled corporation	261,112,553	54.37
	3	Guangzhou Honkwok 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
	2	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. Mr. James Sai-Wing Wong and Madam 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 or its wholly-owned subsidiary. By virtue of note 1, Mr. James Sai-Wing Wong and Madam Madeline May-Lung Wong are deemed to be interested in these shares.*

3. *Out of its 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 Mr. James Sai-Wing Wong. By virtue of note 2, Mr. 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 Mr. James Sai-Wing Wong. By virtue of notes 1 and 2, Mr. 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, Mr. James Sai-Wing Wong and Madam 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. Mr. James Sai-Wing Wong and Madam Madeline May-Lung Wong are directors of and have beneficial interests in Hon Kwok through their interests in the Company. Mr. 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. Mr. James Sai-Wing Wong and Mr. Herman Man-Hei Fung are directors of Chinney Alliance. Mr. James Sai-Wing Wong and Madam Madeline May-Lung Wong have beneficial interests in Chinney Alliance.

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

On 8 March 2010, Join Ally Limited, an indirect wholly-owned subsidiary of Hon Kwok, entered into a sale and purchase agreement with Enhancement Investments Limited for the acquisition of the entire issued share capital of Guru Star Investments Limited and the assignment of related shareholder's loan at an aggregate cash consideration of HK$144,211,000. The proposed acquisition of Guru Star Investments Limited constituted a major and connected transaction to the Company under the Listing Rules as Enhancement Investments Limited is a company controlled by Mr. James Sai-Wing Wong, the Chairman and substantial shareholder of the Company. The completion of the proposed acquisition of Guru

Star Investments Limited is subject to, inter alia, the approval of the independent shareholders of the Company and Hon Kwok at their respective extraordinary general meetings to be held on 16 April 2010.

Mr. 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. Madam 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, Mr. James Sai-Wing Wong and Madam 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. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have given their opinions and advice which are included in this circular:

Name	Qualification
Ernst & Young	Certified Public Accountants
Savills	Property valuer

(a) As at the Latest Practicable Date, neither Ernst & Young nor Savills has any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

(b) Each of Ernst & Young and Savills has given and has not withdrawn its written consent to the issue of this circular, with the inclusion of its letter or references to its name in the form and context in which they are included.

(c) Neither Ernst & Young nor Savills has 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.

6. 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 Enlarged Group as at the Latest Practicable Date.

7. MATERIAL CONTRACTS

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

(a) Sale and purchase agreement dated 8 March 2010 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 related shareholder's loan at an aggregate cash consideration of HK$144,211,000.

(b) Agreement dated 5 March 2010 entered into between Hon Kwok Treasury Limited and a syndicate of banks in relation to a HK$400,000,000 term and revolving loan facilities.

(c) Assignment of shareholder's loan dated 4 March 2010 entered into between High Able, MSR Asia and Floralmist in relation to the assignment of related shareholder's loan owing by Floralmist.

(d) the Agreement.

(e) Guarantee dated 30 September 2009 in favour of XingWu Investment Co., Ltd. for a maximum liability of not greater than HK$250,000,000.

(f) Loan assignment dated 30 September 2009 entered into between Pride Champion Limited, XingWu Investment Co., Ltd. and Rich Central Limited in relation to the assignment of related shareholder's loan owing by Rich Central Limited.

(g) Share transfer agreement dated 17 August 2009 entered into between Pride Champion Limited and XingWu Investment Co., Ltd. in relation to the disposal of the entire issued share capital of Rich Central Limited and the assignment of related shareholder's loan at an aggregate cash consideration of HK$250,000,000.

(h) 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.

(i) 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.

(j) 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 related shareholder's loan at an aggregate cash consideration of HK$135,000,000.

(k) 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.

8. GENERAL

(a) The company 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, 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong.

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

9. 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 7 May 2010:

(a) the Agreement;

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

(c) the annual report of the Group for each of the two financial years ended 31 March 2008 and 2009;

(d) the interim report of the Group for the six months ended 30 September 2009;

(e) the accountants' report of the Floralmist Group as set out in Appendix II to this circular;

(f) the unaudited pro forma financial information as set out in Appendix III to this circular;

(g) the valuation report on the Property from Savills as set out in Appendix VI to this circular;

(h) the written consents referred to under the section headed "Experts and Consents" in Appendix VII to this circular;

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

(j) the circular of the Company dated 11 November 2009 in respect of the issuing of guarantee in relation to the disposal of subsidiaries by a jointly-controlled entity;

(k) the circular of the Company dated 29 March 2010 in respect of the acquisition of the entire issued share capital of Guru Star Investments Limited and the assignment of related shareholder's loan; and

(l) this circular.