COASTAL 沿海

COASTAL GREENLAND LIMITED

(incorporated in Bermuda with limited liability)

Stock Code : 01124

Annual Report

2008-09

CONTENTS

Corporate Information

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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One Exchange Square
8 Connaught Place
Central
Hong Kong
Tel: (852) 2877 9772
Fax: (852) 2524 0931

PRINCIPAL REGISTRARS

Butterfield Corporate Services Limited
Rosebank Centre
11 Bermudiana Road
Pembroke
Bermuda

REGISTRARS IN HONG KONG

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

COMPANY WEBSITE

http://www.coastal.com.cn

INVESTOR RELATIONS WEBSITE

http://www.irasia.com/listco/hk/coastal

EXECUTIVE DIRECTORS

Mr. CHAN Boon Teong *(Chairman)*
Mr. JIANG Ming *(Vice Chairman)*
Mr. TAO Lin
Mr. CHENG Wing Bor
Mr. LIN Chen Hsin
Mr. WU Xin *(Managing Director)*
Mr. CAI Shaobin

NON-EXECUTIVE DIRECTORS

Mr. ZHENG Hong Qing
Mr. HU Aimin
Mr. ZHANG Yijun

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. TANG Lap Yan
Mr. LAW Kin Ho
Mr. WONG Kai Cheong

COMPANY SECRETARY

Mr. CHENG Wing Bor FCCA, CPA

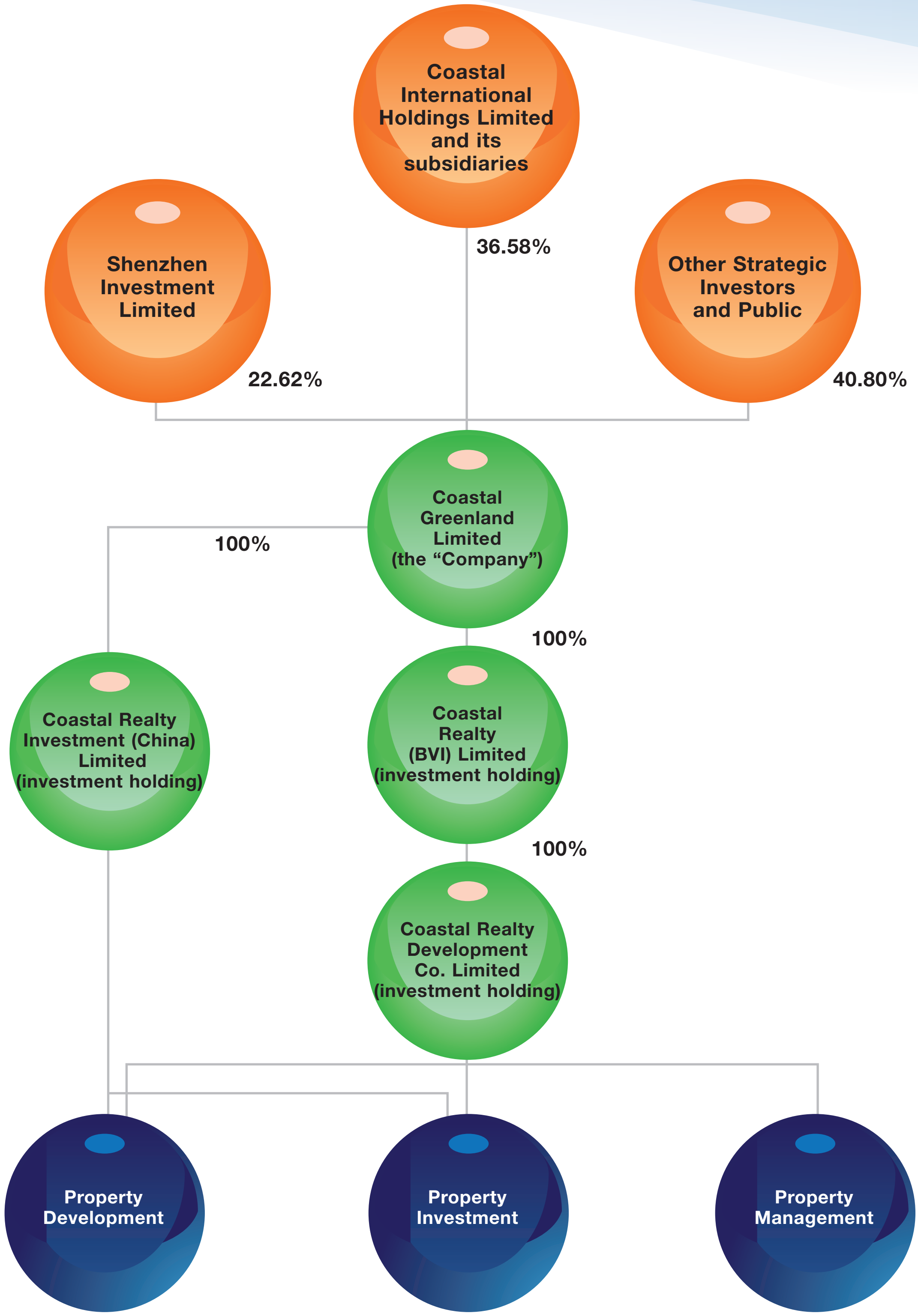
AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants

STOCK CODE

1124

Shareholding Structure and Major Operations



Financial Highlight

The following is a summary of the published consolidated results and of the assets and liabilities of the Group for the last five financial years as extracted from the audited financial statements and adjusted retrospectively for the effects of the change in accounting policy on revenue recognition for sales of development properties as detailed in note 2 to the consolidated financial statements. The amounts for the year ended 31 March 2005 have also been adjusted for the impact of the new and revised Hong Kong Financial Reporting Standards, including Hong Kong Accounting Standards and Interpretations, issued by the Hong Kong Institute of Certified Public Accountants, as set out in note 2 to the consolidated financial statements for the year ended 31 March 2006.

RESULTS

	Year ended 31 March				
	2009	2008	2007	2006	2005
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
		(Restated)	(Restated)	(Restated)	(Restated)
Revenue	**2,956,174**	3,114,980	1,203,318	539,098	564,742
Profit before taxation	**548,689**	429,925	182,658	88,740	172,016
Profit for the year attributable to equity holders of the Company	**215,008**	116,674	44,463	40,815	125,911
Dividends	**–**	–	50,749	43,182	–

ASSETS AND LIABILITIES

	As at 31 March				
	2009	2008	2007	2006	2005
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
		(Restated)	(Restated)	(Restated)	(Restated)
Total assets	**14,490,890**	12,836,660	10,933,435	5,602,246	4,675,879
Total liabilities	**(10,873,080)**	(9,583,521)	(8,675,476)	(4,022,281)	(3,296,625)
Total equity	**3,617,810**	3,253,139	2,257,959	1,579,965	1,379,254
Minority interests	**(490,046)**	(435,942)	(430,929)	(39,944)	(59,247)
Equity attributable to equity holders of the Company	**3,127,764**	2,817,197	1,827,030	1,540,021	1,320,007

Financial Highlight (Continued)

	Year ended 31 March	
	2009	2008
	HK$'000	HK$'000
		(Restated)
Revenue by activity		
– Sale of properties	**2,943,218**	3,103,505
– Rental income	**9,141**	6,823
– Property management income	**3,815**	4,652
Total	**2,956,174**	3,114,980

	Year ended 31 March	
	2009	2008
	HK$'000	HK$'000
		(Restated)
Profit before taxation by activity		
– Sale of properties	**591,641**	595,899
– Rental income	**(61,744)**	83,961
– Property management income	**(109)**	555
	529,788	680,415
Unallocated corporate expenses	**(68,954)**	(58,057)
Net foreign exchange gains	**28,777**	56,450
Fair value gain on warrants	**47,399**	49,776
Gain on repurchase of senior notes	**71,183**	–
Fair value loss on derivative component of convertible bonds	**–**	(222,503)
Fair value loss on currency swap contract	**–**	(37,405)
Interest income	**6,226**	6,728
Finance costs	**(87,377)**	(49,170)
Share of profit of associates	**21,647**	3,691
Profit before taxation	**548,689**	429,925

CHAIRMAN'S STATEMENT

Shanghai Riviera Garden

Chairman's Statement

On behalf of Coastal Greenland Limited (the "Company"), I have the pleasure to present to the shareholders the Group's financial results and operation report for the year ended 31 March 2009 as follows:

Chan Boon Teong
Chairman

RESULTS

For the financial year ended 31 March 2009, the Group has recorded a revenue of about HK$2,956 million and profit attributable to equity holders of the Company of approximately HK$215 million. Earnings per share for the year were HK7.7 cents.

DIVIDEND

The Board of Directors does not recommend the payment of a final dividend for the year ended 31 March 2009.

BUSINESS OVERVIEW

The year under review was a difficult year for PRC property developers as the worldwide financial crisis has slowed down the PRC economy and rendered a credit-tightening environment for the sector. With its vast experience and expertise, the Group has managed to overcome the challenges and come out of the turbulence in good shape.

Revenue for the year amounted to about HK$2,956 million, a decrease of about 5% from last year. Profit attributable to equity holders of the Company for the year is about HK$215.0 million, an increase of about 84% over last year's HK$116.7 million.

Marriott hotel at Coastal International Centre, Suzhou

Profit before interest, taxation, depreciation, amortisation and non-cash items arising from fair value adjustments for derivative component of the convertible bonds and warrants issued by the Company was HK$740.4 million as compared to last year's HK$829.8 million on the same basis. Profit before interest, taxation, depreciation, amortisation and the non-cash items in respect of the convertible bonds and warrants had a coverage of 1.57 times over the interest costs for the financial year of HK$471.9 million (2008: HK$445.3 million), a decrease of 16% from 1.86 times last year.

The Group has slowed down the development pace of certain of its development projects in response to the sluggish market demand and tightening credit environment in the second half of 2008. The Group completed during the year ended 31 March 2009 development projects with total gross floor area ("GFA") of approximately 395,100 sq.m. as compared to 795,800 sq.m. of last year. Of the total GFA completed, about 368,900 sq.m. (2008: 762,700 sq.m.) were attributable to the Group.

The Group's well-recognised corporate brand and effective sales strategy have enabled it to take advantage of the recovery of the PRC property market since the first quarter of 2009. The Group's pre-sales have continuously been performing strongly since February 2009. The Group will continue to focus its operations in the existing geographic locations where it has the local market knowledge and solid business connections and proven track records.

Chairman's Statement (Continued)

The Group continues to adopt a policy of maintaining its land reserve to a level that is sufficient for a 3 to 4 years' development requirement.

The Group is engaged in residential property development business as well as in the business of investing in quality commercial properties, including hotels and offices, at prime locations in major cities in the PRC. The Group plans to build up an investment property portfolio that will account for about 30% of its overall property portfolio in the next three to five years so as to enable the Group to generate more stable recurring income and capture the potential value appreciation of property.

Shanghai Riviera Garden

OUTLOOK

The inclined aggressive financial policy adopted by the PRC government as well as its moderate relaxed monetary policy has benefited the recovery of the property market since the first quarter of 2009. The Group believes that the consolidation of property sector in 2008, augmented by the effective implementation of government's recent stimulating economic measures will enhance the healthy development of the property sector in the long run.

In the coming year, the Group is setting the milestone of its twentieth anniversary. Throughout the years, the Group has vouched to maintaining a stable and perpetual business operation and has overcome a number of market downturns. The Group will continue to focus on the development of its geographically well-diversified quality property portfolio, optimise its land reserve and strengthen its product competitiveness. The Group will also leverage on its well-recognised corporate brand for boosting its sales.

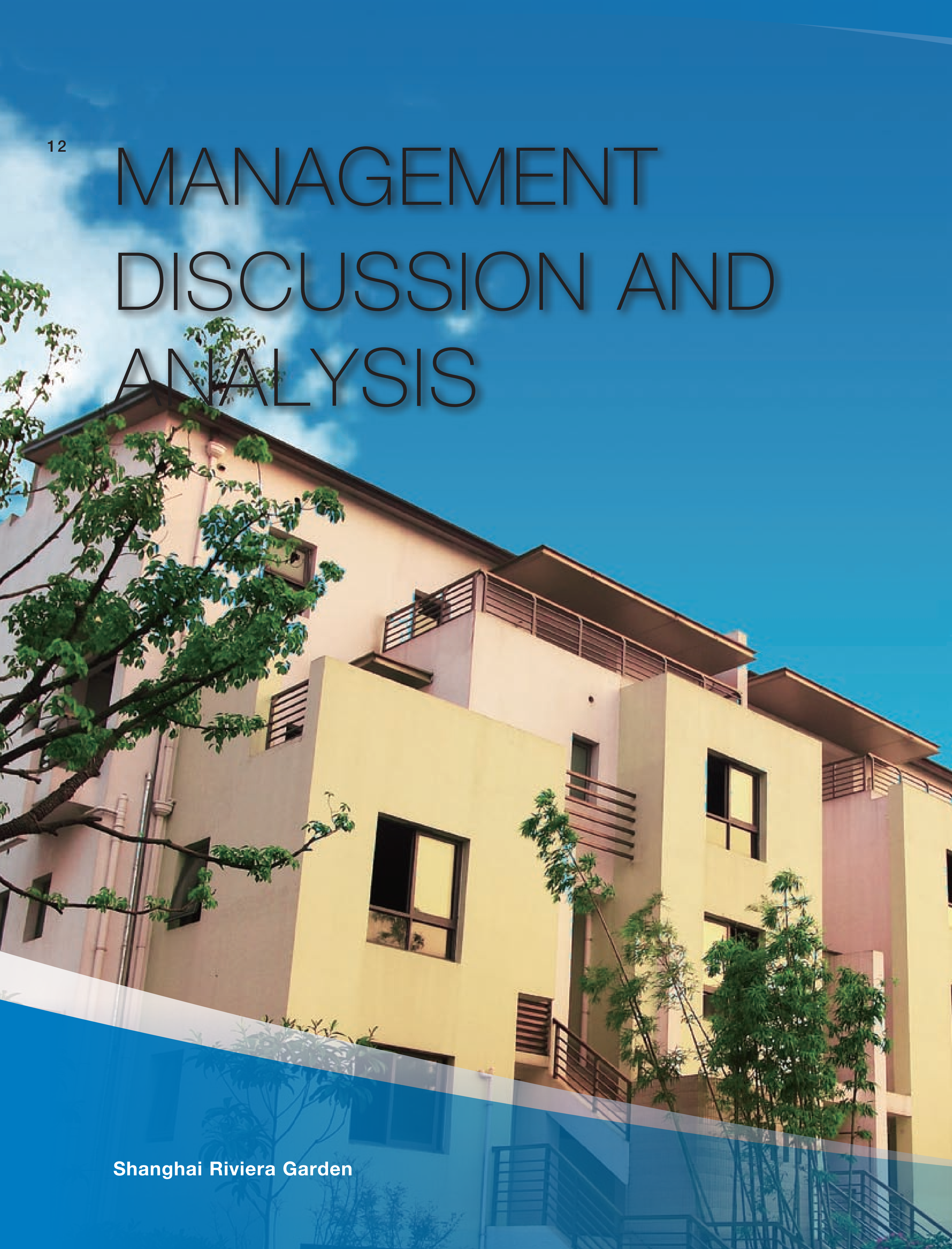
APPRECIATION

On behalf of the Board, I would like to express my gratitude to the management team and our staff for their diligence and contributions to the Group in the past year. I would also like to thank my fellow directors, business partners, customers, suppliers, bankers, noteholders and shareholders of the Group for their continued support and trust over the years.

Chan Boon Teong
Chairman

Hong Kong
23 July 2009

MANAGEMENT DISCUSSION AND ANALYSIS



Shanghai Riviera Garden

Management Discussion and Analysis (Continued)

BUSINESS REVIEW

Results of Operations

In current year, in light of the introduction of new guideline – Hong Kong (IFRIC) Interpretation ("HK(IFRIC) – Int") 15 *Agreements for the Construction of Real Estate* – issued by the Hong Kong Institute of Certified Public Accountants, the directors (the "Directors") of the Company have reassessed and changed the Company's accounting policy on revenue recognition of sales of properties. In previous years, when a development property is sold in advance of completion, revenue and profit are recognised upon completion of the development at which the relevant completion certificates are issued by the respective government authorities when equitable interest in the property has been vested in the buyers. The Directors of the Company are of the view that revenue recognition on sale of development property upon delivery of properties to the purchasers pursuant to the sales agreement is more appropriate in accordance with HK(IFRIC) – Int 15. This change in accounting policy has been applied retrospectively and the comparative figures have been restated to exclude the revenue and profit which arose from properties not yet delivered as at the end of the comparable periods.

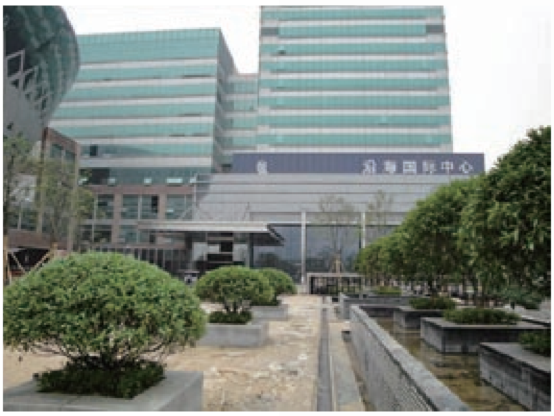
Wuhan Silo City

BUSINESS REVIEW *(Continued)*

Results of Operations *(Continued)*

For the financial year ended 31 March 2009, the Group has recorded a revenue of HK$2,956 million, a decrease of about 5% as compared to the HK$3,115 million for last year. The Group derived the revenue mainly from the sale of properties of Phase V of Beijing Silo City, Phase II of Dongguan Riviera Villa, Phase IB of Wuhan Silo City, Phases III and IV of Jiangxi Riviera Garden, Phase IIB of Beijing Sunvilla Realhouse and Phase I of Shanghai Riviera Garden which have been completed and delivered to purchasers in current year.

Profit before taxation for the year was HK$548.7 million, an increase of about 28% as compared to the HK$429.9 million for last year. Profit attributable to equity holders of the Company increased by about 84% to HK$215.0 million.



Coastal International Centre, Suzhou

BUSINESS REVIEW *(Continued)*

Revenue

The following table sets out an analysis of the Group's revenue together with the contribution to operating results by activity:

	Year ended 31 March				
	2009		2008		
	Revenue HK$'000	**Contribution to operating results HK$'000**	Revenue HK$'000 (Restated)	Contribution to operating results HK$'000 (Restated)	
Property development	**2,943,218**	**591,641**	3,103,505	595,899	
Property investment	**9,141**	**(61,744)**	6,823	83,961	*(Note)*
Property management	**3,815**	**(109)**	4,652	555	
Total	**2,956,174**	**529,788**	3,114,980	680,415	

Note: Contribution to operating results by the property investment activity included a deficit of HK$63.4 million (2008: surplus of HK$81.2 million) arising from revaluation of investment properties.

The Group derived revenue for the year mainly from operations in the mainland of the People's Republic of China (the "PRC").

Property Development

In the year under review, revenue from sale of properties of HK$2,943 million mainly came from sales of Phase V of Beijing Silo City, Phase II of Dongguan Riviera Villa, Phase I of Shanghai Riviera Garden, Phase IB of Wuhan Silo City, Phases III and IV of Jiangxi Riviera Garden and Phase IIB of Beijing Sunvilla Realhouse, which respectively accounted for about 31%, 15%, 15%, 13%, 12% and 3% of the revenue from property sale. The remaining 11% mainly came from the provision of levelling and clearance services for a parcel of land jointly developed by the Group and the local government in Beijing, the PRC.

At 31 March 2009, the Group has pre-sold HK$3,857 million of properties under development, including HK$870 million for the Northern section of Phase VII of Beijing Silo City and Phase II of Wuhan Silo City which were completed but not yet delivered to the purchasers at the balance sheet date and will be recognised as revenue in coming years upon delivery of the relevant properties to the purchasers.

The Group completed development projects with total gross floor area ("GFA") of approximately 395,100 sq.m. (2008: 795,800 sq.m.) during the year ended 31 March 2009. Of the total GFA completed, about 368,900 sq.m. (2008: 762,700 sq.m.) were attributable to the Group.

BUSINESS REVIEW *(Continued)*

Property Investment

Revenue from property rental increased by about 34% to HK$9.1 million from last year's HK$6.8 million. Rental income for the year was mainly derived from the properties in Shanghai Golden Bridge Mansion, Shenyang Dongbei Furniture and Ornaments Plaza, retail shops in Phases I and II of Beijing Silo City and certain office area in Shenzhen Noble Center which was used by the Group as office in prior year.

The property investment segment incurred a loss of HK$61.7 million (2008: profit of HK$84.0 million) which was largely attributable to a revaluation deficit of the investment properties of HK$63.4 million (2008: revaluation surplus of HK$81.2 million) occurred for the year.

Property Management

The Group's property management operations recorded a loss of about HK$0.1 million for the year as compared to last year's profit of HK$0.6 million. The Group is committed to providing integrated and value-added property management services to foster good relations with tenants and owners and strengthen its brand image.

Gross Profit Margin

The gross profit margin for the year was about 29% which was higher than last year's 25% (as restated). The improvement was mainly due to higher level of selling price attained for the properties completed and delivered to purchasers during the year.

(Loss) Gain on Disposal of Property Based Subsidiaries

The loss for the current year mainly arose from the disposal of 100% equity interest in Beijing Shengming Kexueyuan Project. The gain recorded last year came from the disposal of the 80% equity interest in Shenyang Hunnan Residential Project. These transactions were made by means of disposal of the equity interests in the relevant project holding companies.

Beijing Silo City

BUSINESS REVIEW *(Continued)*

Gain on Partial Disposal of a Property Based Subsidiary

The gain for the current year mainly arose from the disposal of 20% equity interest in Shenyang Hunnan Commercial Project.

Fair Value Gain on Warrants

The Company issued in last year 111,622,500 unlisted warrants conferring rights to subscribe for up to 111,622,500 new ordinary shares of HK$0.10 each in the Company at the exercise price of HK$2.46 per share (subject to adjustments) from the issue date to 8 November 2012. The exercise price was adjusted to HK$1.23 per share during the year in accordance with the terms and conditions of the warrants. The fair value of the warrants is determined, upon issuance, and is carried as a derivative financial liability. The changes in fair value of the warrants are dealt with in the income statement. The fair value gain on warrants arose because of the decrease in the share price of the Company during the year.

Gain on Repurchase of Senior Notes

During the year, the Company repurchased senior notes with par value and amortised cost of US$18 million (equivalent to approximately HK$140.4 million) and US$16.1 million (equivalent to approximately HK$125.7 million) respectively for a total consideration of approximately US$7.0 million (equivalent to approximately HK$54.5 million), resulting in a gain of HK$71.2 million.

Other Income

Other income for the year mainly represented (i) a net foreign exchange gain of HK$28.8 million on translation of the Company's United States dollars denominated debts into the Group's functional currency, Renminbi, which had appreciated against United States dollars during the year; and (ii) an investment return of HK$13.3 million received by the Group on termination of land development in Dujiangyan, the PRC as agreed with the local government.

Shanghai Riviera Garden

BUSINESS REVIEW *(Continued)*

Marketing, Selling and Administrative Expenses

Marketing and selling costs increased to HK$157.9 million from HK$101.4 million last year as a result of the increase in the Group's selling activities to promote its sales in times of sluggish market.

Administrative expenses increased to HK$168.8 million from HK$152.3 million last year mainly because of the increase in operating activities of the Group.

Jiangxi Riviera Garden

Other Expenses

Other expenses for the year was HK$39.2 million as compared to last year's HK$45.7 million which consisted of interest compensation of HK$29.8 million for delay in the handover of certain completed properties whereas such compensation for the year has been significantly reduced to an amount of about HK$2.8 million. Current year's other expenses mainly represented provision for other receivables and loss on the termination of property sales contract.

Finance Costs

During the year, the Group incurred finance costs before capitalisation (mainly interest for bank and other borrowings, including senior notes) of HK$471.9 million, representing an increase of about 6% as compared to the HK$445.3 million incurred last year. The increase was mainly due to an overall increase in the average level of bank and other borrowings as compared to last year.

Acquisition of New Project

During the year under review, the Group completed the acquisition of the following project:

Project	Estimated gross floor area	Group's interests	Type of development
Beijing Jian Guo Men Wai Project	44,922 sq.m.	65%	Offices

Corporate Brand

Coastal Greenland, the corporate brand, had been ranked among the top ten most valuable Chinese real estate company brands for the five consecutive years between 2004 and 2008 by an authoritative PRC real estate research team formed by the Development Research Center of the State Council, the Tsinghua University Real Estate Research Center and the China Index Research Team.

Wuhan Silo City

REVIEW OF MAJOR PROPERTIES AND DEVELOPMENT PROJECTS

The Group's business strategy is to develop quality residential estates for the PRC middle class domestic market and quality commercial properties for investment. A summary of the status of the Group's major properties and development projects is set out below.

Development projects of the Group

Beijing Jian Guo Men Wai Project

Beijing Jian Guo Men Wai project is located in Chaoyang District, close to the central business district in Beijing. The plan is to develop an office building with a total GFA of about 44,922 sq.m. The Group has the free usage right of 65% of the GFA of the office building for 35 years starting from the completion of the development.

The construction of this investment property project is planned to start in the fourth quarter of 2009 and the completion is expected to be in the fourth quarter of 2011.

Beijing Silo City

Beijing Silo City with a total site area of about 216,025 sq.m. is a large-scale, high quality residential and commercial development located in Chaoyang District, close to the central business district of Beijing. The development has a unique modern design and convenient transportation options. The Group plans to develop it into a residential/commercial/leisure complex with a total GFA of about 868,700 sq.m. The development is being carried out in phases. The Group owns 100% of Beijing Silo City.

The construction of the first two phases with a total GFA of 235,300 sq.m. was completed in March 2007. The deliveries of the two phases had taken place in March 2007 and June 2007 respectively. As of 31 March 2009, the Group held a total GFA of about 35,596 sq.m., comprising the clubhouse with a GFA of 563 sq.m., certain retail shop areas with a total GFA of 9,332 sq.m. and carpark areas with a total GFA of 25,701 sq.m., which are held by the Group as fixed assets, investment properties and for sale respectively.

Phase III has a total GFA of about 79,000 sq.m. The construction was completed in September 2007 and the pre-sold units were delivered in October of the same year. As of 31 March 2009, all the residential units were sold; retail shops with a total GFA of 235 sq.m. and carpark areas with a total GFA of 7,513 sq.m. were held for sale; a clubhouse with a GFA of 316 sq.m. is held as fixed assets.

REVIEW OF MAJOR PROPERTIES AND DEVELOPMENT PROJECTS *(Continued)*

Development projects of the Group *(Continued)*

Beijing Silo City (Continued)

Phase IV of the development is divided into the Loft, the Eastern and the Western sections. The total GFA of this phase is about 145,200 sq.m. Construction of this phase commenced in March 2009. The Group expects the Loft to be completed in the third quarter of 2010 and delivery is expected to be taken place within three months after the completion. Completion and delivery for the Eastern section is expected to be in the second and fourth quarter of 2010 respectively. Development plan for the Western section will be finalised at a later stage. Pre-sale of the Loft was started in September 2008 and about 47% of its GFA was pre-sold as of 31 March 2009.

Phase V has a total GFA of about 116,700 sq.m. The construction of this phase was completed in March 2008 while delivery was in June 2008. As of 31 March 2009, all the residential units were sold; retail shops with a total GFA of 5,211 sq.m. and carpark area with a total GFA 11,497 sq.m. were held for sale.

Phase VI has a total GFA of about 112,400 sq.m., the construction was started at the beginning of 2008. The completion and delivery are scheduled to be in the third and fourth quarter of 2009 respectively. Pre-sale was commenced in early 2008 and about 64% of its GFA was pre-sold as of 31 March 2009.

Phase VII is divided into the Southern and the Northern sections with a total GFA of about 180,100 sq.m. The construction of this phase was started in November 2007. Completion and delivery of Northern section were in March and June 2009 respectively. The Southern section is expected to be completed and delivered in the third and fourth quarter of 2009 respectively. Pre-sale commenced in December 2007 and about 67% and 78% of the respective GFA of the Southern and the Northern sections were pre-sold as of 31 March 2009.

Beijing Sunvilla Realhouse

Beijing Sunvilla Realhouse is a high quality residential development in Panggezhuang Town, an attractive location in Daxing County, Beijing. The Group owns 100% of Beijing Sunvilla Realhouse. The development is a villa estate with a total site area of about 484,421 sq.m. and is being carried out in three phases.

Phase I has a total GFA of about 62,900 sq.m. The construction of this phase has been completed and all the units were sold and delivered. The Group holds a clubhouse with a GFA of about 4,189 sq.m. as fixed assets.

Beijing Sunvilla Realhouse

REVIEW OF MAJOR PROPERTIES AND DEVELOPMENT PROJECTS *(Continued)*

Development projects of the Group *(Continued)*

Beijing Sunvilla Realhouse (Continued)

Phase II has a total GFA of about 49,260 sq.m. The construction of this phase has been completed and all sold units were delivered. About 93% of the GFA of this phase was sold as of 31 March 2009 and the remaining GFA is held for sale.

The Group is finalising the development plan of Phase III which has a total GFA of about 22,300 sq.m.

Chengdu Longquanyi Project

The Group plans to develop the site into a low-density residential estate with a total GFA of about 222,534 sq.m. The Group owns 79% equity interest in the development.

Dalian Qi Hang Project

The project is located in Ganjingzi District, Dalian, Liaoning Province with a site area of about 54,000 sq.m. The Group owns 100% interest in this project and has an initial plan to develop the project into a residential estate by two phases with an estimated total GFA of about 147,700 sq.m. Acquisition of this project was completed subsequent to 31 March 2009.

The construction of Phase I with a GFA of about 62,200 sq.m. is planned to be commenced in the third quarter of 2009 and will take about two years to complete and deliver.

Dalian Xinghai Bay Project

Dalian Xinghai Bay Project has a total site area of about 34,001 sq.m. and is to be developed into a residential/commercial complex with a total GFA of about 380,730 sq.m. The development is being carried out in two phases with GFA of about 216,500 sq.m. and 164,230 sq.m. for Phase I and Phase II respectively. The Group owns 50% equity interest in the development.

The foundation work of Phase I was started in November 2007. Phase I is expected to be completed in mid-2010 and delivery is scheduled before the end of the same year. Pre-sale commenced in October 2008 and about 16% of its GFA was pre-sold as of 31 March 2009.

The Group is finalising the development plan for Phase II.

REVIEW OF MAJOR PROPERTIES AND DEVELOPMENT PROJECTS *(Continued)*

Development projects of the Group *(Continued)*

Dongguan Riviera Villa

Dongguan Riviera Villa is an upscale low-density residential estate development in the Dao Jiao District of Dongguan. The Group owns 100% of Dongguan Riviera Villa. The project has a site area of about 382,649 sq.m. and the development is being carried out in three phases.

Phase I has a total GFA of about 59,000 sq.m. and the total GFA of Phase II is about 66,000 sq.m. The constructions of Phase I was completed and the pre-sold units were delivered in July 2007. The completion and delivery of Phase II were in March and May 2008 respectively. As of 31 March 2009, about 89% of the GFA in Phase I and about 61% of the GFA in phase II were sold. The remaining GFA is held for sale.

Phase III has a total GFA of about 265,000 sq.m. Its construction plan will be finalised at a later stage.

Jiangxi Riviera Garden

Jiangxi Riviera Garden is a low-density residential estate development located at south of Gaoxin Avenue in Changling Town, Xinjian County, Jiangxi. The Group owns 100% of Jiangxi Riviera Garden. The development has a site area of about 186,394 sq.m. and was carried out in four phases.

The development of Phases I and II with a total GFA of about 125,300 sq.m. were completed and about 95% of the GFA was sold as of 31 March 2009. Delivery of the two phases were in September 2006 and September 2007 respectively. The remaining GFA is held for sale.

The construction of Phase III with a total GFA of about 76,000 sq.m. was completed in March 2008 and the pre-sold units were delivered in July of the same year. As of 31 March 2009, about 92% of the GFA in Phase III was sold. The remaining GFA is held for sale.

The construction of Phase IV with a total GFA of about 83,300 sq.m. was started in October 2007 and completed in November 2008. Delivery has taken place in March 2009. Pre-sale commenced in August 2008 and about 48% of the GFA in Phase IV was sold as of 31 March 2009. The remaining GFA is held for sale.

Shanghai Riviera Garden

Shanghai Riviera Garden is a low-density residential estate development on Mingzhong Road in Songjiang District of Shanghai. The Group owns 100% of Shanghai Riviera Garden. The development has a site area of about 320,118 sq.m. and is being carried out in two phases.

The construction of Phase I with a total GFA of about 135,400 sq.m. was completed in September 2007 and the pre-sold units were delivered in November of the same year. As of 31 March 2009, about 91% of the GFA in Phase I was sold. The remaining GFA is held for sale.

The construction of Phase II with a total GFA of about 229,000 sq.m. comprising both villas and apartments was commenced in September 2008. Completion and delivery are scheduled to be done by sections starting from the second quarter of 2010 onwards. The pre-sale is scheduled to be commenced in August 2009.

REVIEW OF MAJOR PROPERTIES AND DEVELOPMENT PROJECTS *(Continued)*

Development projects of the Group *(Continued)*

Shenyang Dongbei Furniture and Ornaments Plaza

Shenyang Dongbei Furniture and Ornaments Plaza located at Shenliao Road, Yuhong District, Shenyang, Liaoning Province is a property developed by an independent PRC developer and was acquired by the Group in 2004. The Group owns 100% of Shenyang Dongbei Furniture and Ornaments Plaza. The property comprises two office buildings of 2 and 7 storeys respectively, a 5-storey exhibition center, an 8-storey guest house, a carport, various single-storey warehouses and business shops. The Group held a total GFA of about 80,752 sq.m.

The Group has applied to redevelop the properties into a residential and commercial composite development with a total planned GFA of about 400,000 sq.m. The redevelopment plan is still subject to the final approval by the relevant government authorities.

Shenyang Hunnan Project

Shenyang Hunnan Project is a development located in Hunnan New District, Shenyang, Liaoning Province with a site area of about 89,400 sq.m. and a total GFA of about 533,600 sq.m.; 346,500 sq.m. are planned for residential development and 187,100 sq.m. are for commercial development. The Group has completed the disposal of 80% equity interest in Shenyang Hunnan residential project in 2007 and 20% equity interest in the commercial project in 2008 to the 50% joint venture partner in the Group's Dalian Xinghai Bay Project.

The residential project is to be developed in two phases. The construction of Phase I with a GFA of about 111,230 sq.m. was started in September 2007. Completion and delivery were in May 2009. Pre-sale of Phase I was started in March 2008. As of 31 March 2009, about 40% of the GFA in Phase I was sold. The remaining GFA is held for sale.

The development plans of Phase II of the residential project and the commercial project will be finalised at a later stage.

Suzhou Coastal International Centre

The Group completed the acquisition of a half-developed commercial project in Suzhou in 2007. The development with a total GFA of about 160,300 sq.m. is located at West Ganjiang Road, Jinchang District, Suzhou. The development is to be completed by two phases.

Phase I consists of a 49-storey building comprising offices and a hotel with GFA of about 31,500 sq.m. and 43,100 sq.m. respectively and a building of serviced apartment with a total GFA of 13,500 sq.m. Serviced apartment of Phase I was completed in March 2009. The offices and hotel are currently at the final stage of interior decoration. The hotel to be managed by the Marriott is scheduled to open for business by the end of 2009. The Group will hold the properties for investment upon completion except for the serviced apartments which are for sale.

The Group is finalising the development plans for Phase II which consists of serviced apartments and retail shop area.

REVIEW OF MAJOR PROPERTIES AND DEVELOPMENT PROJECTS *(Continued)*

Development projects of the Group *(Continued)*

Wuhan Lakeside Apartment

Wuhan Lakeside Apartment is a low-density large-scale residential estate development with a total GFA of about 344,000 sq.m. The development was carried out in phases.

The construction of Phases I to IV with a total GFA of about 282,242 sq.m. was completed and units sold were delivered. Almost all units were sold except for a remaining GFA of about 1,972 sq.m. which was held for sale as of 31 March 2009. The Group also holds a clubhouse with a GFA of 1,670 sq.m. as fixed assets.

The Group had entered into a joint development agreement with an independent third party developer (the "Third Party Developer") to develop the remaining phase of Wuhan Lakeside Apartment, with a site area of 79,831 sq.m. Under the agreement, the Third Party Developer was wholly responsible for the development of the remaining phase of Wuhan Lakeside Apartment and the Group would receive a guaranteed return from the Third Party Developer. The whole amount of the guaranteed return had been paid by the Third Party Developer to the Group and was recorded as deposit received and deferred revenue which will be recognised as income upon the completion and delivery of the development.

Wuhan Silo City

Wuhan Silo City is an upscale residential development conveniently located at north of Jinshan Avenue in Dongxihu District of Wuhan. The Group owns 100% of Wuhan Silo City. This large-scale development has a site area of about 874,947 sq.m. and a planned total GFA of about 1,460,000 sq.m. The development is being carried out in phases.

Phase I has a total GFA of about 221,700 sq.m. and was divided into sections A and B. The construction of section A was completed in September 2007 and pre-sold units were delivered in November of the same year. The completion and delivery of section B were in March and August 2008 respectively. Pre-sale of the phase commenced in April 2007. As of 31 March 2009, about 83% of the total GFA in Phase I was sold. The remaining GFA is held for sale.

Phase II has a total GFA of about 217,000 sq.m. and was divided into sections A to D. The construction of this phase was started in April 2008. Sections A to C were completed in March 2009 and delivery is scheduled to take place by stages starting from August 2009. Section D is expected to be completed and delivered in the third and fourth quarters of 2009 respectively. The pre-sale was commenced in July 2008. As of 31 March 2009, about 78% of the total GFA in Phase II was pre-sold.

Phase III has a GFA of about 166,000 sq.m. and was divided into sections A and B. The construction of section B was commenced in September 2008 and its completion and delivery are expected to be in the first and third quarter of 2010 respectively.

The development plan for section A of Phase III and the remaining phases will be fixed as the development goes forward.

Wuhan Tushu Dashijie Project

Wuhan Tushu Dashijie Project is located in the downtown area of Wuhan. The project is a commercial development comprising offices and serviced apartments with a total GFA of about 133,300 sq.m. The Group has contracted to acquire 90% interest of Wuhan Tushu Dashijie Project. As of 31 March 2009, the acquisition of the project is not yet completed.

The construction plan of the project will be finalised at a later stage.

REVIEW OF MAJOR PROPERTIES AND DEVELOPMENT PROJECTS *(Continued)*

Development projects of the Group *(Continued)*

Shenyang Wood Factory Project and Shenyang Sujiatun Project

The Group has entered into agreements to acquire 85% and 100% equity interests in the Shenyang Wood Factory Project and Shenyang Sujiatun Project respectively. As of 31 March 2009, the acquisitions of these two projects are not yet completed.

Shenyang Wood Factory Project is a residential project straddled between Dong Ling District and Xin Cheng Zi District in Shenyang, Liaoning Province with a site area of about 452,187 sq.m. The Group has a preliminary plan to develop the project into a middle class residential estate.

Shenyang Sujiatun Project is a residential with ancillary commercial facilities project located in Sujiatun District, Shenyang, Liaoning Province with a site area of about 1,473,000 sq.m. The project is a mega development similar to the Group's Wuhan Silo City.

Development projects of an associate

The Group owns about 21.13% equity interest in Shanghai Fenghwa Group Company Limited ("Shanghai Fenghwa") whose shares are listed on the Shanghai Stock Exchange. Set out below is the status of the property projects being developed by Shanghai Fenghwa.

Anshan Greenland IT City

Anshan Greenland IT City is a large-scale development with a total site area of about 268,807 sq.m. located in Qianshan District, Anshan, Liaoning Province. The project was developed into a low-density residential estate in six phases. The development of the whole project was finished and substantially all the units for the first five phases were sold and delivered.

Phase VI has a total GFA of about 75,300 sq.m. and was divided into two sections, E and L. The construction of section E with a total GFA of 42,000 sq.m. was completed in December 2007 and all pre-sold units were delivered in April 2008. 86% of the total GFA was sold as of 31 March 2009. The remaining GFA is held for sale.

The construction of section L with a total GFA of 33,300 sq.m. was completed in July 2008 and all pre-sold units were delivered in October 2008. 67% of the total GFA was sold as of 31 March 2009. The remaining GFA is held for sale.

Anshan Qianshan Road Project

The project has a total GFA of about 59,000 sq.m. Shanghai Fenghwa intends to develop the project comprising residential and commercial area for sale. The construction of the first phase with GFA of about 32,790 sq.m. is scheduled to be commenced in the third quarter of 2009 and is expected to be completed and delivered in about two years.

Anshan Wisdom New City

The project is located at North Shengli Road, Lishan District, Anshan, Liaoning Province with a total GFA of about 203,100 sq.m. and is being developed into a residential estate by phases. The construction of Phase I with a total GFA of about 45,000 sq.m. was commenced in April 2008 and is expected to be completed in September 2009. Pre-sale has been started in May 2009.

The development plan for the remaining phases will be fixed as the development goes forward.

REVIEW OF MAJOR PROPERTIES AND DEVELOPMENT PROJECTS *(Continued)*

Development projects of an associate *(Continued)*

Beijing Shengming Kexueyuan

Beijing Shengming Kexueyuan is a project acquired by Shanghai Fenghwa in December 2008 from the Group with a total site area of about 21,889 sq.m. and was planned to be developed into serviced apartments with a total GFA of about 39,173 sq.m.

Chengdu Dujiangyan Project

The project has a site area of 48,367 sq.m. and is planned to be developed into a residential estate with a total GFA of about 77,400 sq.m.

Please refer to the Schedule of Major Properties on pages 128 to 134 of the Annual Report for further information about the properties and development projects of the Group.

FINANCIAL REVIEW

Financial Resources and Liquidity

The Group's principal source of fund is the cashflow generated from property sales and leasings, supplemented by bank and other borrowings.

At 31 March 2009, the net borrowings of the Group, being interest-bearing bank and other borrowings less cash and bank balances and pledged bank deposits, amounted to about HK$3,087 million (2008: HK$3,365 million). Net debt to total equity ratio, which is expressed as a percentage of net borrowings over total equity of the Group, decreased by about 18% to 85% from 103% last year. The improvement in net debt to total equity ratio was mainly due to the decrease in the net borrowings coupled with an increase in the net assets value of the Group at 31 March 2009.

Profit before interest, taxation, depreciation, amortisation and non-cash items arising from fair value adjustments for derivative component of the convertible bonds and warrants issued by the Company was HK$740.4 million as compared to last year's HK$829.8 million on the same basis. Profit before interest, taxation, depreciation, amortisation and the non-cash items in respect of the convertible bonds and warrants had a coverage of 1.57 times over the interest costs for the financial year of HK$471.9 million (2008: HK$445.3 million), a decrease of 16% from 1.86 times last year.

FINANCIAL REVIEW *(Continued)*

Borrowings and Charges

At 31 March 2009, the level of bank and other borrowings of the Group and their maturity profile are as follows:

	2009 HK$'000	2008 HK$'000
Bank loans repayable:		
Within one year or on demand	**992,517**	1,069,742
In the second year	**1,184,467**	1,346,092
In the third to fifth years inclusive	**1,274,943**	586,872
	3,451,927	3,002,706
Other borrowings (including senior notes) repayable:		
Within one year or on demand	**468,308**	490,901
In the second year	**145,804**	180,655
In the third to fifth years inclusive	**924,782**	1,035,385
Beyond five years	**–**	685
	1,538,894	1,707,626
	4,990,821	4,710,332

An analysis by currency denomination of the above borrowings is as follows:

	2009 HK$'000	2008 HK$'000
Renminbi	**4,074,388**	3,686,107
United States dollars	**916,433**	1,024,225
	4,990,821	4,710,332

FINANCIAL REVIEW *(Continued)*

Borrowings and Charges *(Continued)*

The bank and other borrowings bear interest rates based on normal commercial terms.

(a) Certain of the Group's bank and other loans as at 31 March 2009 were secured by:

   (i) certain land and buildings of the Group with an aggregate carrying value of approximately HK$67 million (2008: HK$70 million);

   (ii) certain construction-in-progress of the Group with an aggregate carrying value of approximately HK$792 million (2008: HK$694 million);

   (iii) certain investment properties of the Group with an aggregate carrying value of approximately HK$60 million (2008: HK$64 million);

   (iv) certain leasehold lands of the Group with an aggregate carrying value of approximately HK$95 million (2008: HK$95 million);

   (v) certain bank deposits of the Group with an aggregate carrying value of approximately HK$45 million (2008: nil);

   (vi) certain properties under development of the Group with an aggregate carrying value of approximately HK$5,544 million (2008: HK$3,897 million);

   (vii) certain completed properties for sale of the Group with an aggregate carrying value of approximately HK$1,464 million (2008: HK$1,721 million (restated));

   (viii) the 58.65% equity interest in a property based subsidiary; and

   (ix) corporate guarantees from the Company and certain of its subsidiaries.

(b) The senior notes (included in other borrowings) as at 31 March 2009 were secured by certain bank deposits of the Group amounting to approximately HK$70 million (2008: HK$70 million) and share charges over the entire issued share capital of certain wholly-owned subsidiaries of the Company.

Exposure to Fluctuations in Exchange Rates

The Group's operations are principally in the PRC and accordingly a majority part of its income and expenditure is denominated in Renminbi. The exchange rates of Renminbi against Hong Kong dollars and United States dollars have been on an overall rising trend, which is in favour of the Group's operations as all the major assets, mainly property development projects, of the Group are located in the PRC and will generate Renminbi revenue to the Group. Except the senior notes which are denominated in United States dollars, most of the Group's liabilities are also denominated in Renminbi. Therefore, the Directors do not foresee that movement in the exchange rates of foreign currencies against Renminbi in the foreseeable future will cause a material adverse impact on the Group's operations.

FINANCIAL REVIEW *(Continued)*

Contingent Liabilities

At 31 March 2009, the Group had given guarantees to the extent of approximately HK$2,131 million (2008: HK$1,515 million) to banks in respect of mortgage loan facilities granted to the property purchasers. The Group had also given guarantees amounting to approximately HK$283 million (2008: HK$268 million) to banks in connection with banking facilities granted to associates.

EMPLOYEES AND REMUNERATION POLICY

The Group employs a total of about 2,010 employees in the mainland China and Hong Kong. Employees are remunerated based on their work performance, skills and experience, and prevailing industry practice. Apart from basic salary and performance related bonus, the Group also provides other benefits to its employees including mandatory provident fund, medical insurance coverage, housing allowances and share options.

DIVIDEND

The Directors do not recommend the payment of dividend for the year ended 31 March 2009 (2008: nil).

Dongguan Riviera Villa

Biography of Directors

EXECUTIVE DIRECTORS

Mr. Chan Boon Teong, aged 66, is the chairman of the Group and one of the founders of the Group. He is responsible for corporate direction and development of the Group's business. He graduated from the Imperial College of the University of London, United Kingdom with a Bachelor's degree in Electrical Engineering and also holds Master's degrees in Electrical Engineering and Operational Research from the Polytechnic University of New York City, United States of America. He has over 38 years' experience in commercial, industrial and real estate business in the Southeast Asia region. He was a director of the Kowloon Stock Exchange. He is also an independent non-executive director of TPV Technology Limited, a listed public company in Hong Kong, and a director of Cathay United Bank, Ltd., a previously listed company in Taiwan. Mr. Chan is a member of the National Chinese People's Political Consultative Conference and is also a member of the Standing Committee of All-China Federation of Returned Overseas Chinese.

Mr. Jiang Ming, aged 51, is the vice chairman of the Group and one of the founders of the Group. He is responsible for strategy planning of the Group. He graduated from the National University of Singapore with a Master's degree in Business Administration. He has over 25 years' experience in investment and corporate management. Prior to the establishment of the Group, he was a general manager of a joint venture enterprise in the PRC for over 7 years. He is a vice-chairman of the Fujian Province Foreign Enterprises Association and an honorary professor at the Wuhan University.

Mr. Tao Lin, aged 51, is the investment director of the Group. He is responsible for investment planning and investment management of the Group. He has over 21 years' experience in investment and management. He graduated from Beijing Communication Engineering College (北京信息工程學院) and also holds Master's degree in Business Administration from the National University of Singapore. Before joining the Group in 1991, he had served as an operation officer in a software development company in the PRC. Mr. Tao is also a director of Shanghai Fenghwa Group Company Limited, a company listed on the Shanghai Stock Exchange.

Mr. Cheng Wing Bor, aged 49, is the chief financial officer of the Group. He is responsible for the financial management of the Group. He has over 23 years' experience in financial management, accounting and auditing. He holds a professional diploma in accountancy from the Hong Kong Polytechnic and is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants, United Kingdom. Before joining the Group in 1994, he worked in an international accounting firm in Hong Kong for 8 years.

Mr. Lin Chen Hsin, aged 66, is responsible for administration of the Group's Hong Kong office and the public relations of the Group. He has over 20 years' experience in import and export trading and manufacturing. He graduated from the Shanghai Education Institute (上海教育學院). He joined the Group in 1990.

Mr. Wu Xin, aged 43, is the managing director of the Group. Mr. Wu joined the Group in 2006 and is responsible for the execution of business strategy and management of the business of the Group. Before joining the Group, Mr. Wu was a director and general manager of Shanghai Fenghwa Group Company Limited, a company listed on the Shanghai Stock Exchange. He was also a director and general manager of two property developers in Xiamen and had over 15 years' experience in the management of real estate business. He was also a member of the preparation team for setting up a joint-venture bank for Agricultural Bank of China. Mr. Wu graduated from the Tsinghua University in 1988 and the National University of Singapore in 2003 with a Bachelor's degree in Computer Science and a Master's degree in Business Administration respectively.

EXECUTIVE DIRECTORS *(Continued)*

Mr. Cai Shaobin, aged 47, joined the Group in April 2008 and is responsible for the commercial property development and investment of the Group. Before joining the Group, Mr. Cai was the deputy general manager of China Construction Seventh Engineering Bureau and the general manager of China Construction Seventh Engineering Bureau Co., Ltd. He has over 21 years' experience in the property development and construction. Mr. Cai is a professorate senior engineer and state registered architect in the People's Republic of China and was rated a top ten management talent in the Henan Province in 2007. Mr. Cai is also a director of Shanghai Fenghwa Group Company Limited, a company listed on the Shanghai Stock Exchange.

NON-EXECUTIVE DIRECTORS

Mr. Zheng Hong Qing, aged 61, joined the Group as a non-executive director in 1997. He graduated from the Chinese People's University (中國人民大學) with a Master's degree in Economics. He has held senior positions in various major corporations in the PRC and has extensive business management experience.

Mr. Hu Aimin, aged 60, joined the Group as a non-executive director in 2007. Mr. Hu is also the Chairman of Shum Yip Holdings Company Limited and Shenzhen Investment Limited, the latter of which is a listed public company in Hong Kong. He graduated from the Hunan University of China and obtained a Master's degree in Business Administration. He has over 30 years' experience in administrative management. He is also a non-executive director of Ping An Insurance (Group) Company of China, Ltd., and Road King Infrastructure Limited, both of which are listed public companies in Hong Kong.

Mr. Zhang Yijun, aged 54, joined the Group as a non-executive director in 2007. Mr. Zhang is also the president of Shum Yip Holdings Company Limited and Shenzhen Investment Limited, the latter of which is a listed public company in Hong Kong. He graduated from South China Normal University in China in 1983 with Bachelor of Philosophy. He is now a senior economist. He holds an EMBA degree from Shanghai Jiao Tong University. Mr. Zhang possesses vast working experience in government and has over 20 years' experience in investment and corporate management. He is also a non-executive director of Road King Infrastructure Limited, a listed pubic company in Hong Kong.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tang Lap Yan, aged 63, is an independent non-executive director of the Company appointed in 1997. Mr. Tang is a fellow of the Chartered Institute of Management Accountants, United Kingdom. He is the former chairman of The Chinese Language Press Institute and The Newspaper Society of Hong Kong.

Mr. Law Kin Ho, aged 41, is an independent non-executive director of the Company appointed in 2002. Mr. Law graduated from Hong Kong Baptist University with a Bachelor's degree majoring in accountancy. He is a fellow of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants, United Kingdom. Mr. Law is currently practising as a certified public accountant in Hong Kong. Mr. Law is also an independent non-executive director of Aurum Pacific (China) Group Limited and Lai Fung Holdings Limited, both of which are listed public companies in Hong Kong.

Mr. Wong Kai Cheong, aged 47, an independent non-executive director of the Company appointed in 2004. Mr. Wong is an associate member of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England & Wales. Mr. Wong is currently practising as a certified public accountant in Hong Kong. Mr. Wong is also an independent non-executive director of Continental Holdings Limited, a listed public company in Hong Kong.

This corporate governance report (the "CG Report") presents the corporate governance matters during the period covering the financial year ended 31 March 2009 and up to the date of the annual report (the "Annual Report") in which this CG Report is included (the "CG Period") required to be disclosed under the Rules Governing the Listing of the Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The Company has complied with the code provisions as set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Listing Rules during the CG Period.

DIRECTORS' SECURITIES TRANSACTIONS

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

BOARD OF DIRECTORS

The board of directors of the Company (the "Board") currently comprises seven executive directors, three non-executive directors and three independent non-executive directors. The directors of the Company during the CG Period were:

Executive directors

Mr. Chan Boon Teong *(Chairman)*	
Mr. Jiang Ming *(Vice Chairman)*	
Mr. Tao Lin	
Mr. Cheng Wing Bor	
Mr. Lin Chen Hsin	
Mr. Wu Xin *(Managing Director)*	
Mr. Cai Shaobin	(Appointed on 9 May 2008)
Mr. Xin Xiang Dong	(Resigned on 9 May 2008)

Non-executive directors

Mr. Zheng Hong Qing	
Mr. Oliver P. Weisberg	(Retired on 17 September 2008)
Mr. Hu Aimin	
Mr. Zhang Yijun	
Mr. Zhang Huaqiao	(Resigned on 26 September 2008)

Independent non-executive directors

Mr. Tang Lap Yan
Mr. Law Kin Ho
Mr. Wong Kai Cheong

BOARD OF DIRECTORS *(Continued)*

The biographical details of the directors are set out on pages 31 to 32 of the Annual Report. The Board possesses a balance of skill and experience which are appropriate for the business needs of the Group. The independent non-executive directors of the Company have the appropriate professional qualification and accounting and related financial management expertise as required under the Listing Rules. They provide a strong support towards the effective discharge of the duties and responsibilities of the Board. The Company will review the composition of the Board regularly to ensure that the Board possesses the appropriate and necessary expertise, skills and experience to meet the needs of the Group's business.

The Company has received from each independent non-executive director an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Company still considers the three independent non-executive directors to be independent.

The Board's primary functions are to set corporate policy and overall strategy for the Group's operations and to provide effective oversight of the management of the Group's business and affairs. Apart from its statutory responsibilities, the Board also approves major investments and corporate transactions such as issue of debt securities and shares of the Company etc., reviews the financial performance of the Group and evaluates the performance and compensation of senior management. These functions are either carried out directly by the Board or indirectly through committees established by the Board.

Regular Board meetings are held four times a year at approximately quarterly intervals and additional meetings are held as and when necessary to review and approve annual and interim results, to review quarterly management accounts and approve major investments and corporate transactions. The schedule for regular Board meetings is tentatively set in advance annually. Such Board meetings involve active participation, either in person or through other electronic means of communication, of a majority of Directors.

For regular Board meetings at least 14 days' notice of each regular meeting is given to all directors who are given an opportunity to include matters for discussion in the agenda. The company secretary of the Company assists the Chairman in preparing the agenda for meetings and ensures that all applicable rules and regulations are compiled with. The agendas and accompanying Board papers are sent not less than 3 days where possible before the date of Board meetings. All the minutes of Board meetings are kept by the company secretary of the Company and are freely accessible to by any director.

BOARD OF DIRECTORS *(Continued)*

The four regular Board meetings were held and the attendance of directors is set out below:

Directors	No. of regular meetings held (note)/ No. of attendance
Mr. Chan Boon Teong *(Chairman of the Board)*	4/4
Mr. Jiang Ming	4/1
Mr. Tao Lin	4/1
Mr. Cheng Wing Bor	4/4
Mr. Lin Chen Hsin	4/3
Mr. Wu Xin	4/3
Mr. Cai Shaobin	4/1
Mr. Xin Xiang Dong	0/0
Mr. Zheng Hong Qing	4/1
Mr. Oliver P. Weisberg	0/0
Mr. Hu Aimin	4/2
Mr. Zhang Yijun	4/2
Mr. Zhang Huaqiao	0/0
Mr. Tang Lap Yan	4/4
Mr. Law Kin Ho	4/2
Mr. Wong Kai Cheong	4/4

Note: Mr. Xin Xiang Dong and Mr. Zhang Huaqiao resigned as directors on 9 May 2008 and 26 September 2008 respectively and no regular Board meetings were held up to the date of their resignation since the date of last CG Report. Mr. Oliver P. Weisberg retired as director on 17 September 2008 and no regular Board meetings were held up to the date of his retirement since the date of last CG Report.

CHAIRMAN AND MANAGING DIRECTOR

The chairman is Mr. Chan Boon Teong and the managing director is Mr. Wu Xin. There is a clear division of responsibilities between the chairman and the managing director in that the chairman bears primary responsibility for the effective functioning of the Board, which include formulating and monitoring the implementation of business strategies, while the managing director bears executive responsibility for the Group's day-to-day business operations and management.

NOMINATION OF DIRECTORS

The Board has not set up a nomination committee.

The Board is empowered under the Company's bye-laws to appoint any person as a director either to fill a casual vacancy or as an additional member of the Board. The selection criteria are mainly based on the professional qualification and experience of the candidate.

NOMINATION OF DIRECTORS *(Continued)*

All of the non-executive directors have service contracts with the Company for a term of one year which shall be automatically extended for another one year upon expiration of the term of the service contracts unless terminated by either party to the service contracts which requires not less than one month's length of notice and are subject to retirement by rotation and re-election at the annual general meeting (the "AGM"), in accordance with the bye-laws of the Company.

According to the Company's bye-laws, at each AGM of the Company, one-third of the directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation. Further, any director appointed to fill a casual vacancy shall hold office only until the next following general meeting of the Company whilst for those appointed as an addition to the Board shall hold office until the next following AGM and in both cases, those directors shall then be eligible for re-election at the relevant meeting. Every director shall be subject to retirement by rotation at least once every three years.

REMUNERATION COMMITTEE

The Remuneration Committee was established with specific written terms of reference. The Remuneration Committee's principal roles are to make recommendations to the Board on the remuneration policy and structure for directors and senior management and to review and determine the specific remuneration packages of all executive directors and senior management.

The members of the Remuneration Committee and their respective attendance of the Remuneration Committee meeting held during the CG period are as follows:

	No. of meetings held/ No. of attendance
Independent non-executive directors	
Mr. Tang Lap Yan *(Chairman of the Remuneration Committee)*	1/1
Mr. Law Kin Ho	1/1
Mr. Wong Kai Cheong	1/1
Executive directors	
Mr. Chan Boon Teong	1/1
Mr. Cheng Wing Bor	1/1

The meeting of the Remuneration Committee held during the CG Period is mainly to review the remuneration policy and structure for directors and senior management, and a proposed increase in the salary of certain executive directors.

The remuneration of directors and senior management will be reviewed and determined with reference to their duties and responsibilities with the Company and the Group, their skills and experience, their work performance, the Group's performance and the prevailing industry practice and market situation.

A remuneration package for executive directors and senior management will normally comprise basic salary and allowances, mandatory provident fund and medical insurance coverage benefits, performance related discretionary bonus and share options.

AUDIT COMMITTEE

The Audit Committee was established with specific written terms of reference which were revised in December 2005 to align with the CG Code requirements. The Audit Committee's primary roles are to review the Group's financial reporting process, internal control system and corporate governance issues and to make relevant recommendations to the Board.

All the Audit Committee members are independent non-executive directors. The Audit Committee meetings held during the CG period and the attendance of the members are as follows:

	No. of meetings held/ No. of attendance
Independent non-executive directors	
Mr. Tang Lap Yan *(Chairman of the Audit Committee)*	2/2
Mr. Law Kin Ho	2/1
Mr. Wong Kai Cheong	2/2

During the CG period, the Audit Committee has performed the major tasks summarised as below:

(i) reviewed the draft interim and annual consolidated financial statements of the Group for the six months ended 30 September 2008 and for the year ended 31 March 2009 and the related draft results announcements;

(ii) reviewed the application of the new accounting standards promulgated by the Hong Kong Institute of Certified Public Accountants in the Group's consolidated financial statements;

(iii) reviewed the Group's internal control system with management including review of the work done by the Group's internal audit function;

(iv) reviewed the compliance matters with respect to corporate governance issues;

(v) discussed and reviewed with the external auditor the statutory audit plan and matters relating to significant accounting and auditing issues; and

(vi) reviewed and considered the audit fee of external auditor.

STRATEGIC PLANNING COMMITTEE

The Strategic Planning Committee was established with specific written terms of reference. The Strategic Planning Committee's principal roles are to review and evaluate the Company's strategy with respect to the operating environment and the Company's financial and other operating resources and make recommendations to the Board when necessary and appropriate. There are no Strategic Planning Committee meetings held during the CG period.

INVESTMENT COMMITTEE

The Investment Committee was established with specific written terms of reference. The Investment Committee's principal roles are to review, pursue and evaluate investment opportunities in property development and investment projects and approve and execute such investments within the limit as delegated and authorised by the Board from time to time.

The members of the Investment Committee and their respective attendance of the Investment Committee meetings held during the CG period are as follows:

	No. of meetings held/ No. of attendance
Executive directors	
Mr. Tao Lin *(Chairman of the Investment Committee)*	2/2
Mr. Cheng Wing Bor	2/2
Mr. Wu Xin	2/2

The meetings of the Investment Committee held during the CG period are mainly to review, evaluate and approve the identified investment opportunities in property development and investment projects.

AUDITOR'S REMUNERATION

For the financial year ended 31 March 2009, Deloitte Touche Tohmatsu, the external auditor of the Company, provided the following services to the Group and the respective fees charged are set out below:

Services rendered for the Group	**Fee paid/payable** HK$'000
Audit services	2,800
Non-audit services (including review of interim results and special audit)	5,350
Total	8,150

RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The Board is responsible for the timely presentation of balanced, clear and understandable annual and interim reports, price-sensitive announcements and other disclosures required under the Listing Rules and other regulatory requirements.

The directors of the Company acknowledge their responsibility for preparing the consolidated financial statements. In preparing the consolidated financial statements for the year ended 31 March 2009, the directors have adopted suitable accounting policies which are pertinent to the Group's operations and relevant to the consolidated financial statements, made judgements and estimates that are prudent and reasonable, and have prepared the consolidated financial statements on a going concern basis. A statement by the Company's external auditor about their reporting responsibilities is set out on pages 47 to 48 of the Annual Report.

INTERNAL CONTROL

The Board recognises the importance of a sound and effective internal control system to the Group's business operations. As a routine procedure and part of the internal control system, during the CG period, the internal audit team of the Group had regularly conducted internal audits on the operating units and functions of the Group on a rotational basis. The internal audit procedures include a review and/or testing on the Group's significant internal control procedures over finance, operation, compliance and risk management functions and a review on the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting functions. Findings and recommendations were reported to the Audit Committee. Improvement and reinforcement to the Group's internal control system were thus made as a continuing process.

SHAREHOLDER AND INVESTOR COMMUNICATION

The Company uses a range of communication tools to ensure its shareholders and investors are kept well informed of key business imperatives. These include AGM, general meetings for specific businesses, annual reports, interim reports, notices, announcements and circulars.

The AGM is the principal occasion at which the Chairman and directors may interface directly with the shareholders. Most of the directors are usually present at the AGM to which all shareholders are invited and during which they have the opportunity to raise questions with the Board. An AGM circular will be distributed to all shareholders at least 20 clear business days before the meeting, setting out details of each proposed resolution, voting procedures (including procedures for conducting a poll) and other relevant information.

Annual reports, interim reports, notices, announcements and circulars are archived in the Company's investor relations website: http://www.irasia.com/listco/hk/coastal that can be freely accessed to. Furthermore, the access to the Company's investor relations website can also be made through the "investor relations" hyperlink in the Company's website: http://www.coastal.com.cn. The Company also actively participates in investment conferences and roadshows organised by investment banks as well as one-on-one meetings and analysts/investors luncheon meetings to meet with investors and securities analysts.

Report of the Directors

The directors herein present their report and the audited consolidated financial statements of the Group for the year ended 31 March 2009.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the principal subsidiaries comprise property development, property investment and the provision of property management services. There were no changes in the nature of the Group's principal activities during the year.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 March 2009 and the state of affairs of the Group at that date are set out in the consolidated financial statements on pages 49 to 127.

The directors do not recommend the payment of dividend for the year ended 31 March 2009.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements and reclassified and restated as appropriate, is set out on page 4 of the Annual Report. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property, plant and equipment and investment properties of the Group during the year are set out in notes 17 and 18 to the consolidated financial statements respectively.

PROPERTIES UNDER DEVELOPMENT

Details of movements in the properties under development of the Group during the year are set out in note 25 to the consolidated financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's share capital and share options during the year are set out in notes 34 and 37 to the consolidated financial statements respectively.

PRE-EMPTIVE RIGHTS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities listed in Hong Kong during the year ended 31 March 2009.

RESERVES

Details of movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity.

DISTRIBUTABLE RESERVES

At 31 March 2009, the Company's reserves available for cash distribution and/or distribution in specie, calculated in accordance with the Companies Act 1981 of Bermuda (as amended), amounted to HK$1,215,957,000. In addition, the Company's share premium account, in the amount of HK$1,126,800,000 as at 31 March 2009, may be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for less than 1.0% of the total sales for the year and purchases from the Group's five largest suppliers accounted for less than 32.6% of the total purchases for the year.

DIRECTORS

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

Executive directors:

Mr. Chan Boon Teong *(Chairman)*	
Mr. Jiang Ming *(Vice Chairman)*	
Mr. Tao Lin	
Mr. Cheng Wing Bor	
Mr. Lin Chen Hsin	
Mr. Wu Xin *(Managing Director)*	
Mr. Cai Shaobin	(Appointed on 9 May 2008)
Mr. Xin Xiang Dong	(Resigned on 9 May 2008)

Non-executive directors:

Mr. Zheng Hong Qing	
Mr. Oliver P. Weisberg	(Retired on 17 September 2008)
Mr. Hu Aimin	
Mr. Zhang Yijun	
Mr. Zhang Huaqiao	(Resigned on 26 September 2008)

Independent non-executive directors:

Mr. Tang Lap Yan
Mr. Law Kin Ho
Mr. Wong Kai Cheong

DIRECTORS *(Continued)*

In accordance with article 87(1) of the Company's bye-laws, Messrs. Chan Boon Teong, Jiang Ming, Cheng Wing Bor, Hu Aimin and Zhang Yijun will retire by rotation and, being eligible, could offer themselves for re-election at the forthcoming annual general meeting.

The Company has received annual confirmations of independence from Messrs. Tang Lap Yan, Law Kin Ho and Wong Kai Cheong and as at the date of this report still considers them to be independent.

DIRECTORS' BIOGRAPHIES

Biographical details of the directors of the Company are set out on pages 31 to 32 of the Annual Report.

DIRECTORS' SERVICE CONTRACTS

Mr. Chan Boon Teong, Mr. Jiang Ming, Mr. Tao Lin, Mr. Cheng Wing Bor and Mr. Lin Chen Hsin have entered into service contracts with the Company for a term of three years expiring on 29 September 2009. Mr. Wu Xin has entered into a service contract with the Group for a term of five years expiring on 31 March 2011. Mr. Cai Shaobin has entered into a service contract with the Group for a term of five years expiring on 31 December 2012. All of the non-executive directors have service contracts with the Company for a term of one year which shall be automatically extended for another one year upon expiration of the term of the service contracts unless terminated by either party to the service contracts which requires not less than one month's length of notice and are subject to retirement by rotation and re-election at the annual general meeting, in accordance with the bye-laws of the Company.

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

DIRECTORS' REMUNERATION

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

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in note 45 to the consolidated financial statements, no director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 31 March 2009, the interests and short positions of 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 Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

(A) Interests and short positions in shares and underlying shares of the Company

(i) Interests and short positions in the ordinary shares of the Company

Name of director	Notes	Number of shares held or short positions, capacity and nature of interest: Directly beneficially owned	Through controlled corporation	Percentage of the Company's issued share capital
Mr. Chan Boon Teong	(a), (c) and (d)	6,400,000(L)	1,020,841,319(L)	36.81%
	(b)	–	102,666,667(S)	3.68%
Mr. Jiang Ming	(a), (c) and (d)	6,400,000(L)	1,020,841,319(L)	36.81%
	(b)	–	102,666,667(S)	3.68%
Mr. Tao Lin	(a), (c) and (d)	–	1,020,841,319(L)	36.58%
	(b)	–	102,666,667(S)	3.68%
Mr. Cheng Wing Bor	(a), (c) and (d)	6,400,000(L)	1,020,841,319(L)	36.81%
	(b)	–	102,666,667(S)	3.68%
Mr. Lin Chen Hsin	(a), (c) and (d)	2,080,000(L)	1,020,841,319(L)	36.66%
	(b)	–	102,666,667(S)	3.68%

L: Long position
S: Short position

Notes:

(a) 484,280,792 shares are beneficially owned by Coastal International Holdings Limited ("CIH"), of which the entire issued voting share capital is held as to 20% by Mr. Chan Boon Teong, 35% by Mr. Jiang Ming, 12% by Mr. Tao Lin, 5% by Mr. Cheng Wing Bor, 3% by Mr. Lin Chen Hsin and 25% by Great Scope Investments Limited (the entire issued voting share capital of which is held by Mr. Jiang Ming). These 484,280,792 shares represent an aggregate of 17.35% of the issued share capital of the Company.

(b) CIH has a short position in 102,666,667 shares pursuant to the issue of 102,666,667 warrants to acquire 102,666,667 shares held by CIH in the Company to an independent third party on 14 November 2007.

(c) 52,350,000 shares are beneficially owned by Glory View Investments Limited, of which the entire issued voting share capital is held by CIH. The issued voting share capital of CIH is held in the manner as stated in the foregoing note (a). These 52,350,000 shares represent an aggregate of 1.88% of the issued share capital of the Company.

(d) 484,210,527 shares are beneficially owned by Coastal Enterprise Group Limited, of which the entire issued voting share capital is held by CIH. The issued voting share capital of CIH is held in the manner as stated in the foregoing note (a). These 484,210,527 shares represent an aggregate of 17.35% of the issued share capital of the Company.

(ii) The interests of the directors in the share options of the Company are separately disclosed in note 37 to the consolidated financial statements.

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

(B) Interests in shares of the associated corporation of the Company

Long positions in shares of Coastal International Holdings Limited ("CIH") (a substantial shareholder of the Company)

Name of director	Number of shares held	Capacity and nature of interest	Percentage of the associated corporation's issued share capital
Mr. Chan Boon Teong	200	Directly beneficially owned	20%
Mr. Jiang Ming	350	Directly beneficially owned	35%
	250	Through controlled corporation	25%
Mr. Tao Lin	120	Directly beneficially owned	12%
Mr. Cheng Wing Bor	50	Directly beneficially owned	5%
Mr. Lin Chen Hsin	30	Directly beneficially owned	3%

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in note 37 to the consolidated financial statements, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

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

Apart from the interests of CIH as disclosed under the heading "Directors' interests in shares and underlying shares" above, the register of substantial shareholders maintained under Section 336 of the SFO shows that as at 31 March 2009, the Company had been notified of the following interests of 5% or more in the issued share capital of the Company:

Name	Nature of interest	Number of ordinary shares held or short positions	Number of underlying shares held in respect of share options	Percentage of the Company's issued share capital
Ms. Yang Sun Xin	Family (Note)	1,027,241,319(L) 102,666,667(S)	10,000,000(L) –	37.17% 3.68%
Shenzhen Investment Limited	Corporate	631,092,857(L)	–	22.62%

L: Long position
S: Short position

Note: Ms. Yang Sun Xin is the spouse of Mr. Jiang Ming (a director of the Company) and is deemed to be interested in the 1,027,241,319 shares of the Company, which is the aggregate number of shares that Mr. Jiang Ming, CIH and its wholly-owned subsidiaries, Glory View Investments Limited and Coastal Enterprise Group Limited, are interested in the issued share capital of the Company and have a short position in 102,666,667 shares of the Company as disclosed under the heading "Directors' interests in shares and underlying shares" above, and in the 10,000,000 outstanding share options held by Mr. Jiang Ming as disclosed in note 37 to the consolidated financial statements.

Save as disclosed above, as at 31 March 2009, no person, other than the directors of the Company, whose interests are set out in the section "Directors' interests in shares and underlying shares" above, had registered an interest or a short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

SUFFICIENCY OF PUBLIC FLOAT

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

CORPORATE GOVERNANCE PRACTICES

Details of the corporate governance practices of the Company are set out in the Corporate Governance Report on pages 33 to 39 of the Annual Report.

AUDITOR

The consolidated financial statements for the year ended 31 March 2009 were audited by Messrs. Deloitte Touche Tohmatsu. A resolution to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Chan Boon Teong
Chairman

Hong Kong, 23 July 2009

Independent Auditor's Report

Deloitte.
德勤

TO THE SHAREHOLDERS OF COASTAL GREENLAND LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Coastal Greenland Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 49 to 127, which comprise the consolidated balance sheet as at 31 March 2009, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 March 2009 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
23 July 2009

Consolidated Income Statement For the year ended 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000 (Restated)
Revenue	8	**2,956,174**	3,114,980
Cost of sales		**(2,094,530)**	(2,341,838)
Gross profit		**861,644**	773,142
(Decrease) increase in fair value of investment properties		**(63,430)**	57,272
Gain on change in value of completed properties for sale upon transfer to investment properties		**–**	23,907
(Loss) gain on disposal of property based subsidiaries	40	**(4,920)**	40,775
Gain on partial disposal of a property based subsidiary		**2,380**	–
Fair value gain on warrants	33(b)	**47,399**	49,776
Gain on repurchase of senior notes	31(d)	**71,183**	–
Other income	9	**65,989**	89,857
Marketing and selling costs		**(157,879)**	(101,382)
Administrative expenses		**(168,794)**	(152,286)
Fair value loss on derivative component of convertible bonds	32	**–**	(222,503)
Fair value loss on currency swap contract	33(a)	**–**	(37,405)
Other expenses		**(39,153)**	(45,749)
Finance costs	10	**(87,377)**	(49,170)
Share of profit of associates		**21,647**	3,691
Profit before taxation		**548,689**	429,925
Taxation	11	**(332,888)**	(306,975)
Profit for the year	12	**215,801**	122,950
Attributable to:			
Equity holders of the Company		**215,008**	116,674
Minority interests		**793**	6,276
		215,801	122,950
Dividends	15		
Paid		**–**	27,906
		HK cents	HK cents
Earnings per share	16		
Basic		**7.70**	4.42
Diluted		**7.70**	4.39

Consolidated Balance Sheet At 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000 (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment	17	**1,124,619**	854,372
Investment properties	18	**563,605**	616,476
Prepaid land lease payments	19	**97,507**	97,671
Goodwill	20	**82,861**	81,032
Interests in associates	22	**224,653**	189,872
Available-for-sale investments	23	**2,960**	2,960
Pledged bank deposits	24	**69,914**	70,360
Total non-current assets		**2,166,119**	1,912,743
CURRENT ASSETS			
Properties under development	25	**6,530,517**	5,662,804
Completed properties for sale	26	**1,889,426**	2,324,775
Trade receivables	27	**210,952**	164,140
Prepayments, deposits and other receivables	28	**1,795,120**	1,391,292
Amounts due from jointly controlled entities	45(b)(ii)	**–**	28,098
Amounts due from associates	45(b)(ii)	**39,926**	42,076
Tax recoverable		**25,102**	35,808
Pledged bank deposits	24	**179,038**	69,197
Cash and bank balances	24	**1,654,690**	1,205,727
Total current assets		**12,324,771**	10,923,917
CURRENT LIABILITIES			
Trade payables	29	**232,333**	92,699
Deposits received and deferred revenue	30	**3,111,219**	2,551,173
Other payables and accruals		**1,213,686**	924,662
Amount due to a substantial shareholder of the Company	45(b)(i)	**34,874**	100
Amounts due to jointly controlled entities	45(b)(ii)	**6,444**	6,361
Tax payable		**695,450**	569,068
Interest-bearing bank and other borrowings	31	**1,460,825**	1,560,643
Derivative financial liability – warrants	33(b)	**7,330**	54,729
Total current liabilities		**6,762,161**	5,759,435
NET CURRENT ASSETS		**5,562,610**	5,164,482
TOTAL ASSETS LESS CURRENT LIABILITIES		**7,728,729**	7,077,225

Consolidated Balance Sheet (Continued) At 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000 (Restated)
CAPITAL AND RESERVES			
Share capital	34	**279,058**	279,058
Reserves		**2,848,706**	2,538,139
Equity attributable to equity holders of the Company		**3,127,764**	2,817,197
Minority interests		**490,046**	435,942
Total equity		**3,617,810**	3,253,139
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	31	**3,529,996**	3,149,689
Long term payables	35	**729**	154,881
Deferred tax liabilities	36	**580,194**	519,516
Total non-current liabilities		**4,110,919**	3,824,086
		7,728,729	7,077,225

The consolidated financial statements on pages 49 to 127 were approved and authorised for issue by the Board of Directors on 23 July 2009 and are signed on its behalf by:

Chan Boon Teong
Director

Cheng Wing Bor
Director

Consolidated Statement of Changes in Equity For the year ended 31 March 2009

	Notes	Attributable to equity holders of the Company												
		Issued share capital HK$'000	Share premium account HK$'000	Contributed surplus HK$'000	Capital reserve HK$'000	Leasehold property revaluation reserve HK$'000	Exchange fluctuation reserve HK$'000	PRC reserve funds HK$'000	Share options reserve HK$'000	Retained profits HK$'000	Proposed final dividend HK$'000	Total HK$'000	Minority interests HK$'000	Total equity HK$'000
At 1 April 2007 as originally stated		231,552	502,442	37,872	929	10,784	166,243	9,697	–	993,974	27,594	1,981,087	430,929	2,412,016
Effects of change in accounting policy	2	–	–	–	–	–	(6,298)	–	–	(147,759)	–	(154,057)	–	(154,057)
At 1 April 2007 as restated		231,552	502,442	37,872	929	10,784	159,945	9,697	–	846,215	27,594	1,827,030	430,929	2,257,959
Exchange realignment on translation of foreign operations		–	–	–	–	–	185,711	–	–	–	–	185,711	28,351	214,062
Share of associates' reserve		–	–	–	–	–	7,599	–	–	–	–	7,599	–	7,599
Surplus on revaluation	17	–	–	–	–	13,040	–	–	–	–	–	13,040	–	13,040
Deferred tax liability arising on revaluation of buildings	36	–	–	–	–	(3,260)	–	–	–	–	–	(3,260)	–	(3,260)
Net income recognised directly in equity		–	–	–	–	9,780	193,310	–	–	–	–	203,090	28,351	231,441
Realised on disposal of subsidiaries	40	–	–	–	–	–	2,694	–	–	–	–	2,694	–	2,694
Profit for the year		–	–	–	–	–	–	–	–	116,674	–	116,674	6,276	122,950
Total recognised income for the year		–	–	–	–	9,780	196,004	–	–	116,674	–	322,458	34,627	357,085
Issue of shares upon conversion of convertible bonds	34	44,386	621,238	–	–	–	–	–	–	–	–	665,624	–	665,624
Issue of shares upon exercise of share options	34	3,120	3,120	–	–	–	–	–	–	–	–	6,240	–	6,240
Recognition of equity-settled share-based payment	37	–	–	–	–	–	–	–	23,751	–	–	23,751	–	23,751
Acquisition of additional interests in subsidiaries		–	–	–	–	–	–	–	–	–	–	–	(34,746)	(34,746)
Capital contribution from minority shareholders		–	–	–	–	–	–	–	–	–	–	–	5,132	5,132
2007 final dividend paid	15	–	–	(312)	–	–	–	–	–	–	(27,594)	(27,906)	–	(27,906)
At 31 March 2008 (as restated)		279,058	1,126,800	37,560	929	20,564	355,949	9,697	23,751	962,889	–	2,817,197	435,942	3,253,139
Exchange realignment on translation of foreign operations		–	–	–	–	–	83,095	–	–	–	–	83,095	6,379	89,474
Deficit on revaluation	17	–	–	–	–	(4,794)	–	–	–	–	–	(4,794)	–	(4,794)
Deferred tax liability arising on revaluation of buildings	36	–	–	–	–	305	–	–	–	–	–	305	–	305
Net income recognised directly in equity		–	–	–	–	(4,489)	83,095	–	–	–	–	78,606	6,379	84,985
Profit for the year		–	–	–	–	–	–	–	–	215,008	–	215,008	793	215,801
Total recognised income for the year		–	–	–	–	(4,489)	83,095	–	–	215,008	–	293,614	7,172	300,786
Recognition of equity-settled share-based payment	37	–	–	–	–	–	–	–	16,953	–	–	16,953	–	16,953
Forfeiture of share options		–	–	–	–	–	–	–	(500)	500	–	–	–	–
Partial disposal of equity interest in a subsidiary		–	–	–	–	–	–	–	–	–	–	–	14,795	14,795
Capital contribution from minority shareholders		–	–	–	–	–	–	–	–	–	–	–	32,137	32,137
At 31 March 2009		**279,058**	**1,126,800**	**37,560**	**929**	**16,075**	**439,044**	**9,697**	**40,204**	**1,178,397**	**–**	**3,127,764**	**490,046**	**3,617,810**

The contributed surplus of the Group represents the surpluses arising from the issue of shares by Coastal Realty (BVI) Limited, the intermediate holding company of the Group, (i) in the acquisition of Coastal Realty Development Co. Limited, the former holding company of the Group in 1995; and (ii) at a premium to third parties in 1997, less dividends paid to shareholders in previous years.

PRC reserve funds are reserves required by the relevant laws in the People's Republic of China ("PRC") applicable to the Company's PRC subsidiaries for staff welfare and expansion of working capital.

Consolidated Cash Flow Statement For the year ended 31 March 2009

	2009 HK$'000	2008 HK$'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	**548,689**	429,925
Adjustments for:		
Finance costs	**87,377**	49,170
Share of profit of associates	**(21,647)**	(3,691)
Interest income	**(6,226)**	(6,728)
Depreciation of property, plant and equipment	**7,681**	6,429
Amortisation of prepaid land lease payments	**2,275**	2,195
Share-based payment	**16,953**	23,751
Loss on disposal of property, plant and equipment	**679**	46
Write down to net realisable value for properties under development	**82,000**	–
Impairment loss of other receivables	**15,227**	–
Waiver of other payables	**(2,159)**	(2,826)
Loss (gain) on disposal of property based subsidiaries	**4,920**	(40,775)
Gain on partial disposal of a property based subsidiary	**(2,380)**	–
Decrease (increase) in fair value of investment properties	**63,430**	(57,272)
Gain on change in value of completed properties for sale upon transfer to investment properties	**–**	(23,907)
Fair value loss on derivative component of convertible bonds	**–**	222,503
Fair value gain on warrants	**(47,399)**	(49,776)
Gain on repurchase of senior notes	**(71,183)**	–
Operating profit before working capital changes	**678,237**	549,044
Increase in properties under development	**(1,843,852)**	(1,625,463)
Decrease in completed properties for sale	**1,905,242**	2,331,634
Increase in trade receivables	**(46,812)**	(110,624)
Increase in prepayments, deposits and other receivables	**(380,384)**	(629,868)
Increase in trade payables	**118,092**	18,593
Increase (decrease) in other payables and accruals	**147,881**	(73,254)
Increase in deposits received and deferred revenue	**470,434**	478,574
Cash from operations	**1,048,838**	938,636
Interest received	**831**	6,728
Interest paid	**(400,336)**	(285,439)
PRC taxes paid	**(168,834)**	(133,626)
PRC taxes refunded	**8,896**	–
Net cash from operating activities	**489,395**	526,299

Consolidated Cash Flow Statement (Continued) For the year ended 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000 (Restated)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		**(432,795)**	(70,060)
Proceeds from disposal of property, plant and equipment		**281**	105
Proceeds from disposal of investment properties		**3,832**	53,099
Acquisition of property based subsidiaries	38	**8,750**	(219,335)
Acquisition of additional interests in subsidiaries from minority shareholders		**–**	(126,470)
Acquisition of property based jointly controlled entity	39	**–**	(46,363)
Payment of outstanding cash consideration for acquisition of subsidiaries in prior years		**–**	(282,263)
Payment of outstanding cash consideration for acquisition of jointly controlled entities in prior years		**–**	(357,953)
Disposal of property based subsidiaries	40	**(1,141)**	244,617
Net proceeds on partial disposal of subsidiaries		**17,175**	–
Repayment from (advance to) jointly controlled entities		**28,098**	(17,673)
Repayment from (advance to) associates		**2,150**	(42,076)
(Increase) decrease in pledged bank deposits		**(109,395)**	231,948
Net cash used in investing activities		**(483,045)**	(632,424)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		**–**	(27,906)
New bank and other borrowings		**3,001,193**	2,877,246
Repayment of bank and other borrowings		**(2,657,023)**	(2,535,421)
Issue of shares upon the exercise of share options		**–**	6,240
Capital contribution from minority shareholders		**32,137**	5,132
Increase (decrease) in amount due to a substantial shareholder of the Company		**34,774**	(11,970)
Advance from jointly controlled entities		**83**	6,361
Net cash from financing activities		**411,164**	319,682
NET INCREASE IN CASH AND CASH EQUIVALENTS		**417,514**	213,557
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR		**1,205,727**	952,749
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**31,449**	39,421
CASH AND CASH EQUIVALENTS AT THE END OF YEAR		**1,654,690**	1,205,727
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**1,654,690**	1,205,727

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section of the annual report.

The consolidated financial statements are presented in Hong Kong dollars, which is different from the functional currency of the Company, Renminbi ("RMB"), as the directors of the Company consider that Hong Kong dollars is the most appropriate presentation currency in view of its place of listing. The majority of the Company's subsidiaries are operating in the People's Republic of China (the "PRC") with RMB as their functional currency.

The Group is engaged in the following principal activities:

- property development
- property investment
- provision of property management services

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")/CHANGES IN ACCOUNTING POLICIES

a. Revenue recognition

In previous years, when a development property is sold in advance of completion, revenue and profit are recognised upon completion of the development as evidenced by the issuance of the relevant completion certificates by the respective government authorities, at which point the equitable interest in the property has been vested in the buyers. With the issuance of Hong Kong (IFRIC) Interpretation ("HK(IFRIC) – Int") 15 *Agreements for the Construction of Real Estate* by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which is effective for annual periods beginning on or after 1 January 2009 and contains more detailed guidance on the accounting treatment for such real estate transactions, the directors of the Company have reassessed the Group's accounting policy on revenue recognition for sales of properties and are of the view that revenue recognition for sale of development property upon delivery of properties to the purchasers pursuant to the sales agreement will result in the financial statements providing more relevant information. Accordingly, the directors determined that it is appropriate to change its revenue recognition for sales of its properties by recognising revenue and profit upon delivery of the properties to the purchasers.

The directors of the Company considered this change in accounting policy to be applied retrospectively as required by Hong Kong Accounting Standard ("HKAS") 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. The comparative figures have been restated to exclude the revenue and profit which arose from properties not yet delivered as at the end of the comparable periods.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")/CHANGES IN ACCOUNTING POLICIES *(Continued)*

a. Revenue recognition *(Continued)*

Analysis of increase (decrease) in profit for the current and prior year by line items presented according to their function:

	2009	2008
	HK$'000	HK$'000
Increase (decrease) in revenue	**981,762**	(607,176)
(Increase) decrease in cost of sales	**(335,168)**	167,441
(Increase) decrease in taxation	**(300,841)**	191,715
	345,753	(248,020)

The cumulative effects of the change in accounting policy on revenue recognition as at 31 March 2008 are summarised below:

	As at 31 March 2008 (Originally stated) HK$'000	**Effects of the change in accounting policy** HK$'000	**As at 31 March 2008** (Restated) HK$'000
Balance sheet items			
Completed properties for sale	1,338,079	986,696	2,324,775
Trade receivables	280,378	(116,238)	164,140
Prepayments, deposits and other receivables	1,330,014	61,278	1,391,292
Tax recoverable	66,205	(30,397)	35,808
Deposits received and deferred revenue	(799,434)	(1,751,739)	(2,551,173)
Other payables and accruals	(974,302)	49,640	(924,662)
Tax payable	(759,588)	190,520	(569,068)
Deferred tax liabilities	(686,462)	166,946	(519,516)
	(205,110)	(443,294)	(648,404)
Retained profits	1,358,668	(395,779)	962,889
Exchange fluctuation reserve	403,464	(47,515)	355,949
	1,762,132	(443,294)	1,318,838

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")/CHANGES IN ACCOUNTING POLICIES *(Continued)*

a. Revenue recognition *(Continued)*

The financial effects of the change in accounting policy on the Group's equity as at 1 April 2007 are summarised below:

	As at 31 March 2007 (Originally stated) HK$'000	**Effects of the change in accounting policy** HK$'000	**As at 31 March 2007** (Restated) HK$'000
Retained profits	993,974	(147,759)	846,215
Exchange fluctuation reserve	166,243	(6,298)	159,945
	1,160,217	(154,057)	1,006,160

The effects of the change in accounting policy on the Group's basic and diluted earnings per share for the prior year are as follows:

Impact on basic earnings per share

	2008 HK cent
Before adjustments	13.81
Adjustments arising from change in accounting policy	(9.39)
Restated	4.42

Impact on diluted earnings per share

	2008 HK cent
Before adjustments	13.73
Adjustments arising from change in accounting policy	(9.34)
Restated	4.39

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")/CHANGES IN ACCOUNTING POLICIES *(Continued)*

b. Other new standards, amendments and interpretations

In the current year, the Group has applied the following amendments to HKAS and new HK(IFRIC)-Int (collectively referred to as the "new HKFRSs") issued by the HKICPA, which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions
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 the new HKFRSs had no material effect on how the results and financial position of the Group for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early adopted the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 1 (Revised)	Presentation of Financial Statements[3]
HKAS 23 (Revised)	Borrowing Costs[3]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[4]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[3]
HKAS 39 (Amendment)	Eligible Hedged Items[4]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[3]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[3]
HKFRS 3 (Revised)	Business Combinations[4]
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments[3]
HKFRS 8	Operating Segments[3]
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives[5]
HK(IFRIC) – Int 13	Customer Loyalty Programmes[6]
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation[7]
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners[4]
HK(IFRIC) – Int 18	Transfers of Assets from Customers[8]

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")/CHANGES IN ACCOUNTING POLICIES *(Continued)*

b. Other new standards, amendments and interpretations *(Continued)*

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

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

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

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

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

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

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

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

The adoption of HKFRS 3 (Revised) may affect the Group's accounting for business combinations 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 application of the amendment to HKAS 40 *Investment Property* arising from improvements to HKFRSs may affect the accounting for property under construction or development for future use as an investment property of the Group. The amendment to HKAS 40 brings such property within the scope of HKAS 40 which, therefore, shall be accounted for under the fair value model in accordance with the Group's accounting policy. Such property is currently accounted for at cost less impairment in accordance with HKAS 16 *Property, Plant and Equipment*. The amendment is to be applied prospectively and is effective for the Group's financial year beginning on or after 1 April 2009.

The directors of the Company are in the process of assessing the potential impact and so far concluded that the application of the other new or revised standards, amendments or interpretations will have no material impact on the results and financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at revalued amounts or fair values, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 *Business Combinations* are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the income statement.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Acquisition of additional interests in subsidiaries

On acquisition of an additional interest in a subsidiary, the difference between the consideration paid and the carrying amounts of the underlying assets and liabilities attributable to the additional interest in the subsidiary acquired is recognised as goodwill.

Goodwill

Goodwill arising on an acquisition of a subsidiary for which the agreement date is before 1 January 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the relevant subsidiary at the date of acquisition.

Goodwill arising on an acquisition of a subsidiary for which the agreement date is on or after 1 January 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant subsidiary at the date of acquisition.

Capitalised goodwill arising on an acquisition of a subsidiary is presented separately in the consolidated balance sheet and carried at cost less any accumulated impairment losses.

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the consolidated income statement. An impairment loss for goodwill is not reversed in subsequent periods.

On subsequent disposal of a subsidiary, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

Investments in associates

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associates, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate, the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments in associates *(Continued)*

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Investments in jointly controlled entities

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities.

The Group recognises its interests in jointly controlled entities using proportionate consolidation. The Group's share of each of the assets, liabilities, income and expenses of the jointly controlled entities are combined with the Group's similar line items, line by line, in the consolidated financial statements.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the jointly controlled entity recognised at the date of acquisition is recognised as goodwill and is accounted for in accordance with the Group's accounting policy for goodwill arising on the acquisition of a subsidiary (see above).

Jointly controlled operations

When a group entity undertakes its activities under joint venture arrangements directly, constituted as jointly controlled operations, the assets and liabilities arising from those jointly controlled operations are recognised in the balance sheet of the relevant company on an accrual basis and classified according to the nature of the item. The Group's share of the income from jointly controlled operations, together with the expenses that it incurs are included in the consolidated income statement when it is probable that the economic benefits associated with the transactions will flow to/from the Group.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from sale of properties in the ordinary course of business is recognised when the development of relevant properties has been completed at which the relevant completion certificates are issued by the respective government authorities and the properties have been delivered to the purchasers and the collectability of related receivables is reasonably assured. Deposits and instalments received from purchasers prior to the date of revenue recognition are included in the balance sheet under current liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

Rental income is recognised in the period in which the properties are let out on a straight-line basis over the lease terms.

Property management income is recognised when the related management services are provided.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Property, plant and equipment

Property, plant and equipment are stated at cost or fair value less subsequent accumulated depreciation and accumulated impairment losses.

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated balance sheet at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and any subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date.

Any revaluation increase arising on revaluation of land and buildings is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense, in which case the increase is credited to the consolidated income statement to the extent of the decrease previously charged. A decrease in net carrying amount arising on revaluation of an asset is dealt with as an expense to the extent that it exceeds the balance, if any, on the revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to retained profits.

Depreciation is provided to write off the cost or fair value of items of property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

Construction in progress includes property, plant and equipment in the course of construction for production or for its own use purposes as well as self-constructed investment property. Construction in progress is carried at cost less any recognised impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leasehold land and building

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification, unless the lease payments cannot be allocated reliably between the land and building elements, in which case the entire lease is generally treated as a finance lease and accounted for as property, plant and equipment. To the extent the allocation of the lease payments can be made reliably, leasehold interests in land are accounted for as operating leases.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement in the year in which the item is derecognised.

For a transfer from properties under development or completed properties for sales to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the income statement. 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.

For a transfer from investment property to property, plant and equipment, the difference between the carrying amount and its fair value at the date of transfer is recognised in the income statement.

Properties under development

Properties under development are stated at the lower of cost and net realisable value. Cost includes the cost of land, construction cost and other development expenditure, borrowing costs capitalised in accordance with the Group's accounting policy, and other attributable expenses. Net realisable value is determined by management based on prevailing market conditions.

Completed properties for sale

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment loss on tangible assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under that standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that standard.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in the consolidated income statement on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity ("foreign currencies") are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in the income statement in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the income statement for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's entities are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the exchange fluctuation reserve). Such exchange differences are recognised in the income statement in the period in which a foreign operation is disposed of.

Goodwill and fair value adjustments on identifiable assets acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and retranslated at the rate of exchange prevailing at the balance sheet date. Exchange differences arising are recognised in the exchange fluctuation reserve.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, are capitalised as part of the cost of those assets. 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 eligible for capitalisation.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

Retirement benefit schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged as an expense when employees have rendered service entitling them to the contributions. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's contributions vest fully with the employees when contributed into the MPF Scheme.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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 profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are classified into loans and receivables and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted in respect of each category of financial assets are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade and other receivables, amounts due from jointly controlled entities and associates, pledged bank deposits and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition. An impairment loss is recognised in the income statement when there is objective evidence that the asset is impaired. The amount of the impairment loss is measured as the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For loans and receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. The Group's financial liabilities include convertible bonds, derivative financial liability and other financial liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity *(Continued)*

Convertible bonds

Convertible bonds issued by the Group that contain liability, conversion option and issuer redemption option (collectively the "derivative component") are classified separately into respective items on initial recognition. Conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is a conversion option derivative. At the date of issue of the convertible bonds, both the liability and derivative components are recognised at fair value.

In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The conversion option and early redemption derivatives are measured at fair value with changes in fair value recognised in the income statement.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and derivative components in proportion to the allocation of the proceeds. Transaction costs relating to the derivative component are charged to the income statement immediately. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bonds using the effective interest method.

Other financial liabilities

Other financial liabilities including amount due to a substantial shareholder of the Company, amounts due to jointly controlled entities, trade and other payables, interest-bearing bank and other borrowings (other than convertible bonds which are discussed above) are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair values at each balance sheet date. The resulting gain or loss is recognised in the income statement immediately.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in income statement.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 *Revenue*.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in the income statement.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the income statement.

Share-based payment transactions

The financial impact of share options granted on or before 7 November 2002 is not recorded in the consolidated financial statements until such time as the options are exercised, and no charge is recognised in the consolidated income statement in respect of the value of options granted. Upon the exercise of the share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company as share premium.

For share options granted after 7 November 2002 and vested on or after 1 January 2005 and all share options granted on or after 1 January 2005, the fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Share-based payment transactions *(Continued)*

At each balance sheet date, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognised in profit or loss, with a corresponding adjustment to share options reserve.

At the time when the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained profits.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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.

Land appreciation tax ("LAT")

PRC LAT is levied on the appreciation of land value, being the proceeds from the sales of properties less deductible expenditure including the amortisation of land use rights, borrowing costs and all property development expenditure.

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Impairment testing of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount which is determined based on the estimated selling price and development cost of the completed properties for sale and properties under development, which are included in the cash generating units to which the goodwill is allocated to. The carrying amount of goodwill at 31 March 2009 was HK$82,861,000 (2008: HK$81,032,000). Further details are given in note 20.

Estimated write-downs of properties under development and completed properties for sale

The Group writes down properties under development and completed properties for sale to net realisable value based on assessment of the realisability of properties under development and completed properties for sale, taking into account costs to completion based on past experience and net sales value based on past experience and prevailing market conditions. If there is an increase in cost to completion or a decrease in net sales value, the net realisable value will decrease and this might result in write-downs of properties under development and completed properties for sale to net realisable value. Write-downs are recorded where events or changes in circumstances indicate that the balances may not be realised. The identification of write-downs requires the use of judgements and estimates. If the expectation is different, it will impact on the carrying value and write-downs of properties under development and completed properties for sale in the period in which such estimate is changed. The carrying amounts of properties under development and completed properties for sale at 31 March 2009 were HK$6,530,517,000 (2008: HK$5,662,804,000) and HK$1,889,426,000 (2008: HK$2,324,775,000 (restated)) respectively.

Measurement of warrants

On issuance of warrants, the fair value of the warrants is determined and is carried as a derivative financial liability which is measured at fair value with movement dealt with in the income statement. In estimating the fair value of the derivative financial liability, the Group uses independent valuation which is based on various assumptions and estimates (see note 33(b)). The carrying value of the derivative financial liability at 31 March 2009 was HK$7,330,000 (2008: HK$54,729,000).

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes the borrowings disclosed in note 31, pledged bank deposits, cash and bank balances and equity attributable to equity holders of the Company, comprising issued share capital, reserves and retained profits.

The directors of the Company review the capital structure periodically. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2009 HK$'000	2008 HK$'000 (Restated)
Financial assets		
Loans and receivables	**2,446,900**	1,833,720
Available-for-sale financial assets	**2,960**	2,960
Financial liabilities		
Amortised cost	**5,984,689**	5,464,422
Derivative financial liabilities	**7,330**	54,729

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, amounts due from jointly controlled entities and associates, pledged bank deposits, bank balances, trade and other payables, amounts due to jointly controlled entities and a substantial shareholder of the Company, interest-bearing bank and other borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, fair value and cash flow interest rate risk, and other price 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.

(i) Market risk

Currency risk

The Group has bank balances and borrowings denominated in Hong Kong dollars and United States dollars, which are different from the functional currency of the respective group entity and accordingly expose the Group to foreign currency risk. The Group currently does not use any derivative contracts to hedge against its exposure to currency risk. The management manages its foreign currency risk by monitoring the movement of the foreign currency rate and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the reporting dates are as follows:

	Assets		Liabilities	
	2009 HK$'000	2008 HK$'000	2009 HK$'000	2008 HK$'000
Hong Kong dollars	**2,868**	25,473	**41,039**	12,121
United States dollars	**80,700**	193,312	**965,196**	1,079,615

6. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

(i) Market risk (Continued)

Currency risk (Continued)

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase in RMB against Hong Kong dollars and United States dollars. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rate. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for 5% change in foreign currency rates. A positive (negative) number below indicates an increase (decrease) in profit for the year where RMB strengthens against the relevant foreign currencies. For a 5% weakening of RMB against the relevant currency, there would be an equal but opposite impact on the profit for the year.

	2009 **HK$'000**	2008 HK$'000
Hong Kong dollars		
Increase (decrease) in profit for the year	**1,905**	(629)
United States dollars		
Increase in profit for the year	**44,150**	41,781

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

6. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

(i) Market risk (Continued)

Fair value and cash flow interest rate risk

The Group has significant bank and other borrowings, including senior notes, which bear interest-rate risk. Borrowings issued at variable rates expose the Group to cash flow interest-rate risk. Borrowings issued at fixed rates expose the Group to fair value interest-rate risk. During the year, the Group has not entered into any derivative contracts to hedge against its cash flow and fair value interest rate risk.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the respective balance sheet dates. For variable-rate financial liabilities, the analysis is prepared assuming the amount of liability outstanding at the respective balance sheet dates was outstanding for the whole year. A 100 basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the profit for the year of the Group would be decreased/increased by approximately HK$529,000 (2008: HK$701,000) for the year respectively after capitalisation of certain interest expenses.

Other price risks

The Group is exposed to equity price risks arising from warrants. The fair value of the warrants was calculated using binomial option pricing model. Details of the warrants are set out in note 33(b).

Sensitivity analysis

If the share price input to the valuation model had been 5% lower/higher at year end date and all other variables were held constant, the profit for the year of the Group would be increased and decreased by HK$695,000 (2008: HK$3,445,000) and HK$739,000 (2008: HK$3,463,000) respectively.

(ii) Credit risk

The Group's exposure to credit risk is represented by the carrying amount of each financial asset, including receivables and the guarantees provided for customer for purchase of property prior to the submission of property title to the lender banks and the guarantees provided for associates. The Group's credit risk is primarily attributable to its trade and other receivables. The Group reviews the recoverable amount of each individual trade, loan and other receivables at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts.

The Group has no significant concentration of credit risk with any single counterparty or group of counterparties having similar characteristics.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-ratings agencies.

6. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

(iii) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate working capital and continuously monitoring forecast and actual cash flows.

Liquidity and interest risk tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	Less than 1 month HK$'000	1-3 months HK$'000	3 months to 1 year HK$'000	1-5 years HK$'000	5+ years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.3.2009 HK$'000
As at 31 March 2009							
Trade and other payables	727,228	40	239,426	836	-	967,530	952,550
Amounts due to jointly controlled entities	6,444	-	-	-	-	6,444	6,444
Amount due to a substantial shareholder of the Company	34,874	-	-	-	-	34,874	34,874
Interest-bearing bank and other borrowings							
– fixed rate	26,339	105,052	620,692	1,546,278	-	2,298,361	1,662,941
– variable rate	10,333	50,495	953,675	2,644,902	-	3,659,405	3,327,880
	805,218	155,587	1,813,793	4,192,016	-	6,966,614	5,984,689

6. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

(iii) Liquidity risk (Continued)

Liquidity and interest risk tables (Continued)

	Less than 1 month HK$'000	1-3 months HK$'000	3 months to 1 year HK$'000	1-5 years HK$'000	5+ years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.3.2008 HK$'000
As at 31 March 2008							
Trade and other payables	342,271	171,139	83,468	183,208	–	780,086	747,629
Amounts due to jointly controlled entities	6,361	–	–	–	–	6,361	6,361
Amount due to a substantial shareholder of the Company	100	–	–	–	–	100	100
Interest-bearing bank and other borrowings							
– fixed rate	22,175	–	755,145	2,378,073	–	3,155,393	2,284,896
– variable rate	28,726	263,340	278,575	2,117,278	691	2,688,610	2,425,436
	399,633	434,479	1,117,188	4,678,559	691	6,630,550	5,464,422

(c) Fair values

The fair values of financial assets and financial liabilities are determined as follows:

- the fair values of financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions as inputs; and

- the fair values of derivative instruments are determined based on the binomial option pricing model using the assumptions that are supported by observable market data.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities, other than the senior notes, recorded at amortised cost in the consolidated financial statements approximate their fair values.

7. SEGMENT INFORMATION

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 property development segment engages in the development of properties for sale in the PRC;

(b) the property investment segment invests in commercial and residential properties located in the PRC for their rental income potential and/or for capital appreciation; and

(c) the property management segment engages in the management of properties in the PRC.

There were no intersegment sales and transfers for both years.

(a) Business segments

Revenue and results

	Property development		Property investment		Property management		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008
	HK$'000	HK$'000 (Restated)	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000 (Restated)
Segment revenue:								
Sales to external customers	**2,943,218**	3,103,505	**9,141**	6,823	**3,815**	4,652	**2,956,174**	3,114,980
Segment results	**591,641**	595,899	**(61,744)**	83,961	**(109)**	555	**529,788**	680,415
Unallocated corporate expenses							**(68,954)**	(58,057)
Net foreign exchange gains							**28,777**	56,450
Fair value gain on warrants							**47,399**	49,776
Gain on repurchase of senior notes							**71,183**	–
Fair value loss on derivative component of convertible bonds							**–**	(222,503)
Fair value loss on currency swap contract							**–**	(37,405)
Interest income							**6,226**	6,728
Finance costs							**(87,377)**	(49,170)
Share of profit of associates							**21,647**	3,691
Profit before taxation							**548,689**	429,925
Taxation							**(332,888)**	(306,975)
Profit for the year							**215,801**	122,950

7. SEGMENT INFORMATION *(Continued)*

(a) Business segments *(Continued)*

Balance sheet

	Property development 2009 HK$'000	Property development 2008 HK$'000 (Restated)	Property investment 2009 HK$'000	Property investment 2008 HK$'000	Property management 2009 HK$'000	Property management 2008 HK$'000	Consolidated 2009 HK$'000	Consolidated 2008 HK$'000 (Restated)
Segment assets	**10,488,517**	9,566,946	**1,622,685**	1,379,523	**25,369**	19,769	**12,136,571**	10,966,238
Interests in associates							**224,653**	189,872
Amounts due from associates							**39,926**	42,076
Unallocated assets							**2,089,740**	1,638,474
Total assets							**14,490,890**	12,836,660
Segment liabilities	**4,113,561**	3,403,734	**243,645**	209,853	**10,798**	20,529	**4,368,004**	3,634,116
Unallocated liabilities							**6,505,076**	5,949,405
Total liabilities							**10,873,080**	9,583,521

Other segment information

	Property development 2009 HK$'000	Property development 2008 HK$'000	Property investment 2009 HK$'000	Property investment 2008 HK$'000	Property management 2009 HK$'000	Property management 2008 HK$'000	Unallocated 2009 HK$'000	Unallocated 2008 HK$'000	Consolidated 2009 HK$'000	Consolidated 2008 HK$'000
Depreciation	**381**	657	**246**	82	**454**	299	**6,600**	5,391	**7,681**	6,429
Amortisation of prepaid land lease payments	**-**	–	**-**	–	**-**	–	**2,275**	2,195	**2,275**	2,195
Loss on disposal of property, plant and equipment	**302**	22	**-**	–	**18**	6	**359**	18	**679**	46
Write down to net realisable value for properties under development	**82,000**	–	**-**	–	**-**	–	**-**	-	**82,000**	–
(Decrease) increase in fair value of investment properties	**-**	–	**(63,430)**	57,272	**-**	–	**-**	–	**(63,430)**	57,272
Capital expenditure	**3,239**	3,834	**420,879**	49,284	**498**	1,175	**8,179**	15,767	**432,795**	70,060
Capital expenditure through acquisition of property based subsidiaries	**-**	–	**-**	617,078	**-**	–	**-**	–	**-**	617,078
Capital expenditure through acquisition of property based jointly controlled entities	**-**	2,025	**-**	–	**-**	–	**-**	–	**-**	2,025

7. SEGMENT INFORMATION *(Continued)*

(b) Geographical segments

As all the revenue of the Group for the years ended 31 March 2009 and 31 March 2008 is derived in the PRC, an analysis of revenue of the Group by geographical location is not presented.

All significant identifiable assets and liabilities of the Group are located in the PRC. Accordingly, no geographical segmental analysis is presented.

8. REVENUE

Revenue, which is also the Group's turnover, represents gross proceeds, net of discounts and sales related taxes, from the sale of properties, together with rental income and property management income.

Included in the Group's turnover is revenue arising from the following activities:

	2009 **HK$'000**	2008 HK$'000 (Restated)
Sale of properties	**2,943,218**	3,103,505
Rental income	**9,141**	6,823
Property management income	**3,815**	4,652
	2,956,174	3,114,980

9. OTHER INCOME

	2009 **HK$'000**	2008 HK$'000
Interest income from banks	**831**	6,728
Other interest income	**5,395**	–
Net foreign exchange gains	**28,777**	56,450
Project management fee income from an associate	**–**	7,395
Return on termination of land development	**13,265**	–
Subsidies from the PRC government	**2,015**	7,419
Waiver of other payables	**2,159**	2,826
Others	**13,547**	9,039
	65,989	89,857

10. FINANCE COSTS

	2009 HK$'000	2008 HK$'000
Interest on bank loans wholly repayable within five years	**232,149**	173,085
Interest on other loans wholly repayable within five years	**61,001**	79,171
Interest on other loans not wholly repayable within five years	**–**	1,186
Interest on senior notes	**160,374**	117,614
Interest on convertible bonds	**–**	19,754
Imputed interest expenses on long term payables	**18,349**	54,520
	471,873	445,330
Less: Amounts capitalised in properties under development	**(384,496)**	(396,160)
	87,377	49,170

Borrowing costs capitalised during the year arose on the funds borrowed specifically for the purpose of obtaining qualifying assets.

11. TAXATION

	2009 HK$'000	2008 HK$'000 (Restated)
PRC Enterprise Income Tax		
Provision for the year	**90,712**	304,614
Overprovision in prior years	**(8,564)**	(13,499)
PRC LAT	**201,097**	149,519
Deferred tax (note 36)		
Current year	**49,643**	17,410
Attributable to change in tax rate	**–**	(151,069)
Total tax charge for the year	**332,888**	306,975

No provision for Hong Kong Profits Tax has been made as the Group did not generate any assessable profits sourced in Hong Kong for both years.

The Group's income tax expense represents tax charges on the assessable profits of subsidiaries and jointly controlled entities operating in the PRC calculated at the rates of tax prevailing in the locations in which the Group operates, based on existing legislation, interpretations and practices in respect thereof. In accordance with the relevant tax rules and regulations in the PRC, certain of the Group's subsidiaries enjoy reductions and preferential tax rates.

The provision for LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable deductions.

11. TAXATION *(Continued)*

According to a joint circular of the Ministry of Finance and State Administration of Taxation, Cai Shui [2008] No. 1, dividend distributed out of the profits generated since 1 January 2008 held by the PRC entity shall be subject to PRC Enterprise Income Tax pursuant to Articles 3 and 27 of the Income Tax Law Concerning Foreign Investment Enterprises and Foreign Enterprises and Article 91 of the Detailed Rules for the Implementation of the Income Tax Law for Enterprises with Foreign Investment and Foreign Enterprises. Deferred tax liabilities of HK$31,867,000 on the undistributed earnings of subsidiaries have been charged to the consolidated income statement for the year.

A reconciliation of the tax expense applicable to profit before taxation using the statutory rates for the countries in which the Company and its subsidiaries and jointly controlled entities, are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

	2009		2008	
	HK$'000	**%**	HK$'000 (Restated)	%
Profit before taxation	**548,689**		429,925	
Tax at the statutory tax rate	**137,172**	**25.0**	107,481	25.0
Tax effect of income not taxable	**(39,192)**	**(7.1)**	(47,372)	(11.0)
Tax effect of expenses not deductible	**62,030**	**11.3**	126,574	29.4
Tax effect of tax losses not recognised	**21,911**	**4.0**	30,539	7.1
Tax effect of utilisation of tax losses previously not recognised	**(190)**	**–**	(1,603)	(0.4)
Effect of different tax rates in the PRC during the year	**–**	**–**	60,419	14.1
Tax effect of share of profit of associates	**(5,412)**	**(1.0)**	(923)	(0.2)
	176,319	**32.2**	275,115	64.0
PRC LAT	**201,097**	**36.7**	149,519	34.8
Income tax effect of PRC LAT	**(50,274)**	**(9.2)**	(37,380)	(8.7)
Changes in estimate of deferred tax liability which arose on a business combination	**(17,557)**	**(3.2)**	84,289	19.6
Deferred tax on undistributed PRC earnings	**31,867**	**5.8**	–	–
Overprovision in prior years	**(8,564)**	**(1.6)**	(13,499)	(3.2)
Effect on deferred tax arising from change in tax rate	**–**	**–**	(151,069)	(35.1)
Tax charge at the Group's effective rate	**332,888**	**60.7**	306,975	71.4

12. PROFIT FOR THE YEAR

The Group's profit for the year has been arrived at after charging (crediting):

	2009 HK$'000	2008 HK$'000 (Restated)
Cost of completed properties sold	**1,981,359**	2,330,802
Write down to net realisable value for properties under development	**82,000**	–
Depreciation of property, plant and equipment (note 17)	**11,862**	9,280
Less: Amounts capitalised in properties under development	**(4,181)**	(2,851)
	7,681	6,429
Amortisation of prepaid land lease payments (note a) (note 19)	**2,275**	2,195
Loss on disposal of property, plant and equipment	**679**	46
Minimum lease payments under operating leases for land and buildings	**8,125**	7,587
Less: Amounts capitalised in properties under development	**(2,435)**	(2,629)
	5,690	4,958
Auditor's remuneration	**2,800**	3,000
Staff costs:		
Salaries and other benefits (including directors' remuneration – note 13)	**115,447**	93,676
Share-based payment (note 37)	**16,953**	23,751
Pension scheme contributions	**12,422**	7,449
Less: Amounts capitalised in properties under development	**(53,896)**	(38,680)
	90,926	86,196
Provision for (written back of) long service payments	**270**	(179)
Share of tax of jointly controlled entities (note b)	**–**	160,075
Share of tax of associates (note c)	**2,494**	916
Impairment loss of other receivables (note d)	**15,227**	–
Gross rental income	**(9,141)**	(6,823)
Less: Outgoings	**3,824**	2,308
Net rental income	**(5,317)**	(4,515)

Notes:

(a) Included in "Administrative expenses" in the consolidated income statement.

(b) Included in "Taxation" in the consolidated income statement.

(c) Included in "Share of profit of associates" in the consolidated income statement.

(d) Included in "Other expenses" in the consolidated income statement.

13. DIRECTORS' REMUNERATION

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

	2009 **HK$'000**	2008 HK$'000
Fees:		
Executive directors	**–**	–
Non-executive directors	**40**	50
Independent non-executive directors	**260**	260
	300	310
Other emoluments:		
Salaries, allowances and benefits in kind	**15,613**	14,037
Share-based payment	**11,290**	17,329
Pension scheme contributions	**127**	129
	27,030	31,495
	27,330	31,805

13. DIRECTORS' REMUNERATION *(Continued)*

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Share-based payment HK$'000	Pension scheme contributions HK$'000	Total HK$'000
Year ended 31 March 2009					
Executive directors:					
Mr. Chan Boon Teong	–	2,600	1,713	12	4,325
Mr. Jiang Ming	–	2,981	1,713	12	4,706
Mr. Tao Lin	–	2,716	1,713	12	4,441
Mr. Cheng Wing Bor	–	2,395	1,713	12	4,120
Mr. Lin Chen Hsin	–	493	428	12	933
Mr. Wu Xin	–	2,294	1,028	33	3,355
Mr. Cai Shaobin	–	2,090	–	34	2,124
Mr. Xin Xiang Dong	–	44	–	–	44
	–	15,613	8,308	127	24,048
Non-executive directors:					
Mr. Zheng Hong Qing	10	–	–	–	10
Mr. Oliver P. Weisberg	–	–	–	–	–
Mr. Hu Aimin	10	–	948	–	958
Mr. Zhang Yijun	10	–	948	–	958
Mr. Zhang Huaqiao	10	–	59	–	69
	40	–	1,955	–	1,995
Independent non-executive directors:					
Mr. Tang Lap Yan	100	–	395	–	495
Mr. Law Kin Ho	80	–	316	–	396
Mr. Wong Kai Cheong	80	–	316	–	396
	260	–	1,027	–	1,287
	300	15,613	11,290	127	27,330

13. DIRECTORS' REMUNERATION *(Continued)*

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Share-based payment HK$'000	Pension scheme contributions HK$'000	Total HK$'000
Year ended 31 March 2008					
Executive directors:					
Mr. Chan Boon Teong	–	2,683	2,368	12	5,063
Mr. Jiang Ming	–	2,917	2,368	12	5,297
Mr. Tao Lin	–	2,567	2,368	12	4,947
Mr. Cheng Wing Bor	–	2,333	2,368	12	4,713
Mr. Lin Chen Hsin	–	490	592	12	1,094
Mr. Wu Xin	–	2,268	1,421	26	3,715
Mr. Xin Xiang Dong	–	779	837	43	1,659
	–	14,037	12,322	129	26,488
Non-executive directors:					
Mr. Zheng Hong Qing	10	–	–	–	10
Mr. William F. Harley III (alias Mickey Harley)	–	–	–	–	–
Mr. Oliver P. Weisberg	10	–	–	–	10
Mr. Hu Aimin	10	–	1,226	–	1,236
Mr. Zhang Yijun	10	–	1,226	–	1,236
Mr. Zhang Huaqiao	10	–	1,226	–	1,236
	50	–	3,678	–	3,728
Independent non-executive directors:					
Mr. Tang Lap Yan	100	–	511	–	611
Mr. Law Kin Ho	80	–	409	–	489
Mr. Wong Kai Cheong	80	–	409	–	489
	260	–	1,329	–	1,589
	310	14,037	17,329	129	31,805

All of the executive directors agreed to waive their entitlements to directors' fees totalling HK$70,000 (2008: HK$70,000) for the year. Other than this, there was no arrangement under which a director waived or agreed to waive any remuneration during the year.

14. FIVE HIGHEST PAID INDIVIDUALS

The five highest paid individuals during the year included five (2008: five) directors, details of whose remuneration are set out in note 13 above.

During both years, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group.

15. DIVIDENDS

	2009 HK$'000	2008 HK$'000
Dividend recognised as distribution:		
Final dividend – nil (2008: HK1 cent) per ordinary share	–	27,906

16. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	2009 HK$'000	2008 HK$'000 (Restated)
Earnings		
Profit for the year attributable to equity holders of the Company and earnings for the purposes of basic and diluted earnings per share	**215,008**	116,674

	2009	2008
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,790,582,857**	2,641,182,576
Effect of dilutive potential ordinary shares – share options	–	15,270,801
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,790,582,857**	2,656,453,377

The calculation of diluted earnings per share for the year ended 31 March 2009 did not assume the exercise of the Company's options and warrants as the exercise prices of the options and warrants were higher than the average market price of the Company's shares for the year.

The calculation of diluted earnings per share for the year ended 31 March 2008 did not assume the exercise of the Company's warrants as the exercise price of the warrants was higher than the average market price of the Company's shares for that year.

The calculation of diluted earnings per share for the year ended 31 March 2008 has not taken into account the conversion of the Company's convertible bonds as it would result in an increase in the earnings per share.

17. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Construction-in-progress HK$'000	Total HK$'000
COST OR VALUATION						
At 1 April 2007	66,779	1,205	24,702	9,776	–	102,462
Exchange realignment	9,461	–	2,310	1,051	41,387	54,209
Additions	–	13,262	5,703	2,052	49,043	70,060
Transfer from properties under development (note 25)	8,374	–	–	–	–	8,374
Transfer from completed properties for sale	12,979	–	–	–	–	12,979
Acquired on acquisition of property based subsidiaries (note 38)	12,311	–	446	808	603,513	617,078
Acquired on acquisition of a property based jointly controlled entity (note 39)	–	–	44	1,981	–	2,025
Disposals	–	–	(463)	(889)	–	(1,352)
Disposal of property based subsidiaries (note 40)	–	–	(285)	(311)	–	(596)
Adjustment on revaluation	11,650	–	–	–	–	11,650
At 31 March 2008	121,554	14,467	32,457	14,468	693,943	876,889
Exchange realignment	2,712	299	700	298	15,657	19,666
Additions	943	6,868	3,108	1,714	244,992	257,625
Additions in respect of jointly controlled operation (note)	–	–	–	–	175,170	175,170
Transfer to completed properties for sale upon completion	–	–	–	–	(162,462)	(162,462)
Disposals	–	–	(3,199)	(2,226)	–	(5,425)
Disposal of a property based subsidiary (note 40)	–	–	–	(2,687)	–	(2,687)
Adjustment on revaluation	(7,150)	–	–	–	–	(7,150)
At 31 March 2009	**118,059**	**21,634**	**33,066**	**11,567**	**967,300**	**1,151,626**
Comprising						
At cost	–	21,634	33,066	11,567	967,300	1,033,567
At valuation 2009	118,059	–	–	–	–	118,059
	118,059	21,634	33,066	11,567	967,300	1,151,626

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

	Land and buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Construction-in-progress HK$'000	Total HK$'000
DEPRECIATION						
At 1 April 2007	–	540	8,888	4,707	–	14,135
Exchange realignment	57	94	1,036	527	–	1,714
Provided for the year	1,333	1,781	4,481	1,685	–	9,280
Eliminated on disposals	–	–	(356)	(845)	–	(1,201)
Eliminated on disposal of property based subsidiaries (note 40)	–	–	(21)	–	–	(21)
Adjustment on revaluation	(1,390)	–	–	–	–	(1,390)
At 31 March 2008	–	2,415	14,028	6,074	–	22,517
Exchange realignment	4	43	298	129	–	474
Provided for the year	2,352	4,008	4,149	1,353	–	11,862
Eliminated on disposals	–	–	(3,039)	(1,426)	–	(4,465)
Eliminated on disposal of a property based subsidiary (note 40)	–	–	–	(1,025)	–	(1,025)
Adjustment on revaluation	(2,356)	–	–	–	–	(2,356)
At 31 March 2009	**–**	**6,466**	**15,436**	**5,105**	**–**	**27,007**
CARRYING VALUES						
At 31 March 2009	**118,059**	**15,168**	**17,630**	**6,462**	**967,300**	**1,124,619**
At 31 March 2008	121,554	12,052	18,429	8,394	693,943	854,372

Note: During the year, the Group entered into a cooperative agreement with a PRC party to develop a commercial property in Beijing, the PRC. Under the agreement, the Group is mainly responsible for the demolition of the existing properties and construction of the property at the estimated total costs of not less than RMB340 million. Upon the completion of the property development, the Group is entitled to certain amount of rental income from leasing of the property for a specified period. Up to the balance sheet date, the Group had incurred about HK$175 million for this property project.

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

The above items of property, plant and equipment are depreciated using the straight-line method after taking into account of their estimated residual values at the following rates per annum:

Land and buildings	shorter of land lease or 2% to 5%
Leasehold improvements	20%
Furniture, fixtures and office equipment	20%
Motor vehicles	20%

	2009 **HK$'000**	2008 HK$'000
Land and buildings in Hong Kong		
Long lease	**200**	200
Medium-term lease	**190**	200
	390	400
Land and buildings in the PRC		
Long lease	**32,038**	34,485
Medium-term lease	**85,631**	86,669
	117,669	121,154
	118,059	121,554

The Group's land and buildings were revalued individually at 31 March 2009 by DTZ Debenham Tie Leung Limited, independent professionally qualified valuers not connected with the Group, by reference to market evidence of recent transaction prices for similar properties.

Had the Group's land and buildings been carried at historical cost less accumulated depreciation, their carrying amounts at 31 March 2009 would have been approximately HK$100,356,000 (2008: HK$96,749,000).

At 31 March 2009, certain land and buildings with an aggregate carrying value of approximately HK$47 million (2008: HK$48 million) and HK$20 million (2008: HK$22 million) respectively have been pledged to banks to secure banking facilities and other loans granted to the Group (note 31(a)(i) and 31(b)(i)).

At 31 March 2009, construction-in-progress with carrying value of approximately HK$792 million (2008: HK$694 million) have been pledged to banks to secure banking facilities granted to the Group (note 31(a)(ii)).

18. INVESTMENT PROPERTIES

	2009 HK$'000	2008 HK$'000
FAIR VALUE		
At beginning of year	**616,476**	507,321
Exchange realignment	**14,391**	54,500
(Decrease) increase in fair value recognised in the consolidated income statement	**(63,430)**	57,272
Transfer from completed properties for sale	**–**	50,482
Disposals	**(3,832)**	(53,099)
At end of year	**563,605**	616,476

The Group's investment properties are situated in the PRC and are held under the following lease terms:

	2009 HK$'000	2008 HK$'000
Long lease	**63,605**	67,635
Medium-term lease	**500,000**	548,841
	563,605	616,476

The Group's investment properties were revalued at 31 March 2009 by DTZ Debenham Tie Leung Limited, independent professionally qualified valuers not connected with the Group, who has appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. The valuation report on these properties was signed by a director of DTZ Debenham Tie Leung Limited who is a member of The Hong Kong Institute of Surveyors ("HKIS"). The valuation was arrived at by considering the capitalised net rental income or where appropriate, by reference to market evidence of recent transaction prices for similar properties in similar location and condition. In arriving at the capitalised net rental income, the market rentals of all lettable units of the property are assessed and capitalised at market yield expected by investors for this type of property. The market rentals are also assessed by reference to the rentals achieved in other similar properties in the neighbourhood. The capitalisation rate adopted is made by reference to the yields achieved in analysed market sales transactions and the valuer's knowledge of the market expectation from property investors.

At 31 March 2009, certain investment properties with an aggregate carrying value of approximately HK$60 million (2008: HK$64 million) have been pledged to secure other loans granted to the Group (note 31(b)(ii)).

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The investment properties are leased to third parties under operating leases, further summary details of which are included in note 43(a) to the financial statements.

19. PREPAID LAND LEASE PAYMENTS

	2009 HK$'000	2008 HK$'000
At beginning of year	**99,902**	93,500
Exchange realignment	**2,159**	8,597
Amortisation during the year (note 12)	**(2,275)**	(2,195)
At end of year	**99,786**	99,902
Analysed for reporting purposes as:		
Non-current asset	**97,507**	97,671
Current asset (included in prepayments, deposits and other receivables)	**2,279**	2,231
	99,786	99,902

The Group's leasehold lands were held under the following lease terms:

	2009 HK$'000	2008 HK$'000
Leasehold lands in Hong Kong		
Long lease	**3,141**	3,223
Medium-term lease	**774**	795
	3,915	4,018
Leasehold lands in the PRC		
Medium-term lease	**95,871**	95,884
	99,786	99,902

At 31 March 2009, certain leasehold lands with an aggregate carrying value of approximately HK$95 million (2008: HK$95 million) have been pledged to banks to secure banking facilities granted to the Group (note 31(a)(iii)).

20. GOODWILL

	HK$'000
COST	
At 1 April 2007	67,643
Exchange realignment	13,013
Arising from acquisition of additional interest in a subsidiary	513
Disposal of a property based subsidiary (note 40)	(137)
At 31 March 2008	81,032
Exchange realignment	1,829
At 31 March 2009	**82,861**

20. GOODWILL *(Continued)*

Impairment testing of goodwill

Goodwill acquired through business combinations or acquisition of additional interests in subsidiaries has been allocated to cash-generating unit ("CGU") that is expected to benefit from that business combination. These subsidiaries are principally engaged in property development. Goodwill has been allocated to CGU in property development segment.

The recoverable amount of the CGU is determined based on estimated fair value less costs to sell. The fair value of properties under development less costs to sell is estimated based on the estimated net realisable value with reference to the valuation of the fair values of the underlying assets of the CGU performed by independent professionally qualified valuers with reference to the comparable transactions in similar locations and conditions.

During the year ended 31 March 2009, management of the Group determines that there are no impairments of its CGU containing goodwill.

21. INTERESTS IN JOINTLY CONTROLLED ENTITIES

The summarised financial information in respect of the Group's interests in jointly controlled entities which are accounted for using proportionate consolidation with the line-by-line reporting format is as follows:

	2009 **HK$'000**	2008 HK$'000 (Restated)
Non-current assets	**61**	59
Current assets	**21,950**	137,815
Current liabilities	**(66)**	(37,912)
Net assets	**21,945**	99,962
Income	**–**	1,257,978
Expenses	**–**	(1,028,101)
Profit for the year	**–**	229,877

During the year ended 31 March 2009, the Group acquired an additional 29.2% equity interest in a jointly controlled entity, Beijing Wendela Real Estate Development Co., Ltd. ("Wendela") and Wendela became a wholly-owned subsidiary of the Group since then.

During the year ended 31 March 2008, the jointly controlled entities, Beijing Gaosheng Real Estate Company Limited and Beijing Coastal Greenland Shiji Real Estate Development Co., Ltd. became the subsidiaries of the Group as the Group is able to appoint all the directors in the board of directors of the above jointly controlled entities.

21. INTERESTS IN JOINTLY CONTROLLED ENTITIES *(Continued)*

As at 31 March 2009 and 2008, the Group had interests in the following jointly controlled entities:

Name of jointly controlled entity	Nominal value of registered capital	Place of registration and operations	Proportion of the nominal value of registered capital (Note (a))		Group's percentage of Voting power		Group's percentage of Profit sharing (Note (a))		Principal activities
			2009	2008	**2009**	2008	**2009**	2008	
New Shanghai Property International Management Co., Ltd.	US$1,000,000	PRC	**30**	30	**43**	43	**30**	30	Inactive
Tianjin Coastal Greenland Real Estate Co., Ltd. ("Tianjin Real Estate") (Note (b))	RMB30,000,000	PRC	**70**	70	**60**	60	**70**	70	Inactive
Wendela	RMB100,000,000	PRC	**-**	70.8	**-**	60	**-**	70.8	Land development

Notes:

(a) The Group is entitled to share the operating results of these jointly controlled entities based on the Group's ownership interest/profit sharing ratio.

(b) The Group holds more than one half of the registered capital of Tianjin Real Estate and controls more than one half of the voting power in general meeting. However, under the shareholder's agreement, Tianjin Real Estate is jointly controlled by the Group and the other significant shareholder. Therefore, Tianjin Real Estate is classified as a jointly controlled entity of the Group.

22. INTERESTS IN ASSOCIATES

	2009 **HK$'000**	2008 HK$'000
Cost of investment		
Listed in the PRC	**138,505**	123,404
Unlisted	**70,985**	64,555
Share of post-acquisition profits and reserves	**24,671**	10,384
Unrealised profit on disposal of a subsidiary to the associate	**(9,508)**	(8,471)
	224,653	189,872
Fair value of listed investment	**349,650**	620,384

22. INTERESTS IN ASSOCIATES *(Continued)*

The fair value of the above listed investment at 31 March 2009 and 31 March 2008 is determined based on the quoted market bid price available on the relevant exchange after adjusting the marketability discount for lock up period using Black-Scholes option pricing model. The inputs into the model were as follows:

	31.3.2009	31.3.2008
Share price	**RMB9.35**	RMB17.37
Volatility	**88.60%**	55.67% to 64.96%
Risk free rate	**1.10%**	3.46% to 3.59%
Expected annual dividend yield	**–**	–
Estimated marketability discount	**32.21%**	22.52% to 25.80%

As at 31 March 2009, the Group had interests in the following associates:

Name of associate	**Place of registration and operations**	**Proportion of nominal value of registered capital held by the Group** %	**Principal activities**
Shanghai Fenghwa Group Company Limited ("Shanghai Fenghwa")	PRC	21.13	Property development and investment
Shenyang Rongtian Real Estate Development Co., Ltd.	PRC	20	Property development

The listed investment of 39,719,503 shares of Shanghai Fenghwa held by the Group has lock up periods which restricted the Group to sell in the market ranging from 12 months to 36 months from 1 March 2007.

22. INTERESTS IN ASSOCIATES *(Continued)*

The financial year end of the associates is 31 December of each year. The summarised financial information in respect of the Group's listed and unlisted associates based on the financial statements prepared using Accounting Standards for Business Enterprises of the PRC and HKFRSs respectively is set out below:

	2009	2008
	HK$'000	HK$'000
Total assets	**1,547,865**	1,123,775
Total liabilities	**(798,869)**	(586,857)
Net assets	**748,996**	536,918
Revenue	**152,790**	100,064
Profit for the year	**102,453**	17,455

23. AVAILABLE-FOR-SALE INVESTMENTS

	2009	2008
	HK$'000	HK$'000
Club membership debentures	**2,960**	2,960

The above unlisted investments represent investments in unlisted club membership debentures in Hong Kong. They are measured at cost less impairment at each balance sheet date because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

24. PLEDGED BANK DEPOSITS/CASH AND BANK BALANCES

Pledged bank deposits represent (i) deposits pledged to banks for banking facilities granted to the Group (note 31(a)(iv)); (ii) deposits pledged to banks in respect of mortgage loan facilities granted to the buyers of certain properties developed by the Group; and (iii) deposits pledged for the senior notes of the Group (note 31(d)).

Bank balances carry interest at market rates which approximates at 0.36% (2008: 0.72%). The pledged bank deposits carry fixed interest rates which range from 0.01% to 0.36% (2008: from 0.18% to 2.5%).

The pledged bank deposits will be released upon the issuance of title deeds to the buyers of properties for bank deposits pledged under the condition as stated in (ii) above or the settlement of relevant bank borrowings and senior notes for bank deposits pledged under the conditions as stated in (i) and (iii) above.

25. PROPERTIES UNDER DEVELOPMENT

	2009 HK$'000	2008 HK$'000
CARRYING AMOUNT		
At beginning of year, representing cost	**5,662,804**	6,726,632
Exchange realignment	**117,509**	588,588
Additions	**2,232,529**	2,115,684
Acquisition of a property based jointly controlled entity (note 39)	**–**	146,649
Transfer to completed properties for sale	**(1,223,668)**	(3,575,416)
Transfer to property, plant and equipment (note 17)	**–**	(8,374)
Disposal of property based subsidiaries (note 40)	**(176,657)**	(330,959)
Write down to net realisable value	**(82,000)**	–
At end of year	**6,530,517**	5,662,804

The properties under development of the Group are situated in the PRC and are held under the following lease terms:

	2009 HK$'000	2008 HK$'000
Long lease	**6,296,548**	5,450,901
Medium-term lease	**233,969**	211,903
	6,530,517	5,662,804

Included in the properties under development as at 31 March 2009 is carrying value of HK$4,507,198,000 (2008: HK$4,551,264,000) which represents the carrying value of the properties expected to be completed and available for sale after more than twelve months from the balance sheet date.

At 31 March 2009, certain properties under development with an aggregate carrying value of approximately HK$5,544 million (2008: HK$3,897 million) have been pledged to banks and other parties to secure banking facilities and other loans granted to the Group (note 31(a)(v) and 31(b)(iii)).

26. COMPLETED PROPERTIES FOR SALE

The Group's completed properties for sale are situated in the PRC.

At 31 March 2009, certain completed properties for sale with an aggregate carrying value of approximately HK$1,464 million (2008: HK$1,721 million (restated)) have been pledged to banks to secure banking facilities granted to the Group (note 31(a)(vi)).

27. TRADE RECEIVABLES

Except for the proceeds from sales of properties and rental income from lease of properties which are payable in accordance with the terms of the relevant agreements, the Group generally allows a credit period of not exceeding 60 days to its customers.

An aged analysis of the trade receivables as at the balance sheet date based on contract date, net of allowance for bad and doubtful debts, is as follows:

	2009		2008	
	Balance HK$'000	**Percentage**	Balance HK$'000 (Restated)	Percentage
0 – 30 days	**67,429**	**32**	18,161	11
31 – 60 days	**17,557**	**8**	7,934	5
61 – 90 days	**4,308**	**2**	19,045	12
Over 90 days	**121,658**	**58**	119,000	72
	210,952	**100**	164,140	100

The Group has minimal trade receivable balances which are past due at the reporting date. The trade receivable balance with age over 90 days of approximately HK$121,658,000 at 31 March 2009 represents the receivable from sales of completed properties which is not impaired at the balance sheet date as the management of the Group expects the balances will be fully paid up on the legal completion dates.

In determining the recoverability of trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the date of approval of the financial statements. The concentration of credit risk is limited as the customer base is large and unrelated. Accordingly, the directors believe that there is no credit provision required as at balance sheet date.

28. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2009 HK$'000	2008 HK$'000 (Restated)
Loan receivable (note a)	**81,633**	73,809
Other receivables	**210,747**	180,313
Prepayments for acquisition of land (note b)	**1,246,348**	869,922
Prepayments and other deposits	**256,392**	267,248
	1,795,120	1,391,292

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

Notes:

(a) At 31 March 2009, loan receivable of HK$81,633,000 (2008: HK$73,809,000) is interest free (2008: bore interests at 15% per annum), unsecured and has no fixed repayment terms.

(b) The amount represents the payment made for the acquisition of land for property development purpose in which the amount of HK$922,244,000 (2008: HK$719,822,000) is paid for land acquisition through the acquisition of property based companies. The shareholdings in these property based companies have been transferred to the Group subsequent to the balance sheet date to secure the interests of the Group.

29. TRADE PAYABLES

An aged analysis of the trade payables as at the balance sheet date based on invoice date is as follows:

	2009		2008	
	Balance HK$'000	**Percentage**	Balance HK$'000	Percentage
0 – 30 days	**148,348**	**64**	20,643	22
31 – 60 days	**33,102**	**14**	12,749	14
61 – 90 days	**6,219**	**3**	3,624	4
Over 90 days	**44,664**	**19**	55,683	60
	232,333	**100**	92,699	100

30. DEPOSITS RECEIVED AND DEFERRED REVENUE

Included in the deposits received and deferred revenue in the Group's consolidated balance sheet as at 31 March 2009 was an amount of approximately HK$113 million (2008: HK$111 million) received pursuant to a joint development agreement entered into between the Group and a third party developer in respect of the joint development of a property project in Wuhan, the PRC.

Under the joint development agreement, the Group should satisfy the conditions stipulated in the agreement including the provision of a parcel of land of 79,831 square metres as at 31 March 2009 with carrying amount of RMB38 million (equivalent to approximately HK$44 million) on which the third party developer is wholly responsible for the development of the property project, in return for a cash payment of RMB100 million (equivalent to approximately HK$113 million) to the Group from the third party developer.

As at the balance sheet dates, the RMB100 million (equivalent to approximately HK$113 million) was received by the Group with certain conditions have not been fulfilled and therefore it was recorded as deferred revenue in the Group's consolidated balance sheet.

31. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2009 HK$'000	2008 HK$'000
CURRENT		
Bank loans – secured	**882,483**	1,020,956
Bank loans – unsecured	**110,034**	48,786
Other loans – secured	**286,902**	224,796
Other loans – unsecured	**181,406**	266,105
	1,460,825	1,560,643
NON-CURRENT		
Bank loans – secured	**2,391,383**	1,813,217
Bank loans – unsecured	**68,027**	119,747
Other loans – secured	**154,153**	15,097
Other loans – unsecured	**–**	177,403
Senior notes – secured	**916,433**	1,024,225
	3,529,996	3,149,689
	4,990,821	4,710,332
Analysed into:		
Bank loans repayable:		
Within one year or on demand	**992,517**	1,069,742
In the second year	**1,184,467**	1,346,092
In the third to fifth years, inclusive	**1,274,943**	586,872
	3,451,927	3,002,706
Other borrowings repayable:		
Within one year or on demand	**468,308**	490,901
In the second year	**145,804**	180,655
In the third to fifth years, inclusive	**924,782**	1,035,385
Beyond five years	**–**	685
	1,538,894	1,707,626
	4,990,821	4,710,332

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

Notes:

(a) Certain of the Group's bank loans as at 31 March 2009 are secured by:

(i) certain land and buildings of the Group with an aggregate carrying value of approximately HK$47 million (2008: HK$48 million) (note 17);

(ii) certain construction-in-progress of the Group with an aggregate carrying value of approximately HK$792 million (2008: HK$694 million) (note 17);

(iii) certain leasehold lands of the Group with an aggregate carrying value of approximately HK$95 million (2008: HK$95 million) (note 19).

(iv) certain bank deposits of the Group with an aggregate carrying value of approximately HK$45 million (2008: nil) (note 24);

(v) certain properties under development of the Group with an aggregate carrying value of approximately HK$5,203 million (2008: HK$3,726 million) (note 25);

(vi) certain completed properties for sale of the Group with an aggregate carrying value of approximately HK$1,464 million (2008: HK$1,721 million (restated)) (note 26); and

(vii) corporate guarantees from the Company and certain of its subsidiaries.

(b) Certain of the Group's other loans as at 31 March 2009 are secured by:

(i) certain land and buildings of the Group with an aggregate carrying value of approximately HK$20 million (2008: HK$22 million) (note 17);

(ii) certain investment properties of the Group with an aggregate carrying value of approximately HK$60 million (2008: HK$64 million) (note 18);

(iii) certain properties under development of the Group with an aggregate carrying value of approximately HK$341 million (2008: HK$171 million) (note 25);

(iv) the 58.65% equity interest in a property based subsidiary; and

(v) corporate guarantees from certain subsidiaries of the Company.

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

Notes: *(Continued)*

(c) The ranges of effective interest rates (which are also approximate to contracted interest rates) on the Group's interest-bearing bank and other borrowings, other than the senior notes, are as follows:

	2009		2008	
	Borrowings HK$'000	**Interest rate**	Borrowings HK$'000	Interest rate
Effective interest rate:				
Fixed-rate borrowings	**746,508**	**4.86% to 18.00%**	1,260,671	6.05% to 10.00%
Variable-rate borrowings	**3,327,880**	**4.86% to 9.07%**	2,425,436	6.57% to 8.32%

The Group's borrowings that are denominated in currencies other than RMB, the functional currency of the respective group entities, are set out below:

	2009 HK$'000	2008 HK$'000
United States dollars	**916,433**	1,024,225

(d) Senior notes

Pursuant to a purchase agreement dated 30 November 2007, the Company issued 1,500 units consisting of US$150 million (equivalent to approximately HK$1,170 million) principal amount of 12% guaranteed senior notes (the "2007 Senior Notes") and 111,622,500 warrants conferring rights to subscribe for up to 111,622,500 new ordinary shares of HK$0.10 each in the Company from the issue date to 8 November 2012 at the exercise price of HK$2.46 per share, which has been adjusted to HK$1.23 per share during the year ended 31 March 2009 (see note 33(b)). The 2007 Senior Notes bear fixed interest at 12% per annum and are wholly repayable on 8 November 2012. The 2007 Senior Notes are secured by bank deposits of the Group amounting to approximately HK$70 million (2008: HK$70 million) and share charges over the entire issued share capital of certain wholly-owned subsidiaries of the Company. The fair value of warrants is determined, upon issuance, and is carried as a derivative financial liability which is measured at fair value with movement dealt with in the income statement. The fair values of warrants at the dates of issue are deducted from the proceeds from the issue of the units to arrive at the initial carrying amount of the senior notes and hence have been allocated to the senior notes on initial recognition.

During the year ended 31 March 2009, the Company repurchased the senior notes with the par value and amortised cost of US$18,000,000 (equivalent to approximately HK$140.4 million) and US$16,113,000 (equivalent to approximately HK$125.7 million) respectively at the total consideration of US$6,987,000 (equivalent to approximately HK$54.5 million), resulting in a gain of HK$71,183,000.

The fair value of the senior notes based on the quoted asked price at 31 March 2009 was HK$429,660,000.

32. CONVERTIBLE BONDS

Pursuant to a subscription agreement dated 30 June 2006 and the approval of the shareholders of the Company at a special general meeting held on 21 July 2006, the Company issued US$40 million (equivalent to approximately HK$312 million) convertible bonds (the "2006 CB") to an independent third party. The convertible bonds bore coupon interest rate at 4.75% per annum, were secured by a second priority charge over the entire issued share capital of Coastal Realty Development Co., Limited, a wholly-owned subsidiary of the Company, and would mature on 30 December 2009 with a put option for the subscriber who has the right to demand for an early redemption of the 2006 CB during the period from 30 June 2009 to the maturity date at 100% of the face value, plus a pro-rata portion of the 45% redemption premium upon maturity. The directors consider that the fair value of this 2006 CB holder's early redemption option is insignificant. If the 2006 CB are not converted into ordinary shares of the Company, they will be redeemed at 145% of the issued value of US$40 million (equivalent to approximately of HK$312 million) on maturity. The 2006 CB are convertible at HK$0.7 per ordinary share into the share capital of the Company at any time during the tenure of the convertible bonds. During the year ended 31 March 2008, all the 2006 CB were converted into ordinary shares of the Company (note 34).

In addition to the early redemption option component, the convertible bonds contained two components, liability component and conversion option derivative. The fair value of the conversion option derivatives of the convertible bonds denominated in foreign currency was determined, upon issuance, and was carried as a derivative financial liability which is measured at fair value with movement dealt with in the income statement. The effective interest rate of the liability component was 21.68% per annum.

The movements of the liability component and conversion option derivative of the convertible bonds for the prior year are set out as below:

	Liability component		**Derivatives component**	
		Shown as		**Shown as**
	US$'000	HK$'000	US$'000	HK$'000
At 1 April 2007	35,014	273,105	19,851	154,839
Interest expense	2,533	19,754	–	–
Interest paid	(588)	(4,577)	–	–
Loss arising on changes of fair value	–	–	28,526	222,503
Conversion	(36,959)	(288,282)	(48,377)	(377,342)
At 31 March 2008 and 31 March 2009	–	–	–	–

32. CONVERTIBLE BONDS *(Continued)*

The fair value of conversion option derivative of 2006 CB at 23 July 2007 (the conversion date) was calculated using the binomial option pricing model developed by Cox, Ross, and Rubinstein in 1979. The inputs into the model were as follows:

Exercise price	HK$0.70
Share price	HK$1.66
Volatility	54.70%
Risk free rate	4.28%
Expected annual dividend yield	1.50%

Since the binomial option pricing model requires the input of highly subjective assumptions, including the volatility of share price, changes in subjective input assumptions can materially affect the fair value estimate.

In the opinion of directors, the binomial option pricing model is appropriate in the valuation of conversion option derivative upon conversion.

33. DERIVATIVE FINANCIAL LIABILITIES

(a) Foreign currency swap contract

The Company used a currency swap contract to hedge its borrowings denominated in United States dollars, if necessary. The Company entered into the currency swap contract with an independent financial institution whereby, on 5 August 2008, the Company would pay RMB461,207,500 notional amount (with a fixed interest rate of 6.33% per annum payable semi-annually) and receive United States dollars 57,500,000 notional amount (with a fixed interest rate of 9% per annum receivable semi-annually). The currency swap contract was terminated during the year ended 31 March 2008 upon the repayment of such borrowings, resulting in fair value loss of HK$37,405,000.

(b) Warrants

On 8 November 2007 and 18 December 2007, the Company issued 74,415,000 and 37,207,500 unlisted warrants conferring rights to subscribe for up to 74,415,000 and 37,207,500 new ordinary shares of HK$0.10 each in the Company respectively from the issue date to 8 November 2012 at the exercise price of HK$2.46 per share, which has been adjusted to HK$1.23 per share (subject to adjustments) during the year ended 31 March 2009.

Warrants are classified as derivative financial liabilities which are measured at fair value with movement dealt with in the income statement.

33. DERIVATIVE FINANCIAL LIABILITIES *(Continued)*

(b) Warrants *(Continued)*

The fair values of warrants at 8 November 2007 and 18 December 2007 (the dates of issue) and at year end dates were calculated using binomial option pricing model developed by Cox, Ross, and Rubinstein in 1979. The inputs into the model were as follows:

	8.11.2007	18.12.2007	31.3.2008	**31.3.2009**
Exercise price	HK$2.46	HK$2.46	HK$2.46	**HK$1.23**
Share price	HK$2.22	HK$1.46	HK$1.16	**HK$0.325**
Volatility	59.25%	59.56%	67.71%	**71.00%**
Risk free rate	3.009%	2.987%	1.977%	**1.341%**
Dividend yield	1.5%	1.5%	1.5%	**0%**

The fair value of warrants as at 31 March 2009 was HK$7,330,000 (2008: HK$54,729,000). The fair values of warrants at the dates of issue represented the transaction costs that relate to the issue of the senior notes (see note 31(d)) and are allocated to the senior notes on initial recognition.

Since the model requires the input of highly subjective assumptions, including the volatility of share price, changes in subjective input assumptions can materially affect the fair value estimate.

34. SHARE CAPITAL

Shares

	Number of ordinary shares	Nominal value HK$'000
Authorised:		
Ordinary shares of HK$0.10 each at 1 April 2007	3,000,000,000	300,000
Increase on 12 November 2007	4,000,000,000	400,000
At 31 March 2008 and 31 March 2009	7,000,000,000	700,000
Issued and fully paid:		
At 1 April 2007	2,315,520,000	231,552
Issue of shares upon conversion of convertible bonds	443,862,857	44,386
Issue of shares upon exercise of share options	31,200,000	3,120
At 31 March 2008 and 31 March 2009	2,790,582,857	279,058

During the year ended 31 March 2008, convertible bonds with an aggregate nominal amount of approximately HK$310,704,000 were converted into 443,862,857 shares in the Company of HK$0.10 each.

Share options

Details of the Company's share option schemes and the share options issued under the schemes are included in note 37.

35. LONG TERM PAYABLES

At 31 March 2008, the long term payables included (i) deferred consideration for acquisition of a jointly controlled entity of HK$12,179,000 which are discounted at the prevailing market interest rate on the date of acquisition; and (ii) a payable to the local PRC government of HK$141,661,000 in connection with a property development project acquired during the year ended 31 March 2008, which is interest-free and wholly repayable in March 2010 and discounted at the prevailing market interest rate of 9%. These amounts have been included in other payables and accruals as at 31 March 2009 as they are repayable within one year.

The repayment term of the long term payables is analysed into:

	2009	2008
	HK$'000	HK$'000
In the second year	**180**	13,220
In the third to fifth years, inclusive	**549**	141,661
	729	154,881

36. DEFERRED TAX LIABILITIES

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

	Business combination (Note (a))	Fair value adjustments of investment properties	Tax losses	Undistributed profits of subsidiaries	Others (Note (b))	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2007 as originally stated	679,461	26,815	(20,000)	–	23,743	710,019
Effect of change in accounting policy	–	–	–	–	(98,159)	(98,159)
At 1 April 2007 as restated	679,461	26,815	(20,000)	–	(74,416)	611,860
Exchange realignment	50,775	2,604	(1,562)	–	(13,762)	38,055
Charged (credited) to the income statement during the year (note 11)	34,697	10,230	13,458	–	(40,975)	17,410
Change in tax rate (note 11)	(144,568)	(6,501)	–	–	–	(151,069)
Charged to equity during the year	–	–	–	–	3,260	3,260
At 31 March 2008	620,365	33,148	(8,104)	–	(125,893)	519,516
Exchange realignment	13,444	489	(282)	55	(2,366)	11,340
(Credited) charged to the income statement during the year (note 11)	(82,303)	(16,960)	(4,370)	31,867	121,409	49,643
Credited to equity during the year	–	–	–	–	(305)	(305)
At 31 March 2009	**551,506**	**16,677**	**(12,756)**	**31,922**	**(7,155)**	**580,194**

36. DEFERRED TAX LIABILITIES *(Continued)*

Notes:

(a) This represents the tax effect of temporary differences arising from the fair value adjustments to properties under development upon acquisition of property holding subsidiaries.

(b) This represents the tax effect of temporary differences arising from the adjustments to management accounts of certain subsidiaries to conform to the Group's accounting policies of revenue recognition, capitalisation of interest expenses and other property development costs.

(c) At the balance sheet date, the Group has unused tax losses of HK$436,265,000 (2008: HK$406,669,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK$51,024,000 (2008: HK$32,416,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK$385,241,000 (2008: HK$374,253,000) due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of HK$281,681,000 (2008: HK$281,188,000) that will gradually expire until 2013. Other losses will be carried forward indefinitely.

37. SHARE OPTION SCHEMES

On 20 September 1997, the Company adopted a share option scheme (the "Scheme 1997") for the eligible participants, including the directors of the Company (other than non-executive directors) or any of its subsidiaries and other employees of the Group, pursuant to which options to subscribe for an aggregate of up to 10% of the issued share capital of the Company from time to time were able to be granted. Under the Scheme 1997, the directors of the Company were allowed to terminate the Scheme 1997 at any time and in accordance therewith, the directors terminated the Scheme 1997 on 30 August 2002. However, all the options granted under the Scheme 1997 which remained outstanding on the date of termination of the Scheme 1997 continue to be valid and exercisable in accordance with the provisions of the Scheme 1997.

A new option scheme (the "Scheme 2002") was adopted by the shareholders of the Company at the annual general meeting held on 24 September 2002. Under the Scheme 2002, the directors of the Company may, subject to and in accordance with the provisions of the Scheme 2002 and the Listing Rules, grant share options to any eligible participant to subscribe for shares in the capital of the Company. A summary of the principal terms of the Scheme 2002 is as follows:

(a) Purposes of the Scheme 2002

The purposes of the Scheme 2002 are to provide incentives or rewards to eligible participants thereunder for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any entity in which the Group holds any equity interest ("Invested Entity").

37. SHARE OPTION SCHEMES *(Continued)*

(b) Eligible participants ("Participants")

The directors may, at their absolute discretion, invite any person belonging to any of the following classes of the Participants, to take up options to subscribe for shares in the capital of the Company:

(i) any eligible employee of the Company or its subsidiaries;

(ii) any non-executive director (including any independent non-executive director) of the Company, any of its subsidiaries or any Invested Entity;

(iii) any supplier of goods or services to any member of the Group or any Invested Entity;

(iv) any customer of the Group or any Invested Entity;

(v) any legal or financial adviser of the Group or any Invested Entity or any technical consultant that provides research, development or other technological support to the Group or any Invested Entity; and

(vi) any shareholder of any member of the Group or any Invested Entity, or any holder of any securities issued by any member of the Group or any Invested Entity who has made or may make a contribution to the development and growth of the Group or any Invested Entity;

and, for the purposes of the Scheme 2002, options may be granted to any company wholly owned by one or more persons belonging to any of the above classes of Participants or any discretionary object of a Participant which is a discretionary trust.

The basis of eligibility of any of the above classes of Participants to the grant of any option shall be determined by the directors from time to time with regard to their contribution to the development and growth of the Group and any Invested Entity.

(c) Maximum number of shares

(i) The maximum number of shares to be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme 2002 and any other share option schemes of the Company must not in aggregate exceed 30% of the issued share capital of the Company from time to time.

(ii) The total number of shares which may be issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Scheme 2002 and any other share option schemes of the Company) to be granted under the Scheme 2002 and any other share option schemes of the Company must not in aggregate exceed 10% of the issued share capital of the Company as at the date of adoption of Scheme 2002 (the "General Scheme Limit) or if such 10% limit is refreshed, at the date of shareholders' approval of the renewal of the General Scheme Limit.

37. SHARE OPTION SCHEMES *(Continued)*

(d) Maximum entitlement of each Participant

The total number of shares issued and which may fall to be issued upon exercise of the options granted under the Scheme 2002 and any other share option schemes of the Company (including both exercised and outstanding options) to each Participant in any 12-month period must not exceed 1% of the issued share capital of the Company for the time being (the "Individual Limit"). Any further grant of options to a Participant in excess of the Individual Limit in any 12-month period up to and including the date of such further grant is subject to the issue of a circular to the shareholders and the shareholders' approval in a general meeting of the Company with such Participant and his associates abstaining from voting.

(e) Grant of options to connected persons

(i) Any grant of options under the Scheme 2002 to a director, chief executive or substantial shareholder of the Company or any of their respective associates must be approved by the independent non-executive directors (excluding any independent non-executive director who is the grantee of the options).

(ii) Where any grant of options to a substantial shareholder or an independent non-executive director, or any of their respective associates, would result in the Company's shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

(aa) representing in aggregate over 0.1% of the Company's shares in issue; and

(bb) having an aggregate value, based on the closing price of the Company's shares at the date of each grant, in excess of HK$5,000,000,

such further grant of options must be approved by the shareholders in a general meeting.

Any change in the terms of the options granted to a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates must be approved by the shareholders in a general meeting.

(f) Time of acceptance and exercise of an option

An offer of a grant of an option may be accepted by a Participant within 28 days from the date of the offer of the grant of the option. A consideration of HK$1 in total is payable on acceptance of the offer of grant of an option.

An option may be exercised in accordance with the terms of the Scheme 2002 at any time during a period to be determined and notified by the directors to each grantee, which period may commence on the day on which the offer of the grant of the option is made but shall end in any event not later than ten years from the date of the grant of the option subject to the provisions for early termination thereof. The directors may at their discretion determine the minimum period for which an option granted under the Scheme 2002 must be held before it can be exercised, although there is no specific requirement of such a minimum period under the Scheme 2002.

37. SHARE OPTION SCHEMES *(Continued)*

(g) Basis of determining the option exercise price

The subscription price for the shares under the Scheme 2002 shall be a price determined by the directors, but shall not be less than the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheet on the date of the offer of the grant, which must be a trading day; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheet for the five trading days immediately preceding the date of the offer of the grant; and (iii) the nominal value of the Company's shares. Without prejudice to the generality of the foregoing, the directors may grant options in respect of which the subscription price is fixed at different prices for different periods during the option period provided that the subscription price for the Company's shares for each of the different periods shall not be less than the subscription price determined in the manner set out herein.

(h) Period of the Scheme 2002

The Scheme 2002 will remain in force for a period of ten years commencing on 24 September 2002.

The following table discloses movements of the Company's share options granted under the Scheme 1997 during the prior year:

	Number of share options					
Name or category of Participant	At 1 April 2007	Exercised during the year	At 31 March 2008	Date of grant of share options(1)	Exercise period of share options(3)	Exercise price of share options(2) HK$
Directors						
Chan Boon Teong	6,400,000	(6,400,000)	–	20 May 2000	1 October 2000 to 19 September 2007	0.20
Jiang Ming	6,400,000	(6,400,000)	–	20 May 2000	1 October 2000 to 19 September 2007	0.20
Tao Lin	6,400,000	(6,400,000)	–	20 May 2000	1 October 2000 to 19 September 2007	0.20
Cheng Wing Bor	6,400,000	(6,400,000)	–	20 May 2000	1 October 2000 to 19 September 2007	0.20
Lin Chen Hsin	1,600,000	(1,600,000)	–	20 May 2000	1 October 2000 to 19 September 2007	0.20
Other employees						
In aggregate	4,000,000	(4,000,000)	–	20 May 2000	1 October 2000 to 19 September 2007	0.20
	31,200,000	(31,200,000)	–			

37. SHARE OPTION SCHEMES *(Continued)*

Notes:

(1) The vesting period of the share options is from the date of grant until the commencement of the exercise period.

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

(3) The share options are exercisable in tranches during the period from 1 October 2000 to 19 September 2007, as specified in the share option certificates.

In respect of the share options exercised during the year ended 31 March 2008, the weighted average share price at the date of exercise was HK$1.36.

The following table discloses movements of the Company's share options by the vesting period granted under the Scheme 2002 during the year and prior year:

Option type	At 1 April 2007	Granted during the year	At 31 March 2008	Forfeited during the year	At 31 March 2009
Granted on 14 May 2007					
– with vesting period from 14 May 2007 to 14 May 2008	–	15,400,000	15,400,000	(2,000,000)	13,400,000
– with vesting period from 14 May 2007 to 14 May 2009	–	30,082,000	30,082,000	(2,870,000)	27,212,000
– with vesting period from 14 May 2007 to 14 May 2010	–	15,400,000	15,400,000	(2,000,000)	13,400,000
– with vesting period from 14 May 2007 to 14 May 2011	–	15,400,000	15,400,000	(2,000,000)	13,400,000
– with vesting period from 14 May 2007 to 14 May 2012	–	49,658,000	49,658,000	(4,030,000)	45,628,000
	–	125,940,000	125,940,000	(12,900,000)	113,040,000

37. SHARE OPTION SCHEMES *(Continued)*

The following table discloses movements of the Company's share options granted under the Scheme 2002 during the year:

Name or category of Participant	Number of share options: At 1 April 2007	Granted during the year	At 31 March 2008	Forfeited during the year	At 31 March 2009	Date of grant of share options[1]	Exercise period of share options[3]	Exercise price of share options[2] HK$
Directors								
Chan Boon Teong	–	10,000,000	10,000,000	–	10,000,000	14 May 2007	15 May 2008 to 23 September 2012	1.20
Jiang Ming	–	10,000,000	10,000,000	–	10,000,000	14 May 2007	15 May 2008 to 23 September 2012	1.20
Tao Lin	–	10,000,000	10,000,000	–	10,000,000	14 May 2007	15 May 2008 to 23 September 2012	1.20
Cheng Wing Bor	–	10,000,000	10,000,000	–	10,000,000	14 May 2007	15 May 2008 to 23 September 2012	1.20
Lin Chen Hsin	–	2,500,000	2,500,000	–	2,500,000	14 May 2007	15 May 2008 to 23 September 2012	1.20
Wu Xin	–	6,000,000	6,000,000	–	6,000,000	14 May 2007	15 May 2008 to 23 September 2012	1.20
Xin Xiang Dong	–	4,000,000	4,000,000	(4,000,000)	–	14 May 2007	15 May 2008 to 23 September 2012	1.20
Hu Aimin	–	6,000,000	6,000,000	–	6,000,000	14 May 2007	15 May 2008 to 23 September 2012	1.20
Zhang Yijun	–	6,000,000	6,000,000	–	6,000,000	14 May 2007	15 May 2008 to 23 September 2012	1.20
Zhang Huaqiao	–	6,000,000	6,000,000	(6,000,000)	–	14 May 2007	15 May 2008 to 23 September 2012	1.20
Tang Lap Yan	–	2,500,000	2,500,000	–	2,500,000	14 May 2007	15 May 2008 to 23 September 2012	1.20
Law Kin Ho	–	2,000,000	2,000,000	–	2,000,000	14 May 2007	15 May 2008 to 23 September 2012	1.20
Wong Kai Cheong	–	2,000,000	2,000,000	–	2,000,000	14 May 2007	15 May 2008 to 23 September 2012	1.20
Other employees								
In aggregate	–	48,940,000	48,940,000	(2,900,000)	46,040,000	14 May 2007	15 May 2008 to 23 September 2012	1.20
	–	125,940,000	125,940,000	(12,900,000)	113,040,000			

37. SHARE OPTION SCHEMES *(Continued)*

Notes:

(1) The vesting period of the share options is from the date of grant until the commencement of the exercise period.

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

(3) The share options are exercisable in tranches during the period from 15 May 2008 to 23 September 2012, as specified in the share option certificates.

At 31 March 2009, the Company had 113,040,000 (2008: 125,940,000) share options outstanding under the Scheme 2002, which represented approximately 4.1% (2008: 4.5%) of the Company's shares in issue at that date. The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of 113,040,000 (2008: 125,940,000) additional ordinary shares of the Company and additional share capital of HK$11,304,000 (2008: HK$12,594,000) and share premium of HK$124,344,000 (2008: HK$138,534,000) (before issue expenses).

During the year ended 31 March 2008, 125,940,000 share options were granted under the Scheme 2002 on 14 May 2007 to the eligible directors and employees of the Group. The fair value of the options determined at the date of grant using the Black-Scholes-Merton option pricing model ranged from HK$0.42 to HK$0.67. The total fair value of the grant was HK$76,077,000 of which a share option expense of HK$16,953,000 (2008:HK$23,751,000) was recognised for the year ended 31 March 2009.

The following assumptions were used to calculate the fair values of share options:

Closing share price at the date of grant	HK$1.31
Exercise price	HK$1.20
Vesting period:	
Tranche 1	from 14 May 2007 to 14 May 2008
Tranche 2	from 14 May 2007 to 14 May 2009
Tranche 3	from 14 May 2007 to 14 May 2010
Tranche 4	from 14 May 2007 to 14 May 2011
Tranche 5	from 14 May 2007 to 14 May 2012
Expected life	from 1.51 years to 5.19 years
Expected volatility	59%
Dividend yield	1.5%
Risk-free interest rate	from 3.886% to 4.028%

The Black-Scholes-Merton option pricing model has been used to estimate the fair values of the options. The variables and assumptions used in computing the fair values of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

38. ACQUISITION OF PROPERTY BASED SUBSIDIARIES

(a) During the year ended 31 March 2009, the Group acquired an additional interest in certain completed properties for sale in the PRC and their related assets and liabilities at a consideration of HK$33,107,000 from certain third parties. The acquisition was made by way of acquiring the additional 29.2% equity interest in a jointly controlled entity, Wendela and since then, Wendela became a wholly-owned subsidiary of the Group (see note 21). This transaction was accounted for as purchase of assets and liabilities rather than as business combination as the subsidiary acquired is a property holding company with no business concern.

(b) During the year ended 31 March 2008, the Group acquired certain properties under development in the PRC and their related assets and liabilities at the consideration of HK$259,222,000 from certain third parties. The acquisition was by way of acquiring company named Suzhou New Development Investment Co., Ltd. The transaction was accounted for as purchase of assets and liabilities rather than as business combination as the subsidiary acquired is a property holding company with no business concern.

(c) The net assets acquired in these transactions are as follows:

	2009 **HK$'000**	2008 HK$'000
Net assets acquired:		
Property, plant and equipment (note 17)	**–**	617,078
Completed properties for sale	**83,763**	–
Trade receivables	**–**	213
Prepayments, deposits and other receivables	**35,469**	10,722
Cash and bank balances	**20,315**	39,887
Trade payables	**–**	(7)
Other payables and accruals	**(16,828)**	(31,439)
Deposits received	**(89,612)**	–
Interest-bearing bank and other borrowings	**–**	(249,338)
Long term payables	**–**	(127,894)
	33,107	259,222
Satisfied by:		
Cash	**11,565**	259,222
Other payables	**21,542**	–
	33,107	259,222

38. ACQUISITION OF PROPERTY BASED SUBSIDIARIES *(Continued)*

(c) *(Continued)*

An analysis of the net inflow (outflow) of cash and cash equivalents in respect of the acquisition of property based subsidiaries is as follows:

	2009	2008
	HK$'000	HK$'000
Cash consideration	**(11,565)**	(259,222)
Cash and bank balances acquired	**20,315**	39,887
Net inflow (outflow) of cash and cash equivalents in respect of the acquisition of property based subsidiaries	**8,750**	(219,335)

The results of subsidiaries acquired during the years ended 31 March 2009 and 31 March 2008 had no significant impact on the Group's consolidated revenue or profit after taxation for those years.

39. ACQUISITION OF PROPERTY BASED JOINTLY CONTROLLED ENTITY

(a) During the year ended 31 March 2008, the Group acquired certain properties under development in the PRC through acquisition of 100% equity interest in Beijing Coastal Greenland Shiji Real Estate Development Co., Ltd. ("Beijing Shiji") by Beijing Gaosheng Real Estate Company Limited ("Gaosheng"), of the Group, at a consideration of HK$52,627,000. The transaction was accounted for as purchase of assets and liabilities rather than business combination as the only activity of Beijing Shiji is the holding of the properties under development. Since December 2007, Gaosheng became the subsidiary of the Group (see note 21) and hence Beijing Shiji became a subsidiary of the Group as well.

(b) The net assets acquired in the above-mentioned transaction are as follows:

	2009	2008
	HK$'000	HK$'000
Net assets acquired:		
Property, plant and equipment (note 17)	**–**	2,025
Properties under development (note 25)	**–**	146,649
Cash and bank balances	**–**	6,264
Other payables and accruals	**–**	(102,311)
	–	52,627
Satisfied by:		
Cash	**–**	52,627

39. ACQUISITION OF PROPERTY BASED JOINTLY CONTROLLED ENTITY *(Continued)*

(b) *(Continued)*

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of property based jointly controlled entity is as follows:

	2009	2008
	HK$'000	HK$'000
Cash consideration	**–**	(52,627)
Cash and bank balances acquired	**–**	6,264
Net outflow of cash and cash equivalents in respect of the acquisition of property based jointly controlled entity	**–**	(46,363)

40. DISPOSAL OF PROPERTY BASED SUBSIDIARIES

During the years ended 31 March 2009 and 31 March 2008, the Group disposed of certain subsidiaries which were engaged in property development in the PRC.

	2009	2008
	HK$'000	HK$'000
Net assets disposed of:		
Property, plant and equipment (note 17)	**1,662**	575
Properties under development (note 25)	**176,657**	330,959
Prepayments, deposits and other receivables	**2,241**	7,467
Cash and bank balances	**52,660**	54,517
Other payables and accruals	**(86,232)**	(74,108)
Interest-bearing bank and other borrowings	**(90,549)**	–
	56,439	319,410
Less: Amount classified as interests in associates after disposal	**–**	(63,882)
	56,439	255,528
Attributable goodwill (note 20)	**–**	137
Exchange fluctuation reserve released	**–**	2,694
(Loss) gain on disposal of property based subsidiaries	**(4,920)**	40,775
	51,519	299,134
Satisfied by:		
Cash	**51,519**	299,134

40. DISPOSAL OF PROPERTY BASED SUBSIDIARIES *(Continued)*

An analysis of the net (outflow) inflow of cash and cash equivalents in respect of the disposal of property based subsidiaries is as follows:

	2009 **HK$'000**	2008 HK$'000
Cash consideration	**51,519**	299,134
Cash and bank balances disposed of	**(52,660)**	(54,517)
Net (outflow) inflow of cash and cash equivalents in respect of the disposal of property based subsidiaries	**(1,141)**	244,617

The results of the subsidiaries disposed of during the years ended 31 March 2009 and 31 March 2008 had no significant impact on the Group's consolidated revenue or profit after taxation for those years.

41. MAJOR NON-CASH TRANSACTION

During the year ended 31 March 2008, convertible bonds with an aggregate nominal amount of approximately HK$310,704,000 were converted into 443,862,857 shares in the Company of HK$0.10 each with share premium of HK$621,238,000 recorded.

42. CONTINGENT LIABILITIES

(a) At balance sheet date, the Group had given guarantees as follows:

	2009 **HK$'000**	2008 HK$'000
Guarantees given to banks in connection with		
– mortgage loans granted to property purchasers	**2,131,360**	1,514,878
– banking facilities granted to associates	**283,447**	267,657
	2,414,807	1,782,535

The directors considered that the fair values of these financial guarantee contracts at their initial recognition are insignificant on the basis of short maturity periods and low applicable default rates.

42. CONTINGENT LIABILITIES *(Continued)*

(b) Previously, the PRC government has re-emphasised the enforcement of the regulations on idle land confiscation which was issued by the Ministry of Land Resources of the PRC on 26 April 1999. As at 31 March 2009, the Group has a property under development with carrying value of HK$141,596,000 (2008: HK$138,215,000) of which its development is still pending on the finalisation of the overall town planning and zoning of local government. The Group believes that under such circumstances, it is unlikely that the project will fall into the category of idle land. The Group is negotiating with the local authorities to approve the project development plan in line with the overall town planning and zoning. With reference to the current situation and based on a legal advice seeked by the Group, the directors have assessed the issue and consider no provision is required for impairment in value of the land.

43. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties (note 18) under operating lease arrangements, with leases negotiated for terms ranging from 1 month to over 5 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 the balance sheet date, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	2009 HK$'000	2008 HK$'000
Within one year	**9,667**	8,445
In the second to fifth years, inclusive	**17,636**	10,148
	27,303	18,593

(b) As lessee

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from 1 to over 5 years.

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

	2009 HK$'000	2008 HK$'000
Within one year	**10,513**	7,525
In the second to fifth years, inclusive	**4,944**	6,569
	15,457	14,094

44. CAPITAL COMMITMENTS

At 31 March 2009, the Group had the following capital commitments:

	2009 HK$'000	2008 HK$'000
Contracted but not provided for:		
Acquisition of property based subsidiaries	**675,385**	622,353
Acquisition of property, plant and equipment	**17,574**	88,701
Acquisition of land use rights in the PRC	**113,379**	–
Acquisition of an additional interest in a jointly controlled entity	**–**	32,376
	806,338	743,430
Authorised but not contracted for:		
Acquisition of property, plant and equipment	**204,082**	199,579

45. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances disclosed elsewhere in the notes to the consolidated financial statements, the Group had the following significant transactions with related parties:

(i) Prior to 2005, the Group obtained the refinancing of a loan in respect of certain completed properties for sale situated in the PRC (the "Properties") through the arrangement of individual mortgage loans in aggregate amounting to HK$35.9 million (the "Loans") taken out by certain senior management personnel of the Company's subsidiaries (the "Senior Management Personnel"). Under the refinancing arrangement, the Group disposed of the Properties to the Senior Management Personnel for their arrangement of the individual mortgage loans with a bank, the proceeds of which were used to settle the consideration payable to the Group. The Group is responsible for the interest and principal payments of the Loans and the Group retains the beneficial ownership of the Properties and the associated benefits through certain trust deeds and other arrangements. In the opinion of the directors, the Group retains the significant risks and rewards associated with the Properties and the Loans. As such, the Group continued to recognise the Properties and recorded the proceeds received from the Senior Management Personnel as an other loan in the consolidated financial statements to reflect the commercial substance of the aforesaid refinancing arrangement. As at 31 March 2009, the aggregate carrying value of the Properties and the balance of the Loans carried in the consolidated balance sheet amounted to approximately HK$80.1 million (2008: HK$85.8 million) and HK$15.4 million (2008: HK$18.1 million) respectively.

(ii) During the year ended 31 March 2008, the Group received project management fee income of HK$7,395,000 from an associate.

45. RELATED PARTY TRANSACTIONS *(Continued)*

(b) Outstanding balances with related parties

(i) The amount due to a substantial shareholder of the Company represents amount due to Coastal International Holdings Limited ("CIH"). The amount is unsecured, interest-free and repayable on demand. Certain directors of the Company have significant influence over CIH in making financial and operating decisions.

(ii) The Group's balances with its jointly controlled entities and associates are unsecured, interest-free and repayable on demand.

(c) Compensation of key management personnel of the Group

	2009	2008
	HK$'000	HK$'000
Short term benefits	**17,023**	16,953
Share-based payment	**11,485**	17,497
Post-employment benefits	**188**	193
Total compensation paid to key management personnel	**28,696**	34,643

Further details of directors' emoluments are included in note 13.

46. BALANCE SHEET INFORMATION OF THE COMPANY

Balance sheet information of the Company at the balance sheet date includes:

	Note	2009 HK$'000	2008 HK$'000
NON-CURRENT ASSETS			
Interests in subsidiaries		**2,457,885**	2,487,843
Available-for-sale investments		**2,400**	2,400
Pledged bank deposits		**69,914**	70,360
Total non-current assets		**2,530,199**	2,560,603
CURRENT ASSETS			
Prepayments and other receivables		**–**	2,000
Amount due from a substantial shareholder of the Company		**1,306**	1,314
Cash and bank balances		**842**	73,573
Total current assets		**2,148**	76,887
CURRENT LIABILITIES			
Other payables and accruals		**54,208**	62,232
Amount due to a subsidiary		**135,626**	10,614
Derivative financial liability – warrants		**7,330**	54,729
Total current liabilities		**197,164**	127,575
NET CURRENT LIABILITIES		**(195,016)**	(50,688)
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,335,183**	2,509,915
CAPITAL AND RESERVES			
Share capital		**279,058**	279,058
Reserves	a	**1,139,692**	1,206,632
Total equity		**1,418,750**	1,485,690
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**916,433**	1,024,225
		2,335,183	2,509,915

46. BALANCE SHEET INFORMATION OF THE COMPANY *(Continued)*

Note:

(a) Reserves of the Company

	Share premium account HK$'000	Contributed surplus HK$'000	Exchange fluctuation reserve HK$'000	Share options reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2007	502,442	2,315,552	–	–	(2,111,687)	706,307
Issue of shares upon conversion of convertible bonds	621,238	–	–	–	–	621,238
Issue of shares upon exercise of share options	3,120	–	–	–	–	3,120
Exchange differences on translation to presentation currency	–	–	(62,872)	–	–	(62,872)
Recognition of equity-settled share-based payment	–	–	–	23,751	–	23,751
Loss for the year	–	–	–	–	(84,600)	(84,600)
2008 final dividend paid	–	(312)	–	–	–	(312)
At 31 March 2008 and 1 April 2009	1,126,800	2,315,240	(62,872)	23,751	(2,196,287)	1,206,632
Exchange differences on translation to presentation currency	–	–	(26,085)	–	–	(26,085)
Recognition of equity-settled share-based payment	–	–	–	16,953	–	16,953
Forfeiture of share options	–	–	–	(500)	500	–
Loss for the year	–	–	–	–	(57,808)	(57,808)
At 31 March 2009	**1,126,800**	**2,315,240**	**(88,957)**	**40,204**	**(2,253,595)**	**1,139,692**

47. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries at the balance sheet date are as follows:

Name of subsidiary	Place of incorporation/ registration and operations	Nominal value of issued share capital/ registered capital (Note (i))	Percentage of equity attributable to to the Company	Principal activities
Directly held subsidiaries:				
Coastal Commercial Developments Limited	Hong Kong	HK$1 Ordinary	100	Investment holding
Coastal Realty (BVI) Limited	British Virgin Islands/ Hong Kong	US$200 Ordinary	100	Investment holding
Coastal Realty Investment (China) Limited#	PRC	US$100,000,000	100	Investment holding
Indirectly held subsidiaries:				
Beijing Gaosheng Real Estate Company Limited#	PRC	RMB466,800,000	100	Property development and investment
Beijing Wendela Real Estate Development Co., Ltd.	PRC	RMB100,000,000	100	Land development
Beijing Xing Gang Real Estate Co., Ltd.#	PRC	US$13,500,000	100	Property development
Chengdu Dingyuan Real Estate Ltd.	PRC	RMB10,000,000	79	Property development
Coastal Greenland Development Jiangxi Limited#	PRC	US$12,000,000	100	Property development
Coastal Greenland Development (Shenyang) Ltd.#	PRC	US$20,000,000	100	Investment holding
Coastal Greenland Development (Shenzhen) Ltd.#	PRC	US$12,000,000	100	Property development
Coastal Greenland Development (Wuhan) Ltd.#	PRC	RMB50,000,000	100	Property development
Coastal Greenland Development (Xiamen) Ltd.#	PRC	RMB100,000,000	100	Property development

47. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation/ registration and operations	Nominal value of issued share capital/ registered capital (Note (i))	Percentage of equity attributable to the Company	Principal activities
Indirectly held subsidiaries: *(Continued)*				
Coastal Greenland Investment (Sichuan) Ltd.#	PRC	RMB50,000,000	100	Land development
Coastal Realty Development Co. Limited	Hong Kong	HK$10 Ordinary HK$20,000,000 Non-voting deferred shares (Note ii)	100	Investment holding
Coastal Realty Development (Shanghai) Co., Ltd.#	PRC	US$12,000,000	100	Investment holding
Coastal Realty Management Company Limited	Hong Kong	HK$500,000 Ordinary	100	Investment holding
Coastal Riviera (Anshan) Development Co., Ltd.#	PRC	RMB42,000,000	100	Property development
Dongguan Riviera Garden Development Co., Ltd.#	PRC	RMB10,000,000	100	Property development
Dragon Gain Investment Limited	Hong Kong	HK$1,000 Ordinary	100	Investment holding
Fenhall Development Limited	Hong Kong	HK$10,000 Ordinary	100	Property investment
Fenson Development Limited	Hong Kong	HK$10,000 Ordinary	100	Property investment
Frenwick Development Limited	Hong Kong	HK$10,000 Ordinary	100	Property investment
Globe Gain Limited	Hong Kong	HK$3 Ordinary	100	Investment holding
Innovative Marketing and Strategy (Shenzhen) Ltd.#	PRC	RMB1,000,000	100	Management services
Jingdian Construction Co., Ltd.#	PRC	RMB50,000,000	100	Construction

47. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation/ registration and operations	Nominal value of issued share capital/ registered capital (Note (i))	Percentage of equity attributable to to the Company	Principal activities
Indirectly held subsidiaries: *(Continued)*				
Joinwell Investment Limited	Hong Kong	HK$2 Ordinary	100	Investment holding
Kings Crown Holdings Ltd.	British Virgin Islands/ Hong Kong	US$50,000 Ordinary	100	Investment holding
Liaoning Baocheng Real Estate Development Co., Ltd.# (Note (iii))	PRC	US$50,000,000	50	Property development
My Home Services (Shenzhen) Ltd.#	PRC	US$1,400,000	100	Property management
North Coastal Real Estate Development (Dalian) Co., Ltd.#	PRC	US$5,000,000	100	Property development
Pearl Square Enterprises Limited	Hong Kong	HK$2 Ordinary	100	Investment holding
Shanghai Coastal Commercial Investment Management Co., Ltd.	PRC	RMB10,000,000	100	Investment holding
Shanghai Coastal Greenland Real Estate Ltd.^	PRC	RMB110,000,000	100	Investment holding
Shanghai Ling Zhi Properties Co., Ltd.#	PRC	US$25,000,000	100	Property investment
Shanghai Xinhongda Real Estate Ltd.#	PRC	RMB248,292,951	100	Property development
Shenyang Coastal Rongtian Real Estate Co., Ltd.#	PRC	US$18,000,000	80	Property development
Shenyang Market Real Estate Development Co., Ltd.	PRC	RMB12,000,000	100	Property investment
Shenzhen Coastal Property Investment Limited#	PRC	US$11,000,000	100	Property development

47. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation/ registration and operations	Nominal value of issued share capital/ registered capital (Note (i))	Percentage of equity attributable to to the Company	Principal activities
Indirectly held subsidiaries: *(Continued)*				
Shenzhen Tongzhe Culture Limited#	PRC	RMB1,000,000	100	Management service
Suzhou Gaotong Xinxi Zixun Co., Ltd.#	PRC	US$40,180,000	100	Investment holding
Suzhou New Development Investment Co., Ltd.#	PRC	RMB350,000,000	100	Property investment
Tacklemate Investment Limited	Hong Kong	HK$2 Ordinary	100	Property investment

Notes:

(i) For those companies incorporated in Hong Kong and the British Virgin Islands, the amounts stated represent the nominal value of the issued share capital. For those companies registered in the PRC, the amounts stated represent the registered capital.

(ii) Non-voting deferred shares do not entitle the holders to receive any profit, or to receive notice of or to attend or vote at any general meeting of the company. On a return of assets on a winding-up or otherwise, the assets of the company available for distribution among the members shall be distributed as regards the first HK$100,000,000,000,000 thereof among the holders of ordinary shares in proportion to the amounts paid up on the ordinary shares held by them, respectively, and the balance (if any) of such assets shall belong to and be distributed among the holders of the non-voting deferred shares and the holders of the ordinary shares pari passu among themselves in each case in proportion to the amounts paid up on the shares held by them, respectively.

(iii) The Group has control over the operation of this entity.

wholly foreign owned enterprise
^ contractual joint venture

The above table lists the subsidiaries of the Company 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 subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Schedule of Major Properties

PROPERTIES HELD FOR SALE AND INVESTMENT

Property description	Address	Type of development	GFA of the development (sq.m.)	GFA held by the Group at 31 March 2009 (sq.m.)	Interest in the development attributable to the Group	Completion/ delivery date
The PRC						
Anshan Greenland IT City	North of Wangyu Road and east of Shenying Road District A of Anshan Development Zone of Industries of High and New Technologies Anshan	Residential	438,358	27,574	21.13%	
Phase I						Jun 2000/Jun 2000
Phase II						Dec 2000/Dec 2000
Phase III						Apr 2002/Apr 2002
Phase IV						May 2003/Jun 2003
Phase V						Jun 2005/Oct 2005
Phase VI A						Dec 2006/May 2007
Phase VI B's E						Dec 2007/Apr 2008
Phase VI B's L						Jul 2008/Oct 2008
Beijing Silo City	5 Baizi Bay Chaoyang District Beijing	Residential/ commercial	494,100	68,103	100%	
Phase I						Mar 2007/Mar 2007
Phase II						Mar 2007/Jun 2007
Phase III						Sep 2007/Oct 2007
Phase V						Mar 2008/Jun 2008
Phase VII North						Mar 2009/Jun 2009
Beijing Sunvilla Realhouse	Panggezhuang Town Daxing County Beijing	Residential	112,160	7,624	100%	
Phase I						Dec 2004/Apr 2005
Phase II Section A						Mar 2007/May 2007
Phase II Section B						Aug 2008/Aug 2008
Dongguan Riviera Villa	Cai Bai Cun Dao Jiao District Dongguan	Residential	125,000	32,116	100%	
Phase I						Jul 2007/Jul 2007
Phase II						Mar 2008/May 2008
Jiangxi Riviera Garden	South of Gaoxin Avenue Changling Town Xinjian County Jiangxi	Residential	284,600	56,020	100%	
Phase I						Sep 2006/Sep 2006
Phase II						Mar 2007/Sep 2007
Phase III						Mar 2008/Jul 2008
Phase IV						Nov 2008/Mar 2009

PROPERTIES HELD FOR SALE AND INVESTMENT *(Continued)*

Property description	Address	Type of development	GFA of the development (sq.m.)	GFA held by the Group at 31 March 2009 (sq.m.)	Interest in the development attributable to the Group	Completion/ delivery date
Shanghai Golden Bridge Garden	103 Dong Zhu An Bin Road Changning District Shanghai	Residential	65,908	5,144	100%	Nov 1997/Dec 1997
Shanghai Golden Bridge Mansion	2077 Yanan West Road Changning District Shanghai	Commercial	35,768	6,834	100%	August 1993 (Note 1)
Shanghai Riviera Garden Phase I	1588 Mingzhong Road Xinqiao Town Songjiang District Shanghai	Residential	135,400	11,655	100%	Sep 2007/Nov 2007
Shenyang Dongbei Furniture and Ornaments Plaza	319 Shenliao Road Yuhong District Shenyang	Commercial	149,752	80,752	100%	2000 (Notes 2 and 3)
Shenzhen Dragon Court	Junction of Dongmen Central Road and Wenjin Central Road Luohu District Shenzhen	Residential	45,582	3,446	100%	
Phase I						Mar 2000/Mar 2000
Phase II						May 2003/May 2003
Shenzhen Noble Center	26/F, 37/F and 38/F Noble Center No.1006, 3 Fuzhong Road Futian District Shenzhen	Commercial – offices	N/A	4,819	100%	2006 (Notes 2 and 4)
Suzhou Coastal International Centre	No. 1296, West Ganjiang Road Jinchang District Suzhou	Commercial			100%	
		– offices	31,500	31,500		Mar 2009/ November 2009 (Notes 5 and 6)
		– serviced apartment	13,500	13,500		Mar 2009/Dec 2009

Schedule of Major Properties (Continued)

PROPERTIES HELD FOR SALE AND INVESTMENT *(Continued)*

Property description	Address	Type of development	GFA of the development (sq.m.)	GFA held by the Group at 31 March 2009 (sq.m.)	Interest in the development attributable to the Group	Completion/ delivery date
Wuhan Lakeside Apartment	West Airport Road and North of Jinyin Lake Dongxihu District Wuhan	Residential	282,242	3,642	100%	
Phase I						Apr 2003/Jun 2003
Phase II						May 2004/May 2004
Phase III						Aug 2005/Aug 2005
Phase IV						Mar 2006/Jun 2006
Wuhan Silo City	West of Zhangbo Freeway and North of Jinshan Avenue Dongxihu District Wuhan	Residential	364,200	70,697	100%	
Phase IA						Sep 2007/Nov 2007
Phase IB						Mar 2008/Aug 2008
Phase II Section A, B and C						Mar 2009/Aug 2009 (Note 6)
				423,426		

Note 1: The properties were developed by other PRC developers and the marketing and sales of which were underwritten by the Group.

Note 2: The properties were developed by other PRC independent developers.

Note 3: The Group has applied to redevelop the site for residential and commercial use with a total planned GFA of about 400,000 sq.m. The redevelopment plan is still subject to final approval by the relevant government authorities.

Note 4: The properties with GFA of 877 sq.m. are rented out and the remaining GFA of 3,942 sq.m. are used by the Group as its office.

Note 5: The construction of offices was completed in March 2009. The offices are currently at the final stage of interior decoration.

Note 6: Estimated time of delivery.

PROPERTIES HELD FOR SALE AND INVESTMENT *(Continued)*

Property description	Address	Type of development	GFA of the development (sq.m.)	GFA held by the Group at 31 March 2009 (sq.m.)	Interest in the development attributable to the Group	Completion/ delivery date
HONG KONG						
Vienna Mansion	Flat B, 10th Floor 55 Paterson Street Causeway Bay Hong Kong	Residential	N/A	113	100%	1958 (Notes 1 and 2)
				113		

Note 1: This residential property is occupied by the Group as staff quarters.

Note 2: The Group's property in Hong Kong was developed by other independent developer.

PROPERTIES UNDER DEVELOPMENT

Property description	Address	Type of development	Estimated GFA of the development (sq.m.)	Interest in the development attributable to the Group	Estimated completion/ delivery date (Note)
Anshan Qianshan Road Project	North of Wangyu Road and east of Shenying Road District A of Anshan Development Zone of Industries of High and New Technologies Anshan	Residental/ commercial	59,000	21.13%	2011
Anshan Wisdom New City	East of North Shengli Road South of Hunan Road Lishan District Anshan	Residential	203,100	21.13%	2009
Beijing Jian Guo Men Wai Project	North of Jian Guo Men Wai Da Street, Chaoyang District Beijing	Commercial	44,922	65%	2011

Schedule of Major Properties (Continued)

PROPERTIES UNDER DEVELOPMENT *(Continued)*

Property description	Address	Type of development	Estimated GFA of the development (sq.m.)	Interest in the development attributable to the Group	Estimated completion/ delivery date (Note)
Beijing Shengming Kexueyuan Project	Lot No. 18, Qingnian Apartment Zhongguanchun Live and Science Park Huilongguan Town Changping District Beijing	Commercial – serviced apartments	39,173	21.13%	To be determined
Beijing Silo City (Phases IV, VI and VII South)	5 Baizi Bay Chaoyang District Beijing	Residential/ commercial	374,600	100%	2009
Beijing Sunvilla Realhouse Phase III	Panggezhuang Town Daxing County Beijing	Residential	22,300	100%	To be determined
Chengdu Dujiangyan Project	Zone 4, 5, 6 East of Zouma River Xingfu County Dujiangyan City Chengdu	Residential	77,400	21.13%	To be determined
Chengdu Longquanyi Project	Baigongyan Scenic Zone Longquanyi District Chengdu	Residential	222,534	79%	To be determined
Dalian Xinghai Bay Project	Zone A, Xinghai Bay Shahekou District Dalian	Residential/ commercial	380,730	50%	2010
Dongguan Riviera Villa Phase III	Cai Bai Cun Dao Jiao District Dongguan	Residential	265,000	100%	To be determined
Shanghai Riviera Garden Phase II	1588 Mingzhong Road Xinqiao Town Songjiang District Shanghai	Residential	229,000	100%	2010

PROPERTIES UNDER DEVELOPMENT *(Continued)*

Property description	Address	Type of development	Estimated GFA of the development (sq.m.)	Interest in the development attributable to the Group	Estimated completion/ delivery date (Note)
Shenyang Hunnan Commercial Project	No. 8 Tiantan South Street Hunnan New District Shenyang	Commercial	187,100	80%	To be determined
Shenyang Hunnan Residential Project	No. 8 Tiantan South Street Hunnan New District Shenyang	Residential	346,500	20%	2009
Suzhou Coastal International Centre (excluding offices and serviced apartment)	No. 1296, West Ganjiang Road Jinchang District Suzhou	Commercial -shops/hotel	115,300	100%	2009
Wuhan Silo City (exclcuding Phases I and II sections A, B and C)	West of Zhangbo Freeway and North of Jinshan Avenue Dongxihu District Wuhan	Residential	1,095,800	100%	2009
			3,662,459		

Note: For projects to be completed and delivered in phases, the year given refers to the estimated year of completion/ delivery of the first mentioned phase. The estimated year of completion is the estimation of the Directors based on existing market conditions and assuming no unforeseen circumstances.

Schedule of Major Properties (Continued)

PROPERTY ACQUISITIONS PENDING COMPLETION

Property description	Address	Type of development	Estimated GFA of the development (sq.m.)	Interest in the development attributable to the Group
Dalian Qi Hang Project	South of Huabei Road and West of Huadong Road Ganjingzi District Dalian	Residential	147,700	100%
Shenyang Sujiatun Project	Sujiatun District Shenyang	Residential/ commercial	1,473,000	100%
Shenyang Wood Factory Project	Dong Ling District and Xin Cheng Zi District Shenyang	Residential	452,187	85%
Wuhan Tushu Dashijie Project	Tangjiadun Street Huanzihu Village Jianghan District Wuhan	Commercial	133,300	90%
			2,206,187	

(Please see further discussion on the properties and development projects of the Group in the "Review of Major Properties and Development Projects" section on pages 20 to 27 of the Annual Report).