Annual Report 2009/10

COASTAL 沿海

COASTAL GREENLAND LIMITED

(incorporated in Bermuda with limited liability)

Stock Code : 01124

CONTENTS

Corporate Information

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 1712-16, 17th Floor
China Merchants Tower
Shun Tak Centre
200 Connaught Road 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
Wanchai
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 and Managing Director)
Mr. TAO Lin
Mr. CHENG Wing Bor
Mr. LIN Chen Hsin
Mr. CAI Shaobin
Mr. ZHENG Hong Qing

NON-EXECUTIVE DIRECTORS

Mr. GUO Limin
Mr. XU Ruxin

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

COMPANY SECRETARY

Mr. CHENG Wing Bor FCCA, CPA

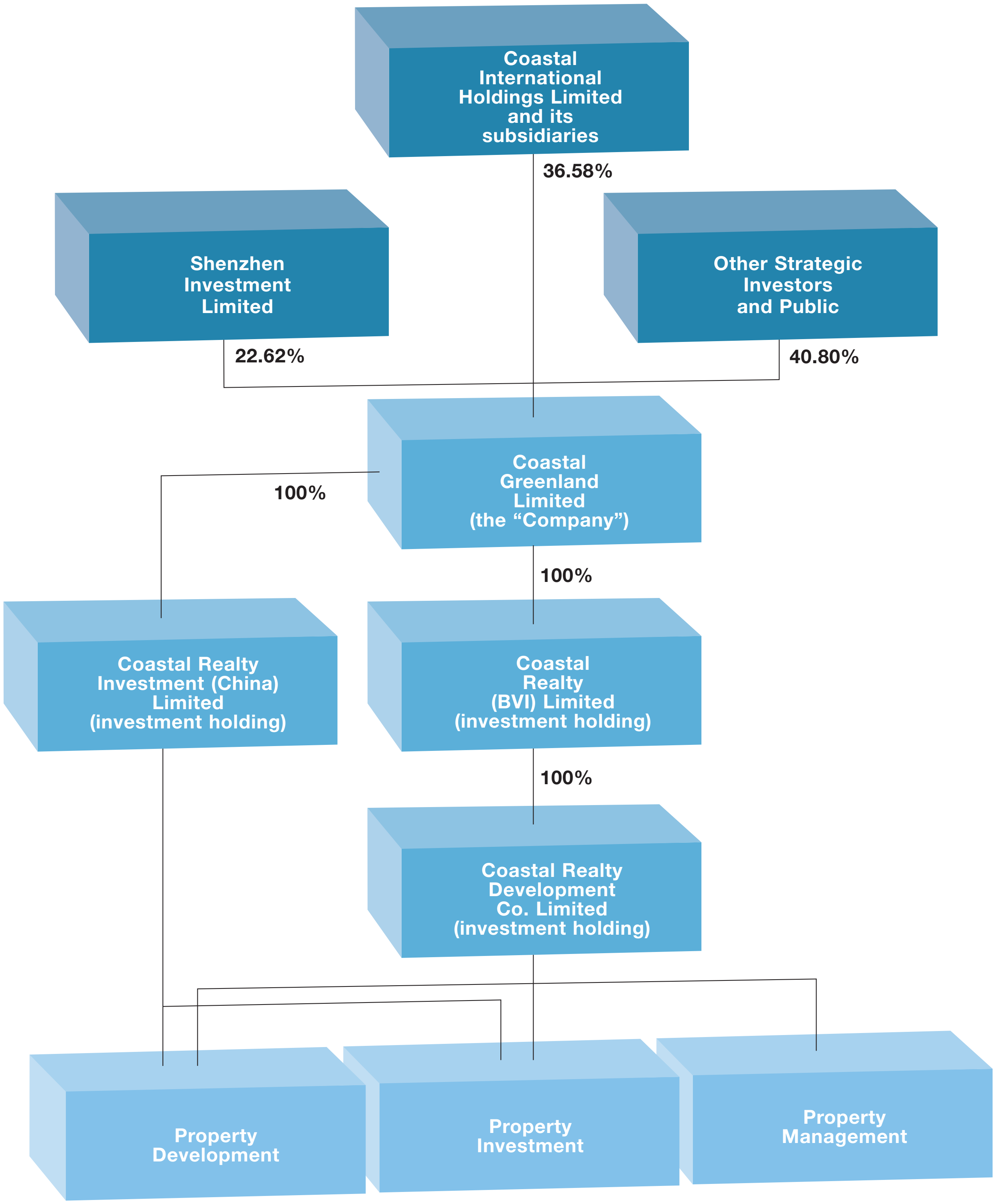
AUDITOR

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, assets and liabilities of the Group for the last five financial years as extracted from the audited consolidated financial statements and adjusted retrospectively for the effect of the change in accounting policy on revenue recognition for sales of development properties as detailed in note 2 to the consolidated financial statements for the year ended 31 March 2009.

RESULTS

	Year ended 31 March				
	2010	2009	2008	2007	2006
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**3,922,033**	2,956,174	3,114,980	1,203,318	539,098
Profit before taxation	**685,227**	548,689	429,925	182,658	88,740
Profit for the year attributable to owners of the Company	**209,577**	215,008	116,674	44,463	40,815
Dividends	**–**	–	–	50,749	43,182

ASSETS AND LIABILITIES

	As at 31 March				
	2010	2009	2008	2007	2006
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**16,745,686**	14,490,890	12,836,660	10,933,435	5,602,246
Total liabilities	**(13,306,458)**	(10,873,080)	(9,583,521)	(8,675,476)	(4,022,281)
Total equity	**3,439,228**	3,617,810	3,253,139	2,257,959	1,579,965
Minority interests	**(63,331)**	(490,046)	(435,942)	(430,929)	(39,944)
Equity attributable to owners of the Company	**3,375,897**	3,127,764	2,817,197	1,827,030	1,540,021

	Year ended 31 March 2010 HK$'000	2009 HK$'000
Revenue		
– Sale of properties	**3,899,879**	2,943,218
– Rental income	**14,960**	9,141
– Property management income	**7,194**	3,815
Total	**3,922,033**	2,956,174

	Year ended 31 March 2010 HK$'000	2009 HK$'000
Profit before taxation by activity		
– Property development	**432,361**	591,641
– Property investment	**462,951**	(61,744)
– Property management	**248**	(109)
	895,560	529,788
Net unallocated expenses	**(65,233)**	(68,954)
Net foreign exchange (losses) gains	**(16)**	28,777
Fair value (loss) gain on warrants	**(11,333)**	47,399
Gain on repurchase of senior notes	**–**	71,183
Interest income	**2,349**	6,226
Finance costs	**(134,025)**	(87,377)
Share of (loss) profit of associates	**(2,075)**	21,647
Profit before taxation	**685,227**	548,689


Dongguan Riviera Villa

Chairman's Statement

Chan Boon Teong
Chairman

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 2010 as follows:

RESULTS

For the financial year ended 31 March 2010, the Group has recorded a revenue of about HK$3,922 million and profit attributable to owners of the Company of approximately HK$209.6 million. Earnings per share for the year were HK7.51 cents.

DIVIDEND

The Board of Directors does not recommend the payment of dividend for the year ended 31 March 2010.

BUSINESS OVERVIEW

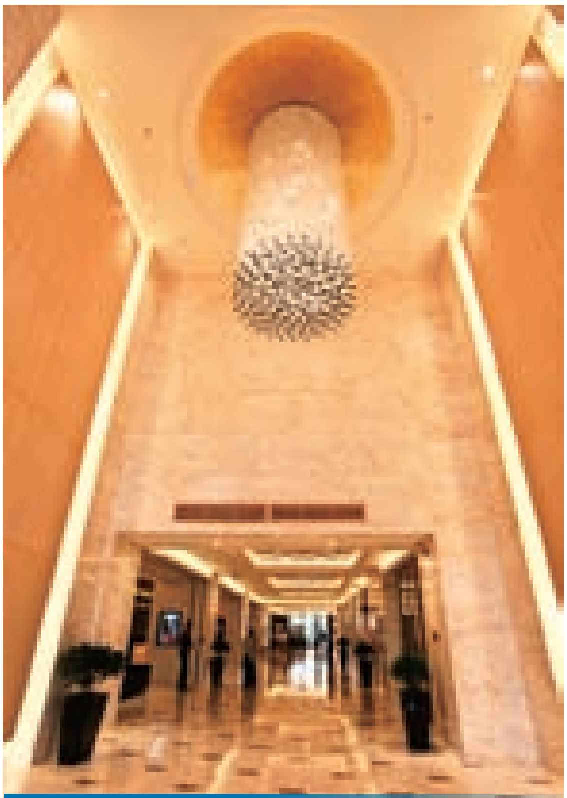
Revenue for the year amounted to about HK$3,922 million, an increase of about 33% from last year. Profit attributable to owners of the Company for the year was about HK$209.6 million, a decrease of about 3% from last year's HK$215.0 million.

Profit before interest, taxation, depreciation, amortisation and non-cash item arising from fair value adjustment for warrants issued by the Company was about HK$1,211.0 million as compared to last year's HK$740.4 million on the same basis. Profit before interest, taxation, depreciation, amortisation and the non-cash item in respect of the warrants had a coverage of 2.52 times over the interest costs for the financial year of HK$480.8 million (2009: HK$471.9 million), an increase of about 61% from 1.57 times last year.

Dongguan Riviera Villa

During the year under review, the Group completed development projects with a total gross floor area of about 504,400 sq.m., an increase of about 28% as compared to the 395,100 sq.m. completed last year. Among the completed projects was the hotel and office building in Suzhou Coastal International Centre. The Marriott hotel in Suzhou Coastal International Centre was officially open for business on 30 December 2009.

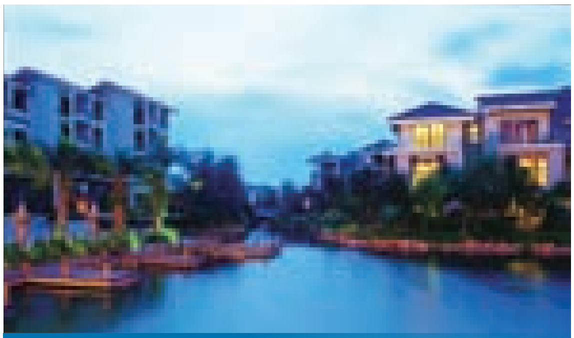
On the other hand, the Group added about 585,500 sq.m. to its land bank during the year following the completion of the acquisitions of 85% interest in Shenyang Wood Factory Project and 90% interest in Wuhan Tushu Dashijie Project. In addition, the Group also increased its equity interests to 100% in both Dalian Coastal International Centre and Shenyang Hunnan Commercial Project by the acquisition of the remaining equity interests from the joint venture partner.



Suzhou Marriott Hotel

Jiangxi Riviera Garden

The Group has revisited its development strategy and revised its plan in developing investment properties at a slower pace by suspending acquisition of new commercial development projects. The Group will increase its development portfolio of high-end residential properties for the affluent customer group in order to improve its overall profitability, cash flow and hence shareholders' value.



Dongguan Riviera Villa

OUTLOOK

The property market in the People's Republic of China (the "PRC") has gone through a strong rally in both transaction volume and selling price since the first quarter of 2009 until the second quarter of 2010 when the PRC government has instigated policies to tighten excess liquidity and discourage property speculation. The austerity measures have caused a contraction of transaction volume with moderate adjustment in the property selling price level. Further adjustment of property sector in the PRC remains possible because of the unstable global economic environment and the uncertainties of the PRC government policies. However, with the continuing optimistic outlook of the PRC macro-economy, steady increase in resident income, speedy development of urbanisation, the Group is optimistic about the PRC property market prospect in the future.

Shanghai Riviera Garden

Shanghai Riviera Garden

The Group will continue to uplift its market position by augmenting its geographically well-diversified land portfolio, strengthening its product competitiveness and leveraging on its well recognised corporate brand. To improve its overall profitability, the Group plans to increase its development portfolio of high-end residential properties and endeavour more efforts on high-end product development and expanding its brand recognition to the affluent customer group. The Group believes that such strategic move will create greater value for its shareholders.

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
6 July 2010


Shanghai Riviera Garden

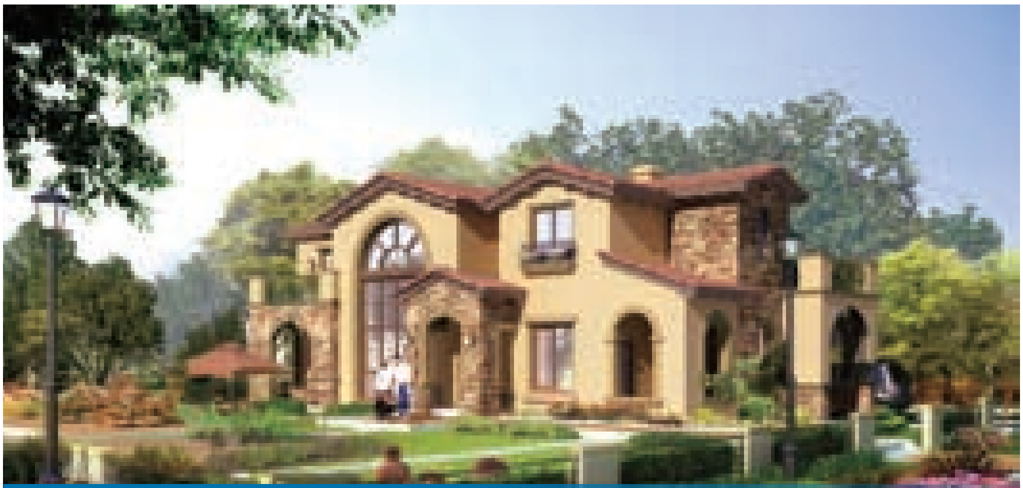
Management Discussion & Analysis

Shanghai Riviera Garden

BUSINESS REVIEW

For the financial year ended 31 March 2010, the Group has recorded a revenue of HK$3,922 million, an increase of about 33% as compared to the HK$2,956 million for last year. The Group derived the revenue mainly from the sale of properties of Phases VI and VII of Beijing Silo City, Phase II of Dongguan Riviera Villa, Jiangxi Riviera Garden, Phase I of Shanghai Riviera Garden and Phases I and II of Wuhan Silo City which have been delivered to purchasers in the current year.

Profit before taxation for the year was HK$685.2 million, an increase of about 25% as compared to the HK$548.7 million for last year. Profit attributable to owners of the Company decreased by about 3% to HK$209.6 million.



Beijing Sunvilla Realhouse

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			
	2010		2009	
	Revenue	**Contribution to operating results**	Revenue	Contribution to operating results
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Property development	**3,899,879**	**432,361**	2,943,218	591,641
Property investment	**14,960**	**462,951**	9,141	(61,744)*(Note)*
Property management	**7,194**	**248**	3,815	(109)
Total	**3,922,033**	**895,560**	2,956,174	529,788

Note: Contribution to operating results by the property investment activity included a surplus of HK$461.6 million (2009: deficit of HK$63.4 million) arising from the 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").

Suzhou Marriott Hotel

BUSINESS REVIEW *(Continued)*

Property Development

During the year under review, the sales revenue from property development segment recognised for the year amounted to HK$3,900 million, an increase of about 33% over that of last year and the total gross floor area ("GFA") delivered by the Group increased by about 31% to 484,700 sq.m. (2009: 371,200 sq.m.). The property sales revenue mainly came from the sale and delivery of Phases VI and VII of Beijing Silo City and Phase II of Wuhan Silo City which respectively represented about 66% and 19% of the total property sales revenue. The remaining 15% was derived from sale of remaining inventory of the Group's completed development projects namely Dongguan Riviera Villa, Jiangxi Riviera Garden, Shanghai Riviera Garden and Phase I of Wuhan Silo City which respectively accounted for about 5%, 4%, 3% and 3% of the property sales revenue.

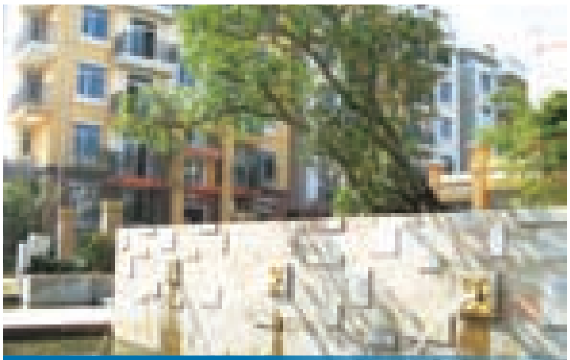
The PRC property market has gone through a strong rally in both transaction volume and selling price from the first quarter of 2009 to the first quarter of 2010. For the year ended 31 March 2010, the Group recorded a significant growth in contracted sales of 59% to about HK$5,169 million (2009: HK$3,253 million), which corresponds to a 10% growth in the GFA to about 450,100 sq.m. (2009: 408,900 sq.m.).

As at 31 March 2010, the Group has a total sales revenue of about HK$4,649 million from pre-sale of its properties under development with a total GFA of about 333,200 sq.m., contributed by Phase IV of Beijing Silo City, Phase I of Dalian Coastal International Centre, Phase II of Shanghai Riviera Garden and Phase III section B of Wuhan Silo City. About HK$4,019 million of the HK$4,649 million pre-sale revenue is generated from development projects which are expected to be completed and delivered in the next financial year.

BUSINESS REVIEW *(Continued)*

Property Development *(Continued)*

The Group completed development projects, namely Phase VI and Southern section of Phase VII of Beijing Silo City, Suzhou Coastal International Centre, Phase II section D of Wuhan Silo City, Phase I of Anshan Wisdom New City and Phase I of Shenyang Hunnan Residential Project, with a total GFA of approximately 504,400 sq.m. (2009: 395,100 sq.m.) during the year ended 31 March 2010. Of the total GFA completed, about 393,100 sq.m. (2009: 368,900 sq.m.) were attributable to the Group.



Jiangxi Riviera Garden

Property Investment

Revenue from property rental increased by about 64% to HK$15.0 million from last year's HK$9.1 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, Suzhou Coastal International Centre and certain office area in Shenzhen Noble Centre which was disposed of during the year.

The profit contribution from property investment segment increased significantly to HK$463.0 million as compared to last year's loss of HK$61.7 million because of a revaluation surplus of investment properties of HK$461.6 million for the year (2009: deficit of HK$63.4 million). The revaluation surplus for the year mainly comprised the revaluation surplus of HK$450.8 million (2009: nil) from the offices and shops of Suzhou Coastal International Centre which was completed during the year.

Property Management

The Group's property management operations recorded a profit of about HK$0.2 million for the year as compared to last year's loss of HK$0.1 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.

Beijing Sunvilla Realhouse

Gross Profit Margin

The gross profit margin for the year was about 21% which was lower than last year's 29%. The decrease was mainly due to the lower level of selling price attained for the properties completed and delivered to purchasers during the year as significant amounts of the contracted sales of those properties were concluded in late 2008 and early 2009 when the market prices of properties were low amid a tight credit environment.

Dalian Coastal International Centre

BUSINESS REVIEW *(Continued)*

Fair Value Loss on Warrants

At 31 March 2010, the Company had outstanding 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$1.23 per share (subject to adjustments) at any time on or before 8 November 2012. These warrants are classified as derivative financial liabilities which are measured at fair value with movement recognised in profit or loss. The fair value loss on warrants arose as a result of the increase in the share price of the Company during the year.

Other Income

Other income for the year mainly represented the gain of HK$34.4 million on disposal of certain office units in Shenzhen Noble Centre which were classified as property, plant and equipment in prior years and the income of HK$9.4 million from hotel operation. Marriott hotel at Suzhou Coastal International Centre has commenced business since the end of 2009. Other income for the last year mainly represented (i) the net foreign exchange gains 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; 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.

Marketing, Selling and Administrative Expenses

Marketing and selling costs increased to HK$188.0 million from HK$157.9 million last year as a result of the increase in the Group's selling activities to promote its sales. The contracted sales amount for the current year increased significantly to about HK$5,169 million from about HK$3,253 million last year.

Administrative expenses decreased slightly to HK$167.9 million from HK$168.8 million last year. The Group continues to implement cost control measures to enhance its operational efficiency and competitive edges.

Other Expenses

Other expenses for the year were HK$153.2 million as compared to last year's HK$39.2 million. Included in the current year's other expenses were mainly the acquisition-related expenses of HK$55.2 million (2009: nil), provision of HK$36.6 million (2009: HK$15.2 million) for other receivables and an interest compensation of HK$1.9 million (2009: HK$2.8 million) for a delay in the handover of certain completed properties to the purchasers. Besides, the Group has made a compensation of HK$9.9 million (2009: HK$8.5 million) for the termination of a forward property sale contract in consideration of more benefit obtained from the subsequent sales of these properties at a higher selling price. In addition, Marriott hotel at Suzhou Coastal International Centre has commenced business during the year and its start up cost, depreciation and hotel operation expenses amounting to HK$44.5 million (2009: nil) were recorded as other expenses.

BUSINESS REVIEW *(Continued)*

Finance Costs

During the year, the Group incurred finance costs before capitalisation (mainly interest for bank and other borrowings, including senior notes) of HK$480.8 million, representing an increase of about 2% as compared to the HK$471.9 million incurred last year. The increase was mainly attributable to an overall increase in the average level of bank and other borrowings as compared to last year.

Interest expenses charged to profit or loss for the year were HK$134.0 million as compared to last year's HK$87.4 million. The increase was mainly due to decrease in capitalisation of the senior notes interests following the completion of a development project funded by the senior notes.

Acquisition of New Projects

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

Project	Estimated GFA of the development	Group's interest	Type of development
Shenyang Wood Factory Project	452,200 sq.m.	85%	Residential
Wuhan Tushu Dashijie Project	133,300 sq.m.	90%	Offices/serviced apartments

In addition, during the year the Group completed the acquisition of the 50% and 20% equity interests respectively in Dalian Coastal International Centre and Shenyang Hunnan Commercial Project from the joint venture partner and since then the Group owns 100% equity interests in both developments.

Corporate Brand

Coastal Greenland, the corporate brand, had been ranked among the top ten most valuable Chinese real estate company brands for the six consecutive years between 2004 and 2009 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.

REVIEW OF MAJOR PROPERTIES AND DEVELOPMENT PROJECTS

The Group's business strategy is to develop quality residential estates for the PRC upper to middle class domestic market. 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 44,900 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.

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

Development projects of the Group *(Continued)*

Beijing Jian Guo Men Wai Project *(Continued)*

The Group has revised the development schedule of its investment properties. The construction of this investment property project is planned to start in the first quarter of 2011 and the completion is expected to be in the fourth quarter of 2012.

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 862,700 sq.m. The development is being carried out in phases. The Group owns 100% of Beijing Silo City.

The construction of the first three phases with a total GFA of about 308,900 sq.m. was completed and delivered in 2007. As of 31 March 2010, all residential units in these three phases were sold and the Group held a total GFA of about 43,575 sq.m., comprising the clubhouses with a total GFA of 879 sq.m., retail shop areas with a total GFA of 9,483 sq.m. and carpark area with a total GFA of 33,213 sq.m., which are held by the Group as fixed assets, investment properties and for sale respectively.

Phase IV of the development is divided into the Loft, Eastern and Western sections. The total GFA of this phase is about 145,200 sq.m. and the construction 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 third and fourth quarter of 2010 respectively while completion and delivery for the Western section is expected to be in the second and third quarter of 2011 respectively. Pre-sale of the Loft, Eastern and Western sections was started in September 2008, August 2009 and November 2009 respectively and about 77%, 56% and 50% of their respective GFA were pre-sold as of 31 March 2010.

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 2010, all the residential units were sold; retail shops with a total GFA of 4,849 sq.m. and carpark area with a total GFA of 11,497 sq.m. are held for sale.

Phase VI has a total GFA of about 112,100 sq.m. Completion and delivery of this phase were taken place in September 2009. As of 31 March 2010, almost all residential units were sold; retail shops with a total GFA of 4,894 sq.m. and carpark area with a total GFA of 9,998 sq.m. are held for sale.


Shanghai Riviera Garden

Phase VII is divided into the Southern and Northern sections with a total GFA of about 179,800 sq.m. The construction of the Northern section was completed in March 2009 and the pre-sold units were delivered in June 2009 while the completion and delivery of the Southern section were in August 2009. As of 31 March 2010, almost all residential units were sold; commercial area with a total GFA of 10,297 sq.m. and carpark area with a total GFA of 17,156 sq.m. are held for sale.


Dalian Coastal International Centre

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

Development projects of the Group *(Continued)*

Beijing Sunvilla Realhouse

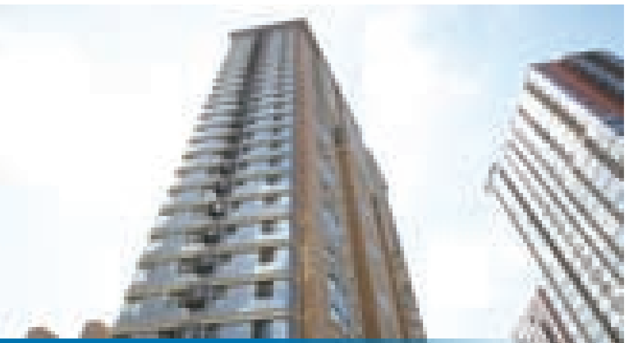
Beijing Sunvilla Realhouse is a high quality residential development in Panggezhuang Town, an attractive location in Daxing District, Beijing. The Group owns 100% of Beijing Sunvilla Realhouse. The development is a villa estate with a total site area of about 484,421 sq.m. and is being carried out in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

Phases I and II have a total GFA of about 112,160 sq.m. The construction of these two phases was completed and about 94% of the GFA in these two phases was sold as of 31 March 2010. The Group holds a clubhouse with a GFA of 3,037 sq.m. as fixed assets and the remaining GFA is held for sale.

Phase III has a total GFA of about 22,500 sq.m. The construction of this phase was commenced in February 2010. Completion and delivery are expected to be in the third and fourth quarter of 2011 respectively. Pre-sale has been commenced in June 2010.

Chengdu Longquanyi Project

The Group plans to develop the site into a low-density residential estate with a total GFA of about 222,500 sq.m. The Group owns 79% interest in the development.


Beijing Silo City

Dalian Coastal International Centre

Dalian Coastal International Centre 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 379,800 sq.m. The development is being carried out in two phases with GFA of about 217,200 sq.m. and 162,600 sq.m. for Phase I and Phase II respectively. The Group owns 100% interest in the development.

The foundation work of Phase I was started in November 2007. Phase I is expected to be completed and delivered in the third and fourth quarter of 2010 respectively. Pre-sale commenced in September 2008 and about 50% of its GFA was pre-sold as of 31 March 2010.

The Group is finalising the development plan for Phase II.

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

Development projects of the Group *(Continued)*

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.

The construction of Phase I with a GFA of about 62,200 sq.m. is planned to be commenced in the third quarter of 2010 and will take about two years to complete.

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 five 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 construction 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 2010, about 90% of the GFA in Phase I and about 94% of the GFA in phase II were sold. The remaining GFA is held for sale.

Phase III has a total GFA of about 61,000 sq.m. The construction of Phase III was commenced in September 2009. The completion and delivery are scheduled to be in the third and fourth quarter of 2010 respectively. Pre-sale has been commenced in April 2010.

The development plan for Phases IV and V with a total GFA of about 212,200 sq.m. is being finalised by the Group.

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 186,393 sq.m. and was carried out in four phases.

The development of the whole project with a total GFA of about 284,600 sq.m. was finished and about 97% of the GFA was sold and delivered as of 31 March 2010. The remaining GFA is held for sale.

Shanghai Riviera Garden

Shanghai Riviera Garden is a low-density residential estate development on Mingzhong Road in Xinqiao Town, Songjiang District of Shanghai. The Group owns 100% of Shanghai Riviera Garden. The development has a site area of about 326,118 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 2010, about 98% 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 228,600 sq.m. comprising both villas and apartments was commenced in September 2008. Villas with a total GFA of about 18,600 sq.m. were completed and delivered in June 2010. Completion and delivery of the remaining are scheduled to be done by sections starting from the end of 2010 onwards. Pre-sale was commenced in September 2009 and about 40% of the GFA in Phase II was pre-sold as of 31 March 2010.

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 in 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. The GFA of about 346,500 sq.m. are planned for residential development and 187,100 sq.m. are for commercial development. The Group owns 20% of the residential project and 100% of the commercial project.

The residential project is to be developed in three phases. The construction of Phase I with a total GFA of about 95,200 sq.m. was completed and the pre-sold units were delivered in May 2009. As of 31 March 2010, about 84% of the GFA in Phase I was sold and the remaining GFA is held for sale.

Phase II of residential project has a total GFA of about 119,800 sq.m. and the construction was started in September 2009. Completion and delivery are expected to be in the third quarter of 2011. The pre-sale has been commenced in May 2010.

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

Shenyang Sujiatun Project

The Group has entered into an agreement to acquire 100% interest in Shenyang Sujiatun Project. As of 31 March 2010, the acquisition of the project is not yet completed.

Shenyang Sujiatun Project is a residential project with ancillary commercial facilities 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.

Shenyang Wood Factory Project

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 owns 85% of Shenyang Wood Factory Project and has a preliminary plan to develop the project into a middle class residential estate.

Wuhan Silo City

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

Development projects of the Group *(Continued)*

Suzhou Coastal International Centre

Suzhou Coastal International Centre is a commercial project with a total GFA of about 115,700 sq.m. located at the heart of Jinchang District of Suzhou. The Group owns 100% of Suzhou Coastal International Centre. The development is to be completed by two phases.

Phase 1 consists of a 49-storey building comprising offices and a hotel with the GFA of about 33,990 sq.m. and 47,790 sq.m. respectively and a 9-storey building of serviced apartment and retail shops with the GFA of about 15,360 sq.m. and 2,940 sq.m. respectively. The hotel is managed by the Marriott and has commenced business on 30 December 2009. The Group holds the properties for investment except for the serviced apartments which are for sale.

The plan for Phase II will be finalised at a later stage.

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 Group owns 100% of Wuhan Lakeside Apartment. 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 1,830 sq.m. which was held for sale as of 31 March 2010. The Group also holds a clubhouse with a GFA of 1,670 sq.m. as fixed assets.

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

Development projects of the Group *(Continued)*

Wuhan Lakeside Apartment *(Continued)*

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. As of 31 March 2010, the whole amount of the guaranteed return was received by the Group from the Third Party Developer and was recorded as deposit received from pre-sales of properties 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. As of 31 March 2010, about 93% of the total GFA in Phase I was sold and the remaining GFA is held for sale.

Phase II has a total GFA of about 216,900 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 was taken place in August 2009. Section D was completed in July 2009 and delivered in December 2009. As of 31 March 2010, about 93% of the total GFA in Phase II was sold and the remaining GFA is held for sale.

Dongguan Riviera Villa

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

Development projects of the Group *(Continued)*

Wuhan Silo City (Continued)

Phase III has a GFA of about 201,400 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 third quarter of 2010. Pre-sale was commenced in July 2009 and about 96% of its GFA was pre-sold as of 31 March 2010. The construction of section A was commenced in September 2009 and its completion and delivery are expected to be in the second and third quarter of 2011 respectively. Pre-sale has been commenced in April 2010.

The development plan for 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 and is a commercial development comprising offices and serviced apartments with a total GFA of about 133,300 sq.m. The Group owns 90% of Wuhan Tushu Dashijie Project. The construction plan of the project will be finalised at a later stage.

Development projects of an associate

The Group owns about 21.13% equity interest in Shanghai Fenghwa Group Co., Ltd. ("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 Gaoxin District, Anshan, Liaoning Province. The project was developed into a low-density residential estate in six phases. The development of the whole project with a total GFA of about 438,358 sq.m. was finished and all residential units were sold and delivered. As of 31 March 2010, the remaining retail shops and carpark area with a total GFA of 7,321 sq.m. are held for sale.

Anshan Qianshan Road Project

Anshan Qianshan Road 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 2010 and is expected to be completed and delivered in about two years.

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

Development projects of an associate *(Continued)*

Anshan Wisdom New City

Anshan Wisdom New City with a total site area of about 84,577 sq.m. is located at North Shengli Road, Lishan District, Anshan, Liaoning Province and is being developed into a residential estate by three phases.

The construction of Phase I with a total GFA of about 44,600 sq.m. was completed and the pre-sold units were delivered in December 2009. As of 31 March 2010, about 76% of the GFA in Phase I was sold and the remaining GFA is held for sale.

Phase II has a total GFA of about 77,300 sq.m. and the construction was started in May 2010. Completion and delivery are expected to be at the end of 2011. Pre-sale is scheduled to be commenced in the third quarter of 2010.

The development plan for Phase III with a total GFA of about 83,200 sq.m. will be finalised at a later stage.

Beijing Shengming Kexueyuan Project

Beijing Shengming Kexueyuan Project with a total site area of about 21,889 sq.m. is planned to be developed into serviced apartments with a total GFA of about 39,200 sq.m.

Chengdu Dujiangyan Project

Chengdu Dujiangyan Project with a site area of about 48,367 sq.m. is a residential estate development located in Xingfu Town, Dujiangyan City of Chengdu. The construction of the project with a total GFA of about 77,200 sq.m. was commenced at the end of 2009. Completion and delivery are expected to be in the fourth quarter of 2010 and the first quarter of 2011 respectively. Pre-sale was commenced in January 2010 and about 26% of the GFA was sold as of 31 March 2010.

Please refer to the Schedule of Major Properties on pages 130 to 136 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 2010, 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$2,698 million (2009: HK$3,087 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 7% to 78% from 85% last year. The improvement in net debt to total equity ratio was mainly due to the decrease in the net borrowings of the Group at 31 March 2010.

Profit before interest, taxation, depreciation, amortisation and non-cash item arising from fair value adjustment for warrants issued by the Company was about HK$1,211.0 million comparing to last year's HK$740.4 million on the same basis. Profit before interest, taxation, depreciation, amortisation and the non-cash item in respect of warrants had a coverage of 2.52 times (2009: 1.57 times) over the interest costs for the financial year of HK$480.8 million (2009: HK$471.9 million).

FINANCIAL REVIEW *(Continued)*

Borrowings and Charges

At 31 March 2010, the level of bank and other borrowings of the Group and their maturity profile are as follows:

	2010	2009
	HK$'000	HK$'000
Bank loans repayable:		
Within one year	**444,865**	992,517
In the second year	**1,803,403**	1,184,467
In the third to fifth years inclusive	**1,975,845**	1,274,943
Beyond five years	**333,640**	–
	4,557,753	3,451,927
Other borrowings (including senior notes) repayable:		
Within one year	**185,596**	468,308
In the second year	**193,142**	145,804
In the third to fifth years inclusive	**945,015**	924,782
	1,323,753	1,538,894
	5,881,506	4,990,821

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

	2010	2009
	HK$'000	HK$'000
Renminbi	**4,089,692**	4,074,388
Hong Kong dollars	**33,000**	–
United States dollars	**1,758,814**	916,433
	5,881,506	4,990,821

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 2010 were secured by:

   (i) certain land and buildings of the Group with an aggregate carrying value of approximately HK$44 million (2009: HK$67 million);

   (ii) certain land and hotel property of the Group with an aggregate carrying value of approximately HK$413 million (2009: nil);

   (iii) certain investment properties of the Group with an aggregate carrying value of approximately HK$893 million (2009: HK$60 million);

   (iv) certain leasehold lands of the Group with an aggregate carrying value of approximately HK$117 million (2009: HK$95 million);

   (v) certain bank deposits of the Group with an aggregate carrying value of approximately HK$1,071 million (2009: HK$45 million);

   (vi) certain properties under development of the Group with an aggregate carrying value of approximately HK$5,453 million (2009: HK$5,544 million);

   (vii) certain completed properties for sale of the Group with an aggregate carrying value of approximately HK$77 million (2009: HK$1,464 million);

   (viii) the Group's 90% equity interest in a property-based subsidiary; and

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

(b) Certain of the Group's bank and other loans as at 31 March 2009 were secured by certain construction-in-progress of the Group with an aggregate carrying value of approximately HK$792 million and the Group's 58.65% equity interest in a property-based subsidiary.

(c) The senior notes (included in other borrowings) as at 31 March 2010 were secured by certain bank deposits of the Group amounting to approximately HK$62 million (2009: HK$70 million) and share charges over the entire issued share capital of certain wholly-owned subsidiaries of the Group.

FINANCIAL REVIEW *(Continued)*

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 and certain bank loans which are denominated in United States dollars or Hong Kong dollars, most of the Group's liabilities are 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.

Contingent Liabilities

At 31 March 2010, the Group had given guarantees to the extent of approximately HK$3,611 million (2009: HK$2,131 million) to banks in respect of mortgage loan facilities granted to the property purchasers. The Group had also given guarantees amounting to approximately HK$171 million (2009: HK$283 million) to banks in connection with banking facilities granted to associates. The guarantee given to a financial institution in connection with a loan granted to a target company in relation to acquisition of property-based subsidiaries amounted to approximately HK$345 million (2009: nil).

EMPLOYEES AND REMUNERATION POLICY

The Group employs a total of about 1,814 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 Board of Directors does not recommend the payment of dividend for the year ended 31 March 2010 (2009: nil).

EXECUTIVE DIRECTORS

Mr. Chan Boon Teong, aged 67, 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 39 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 52, is the vice chairman and managing director of the Group and one of the founders of the Group. He is responsible for strategy planning and the overall management of the Group. He graduated from the National University of Singapore with a Master's degree in Business Administration. He has over 26 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 People's Republic of China (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 52, is the investment director of the Group. He is responsible for investment planning and investment management of the Group. He has over 22 years' experience in investment and management. He graduated from Beijing Communication Engineering College (北京信息工程學院) and also holds a 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 Co., Ltd., a company listed on the Shanghai Stock Exchange.

Mr. Cheng Wing Bor, aged 50, is the chief financial officer of the Group. He is responsible for the financial management of the Group. He has over 24 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 member 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 67, 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.

EXECUTIVE DIRECTORS *(Continued)*

Mr. Cai Shaobin, aged 48, joined the Group in 2008 and is responsible for the overall development management of the projects 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 22 years' experience in the property development and construction. Mr. Cai is a professorate senior engineer and state registered architect in the PRC and was rated a top ten management talent in the Henan Province in 2007.

Mr. Zheng Hong Qing, aged 62, joined the Group as a non-executive director in 1997 and was re-designated as an executive director of the Company in March 2010. He is responsible for overseeing the construction of certain development projects of the Group. Mr. Zheng 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.

NON-EXECUTIVE DIRECTORS

Mr. Guo Limin, aged 47, joined the Group as a non-executive director in October 2009. Mr. Guo 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. Mr. Guo holds a Master's degree in International Business from Hunan University of China and a Bachelor's degree in Chemical Engineering from Beijing Institute of Chemical Industry. Mr. Guo has over twenty 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. Xu Ruxin, aged 56, joined the Group as a non-executive director in December 2009. Mr. Xu is also the president of Shum Yip Holdings Company Limited and an executive director and the president of Shenzhen Investment Limited, a listed public company in Hong Kong. Mr. Xu holds a Master's degree in Economics from Guangdong Academy of Social Sciences and is a Senior Engineer. Mr. Xu has over twenty years of experience in architectural technology, property development as well as corporate management. He is also a non-executive director of Road King Infrastructure Limited, a listed public company in Hong Kong.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tang Lap Yan, aged 64, is an independent non-executive director of the Company appointed in 1997. Mr. Tang is a fellow member 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 42, is an independent non-executive director of the Company appointed in 2002. Mr. Law graduated from the Hong Kong Baptist University with a Bachelor's degree majoring in accountancy. He is a fellow member 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 Lai Fung Holdings Limited, a listed public company in Hong Kong.

Mr. Wong Kai Cheong, aged 48, 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.

This corporate governance report (the "CG Report") presents the corporate governance matters during the period covering the financial year ended 31 March 2010 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 have complied with the requirements 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, two 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 and Managing Director)*	
Mr. Tao Lin	
Mr. Cheng Wing Bor	
Mr. Lin Chen Hsin	
Mr. Wu Xin	(Resigned on 22 March 2010)
Mr. Cai Shaobin	
Mr. Zheng Hong Qing	(Re-designated as executive director on 22 March 2010)

Non-executive directors

Mr. Guo Limin	(Appointed on 12 October 2009)
Mr. Xu Ruxin	(Appointed on 7 December 2009)
Mr. Hu Aimin	(Resigned on 12 October 2009)
Mr. Zhang Yijun	(Resigned on 7 December 2009)

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 33 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.

At least 14 days' notice of each regular Board meeting is normally 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 the 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	4/3
Mr. Tao Lin	4/2
Mr. Cheng Wing Bor	4/4
Mr. Lin Chen Hsin	4/4
Mr. Wu Xin	2/1
Mr. Cai Shaobin	4/0
Mr. Zheng Hong Qing	4/1
Mr. Guo Limin	3/0
Mr. Xu Ruxin	3/2
Mr. Hu Aimin	1/0
Mr. Zhang Yijun	1/0
Mr. Tang Lap Yan	4/4
Mr. Law Kin Ho	4/3
Mr. Wong Kai Cheong	4/4

Note: Mr. Wu Xin resigned as a director on 22 March 2010 and 2 regular Board meetings were held up to the date of his resignation. Mr. Hu Aimin and Mr. Zhang Yijun resigned as directors on 12 October 2009 and 7 December 2009 respectively and 1 regular Board meeting was held up to the date of their resignation. Mr. Guo Limin and Mr. Xu Ruxin were appointed as directors on 12 October 2009 and 7 December 2009 respectively and since then 3 regular Board meetings were held up to the CG Period end date.

CHAIRMAN AND MANAGING DIRECTOR

The chairman is Mr. Chan Boon Teong and the managing director is Mr. Jiang Ming who has replaced Mr. Wu Xin as the managing director on 22 March 2010. 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 established 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 determine the specific remuneration package of newly appointed executive director.

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	2/2
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 2009 and for the year ended 31 March 2010 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.

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 to 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 meeting 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)*	1/1
Mr. Cheng Wing Bor	1/1
Mr. Wu Xin	1/1

The meeting of the Investment Committee held during the CG Period is 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 2010, 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	3,200
Non-audit services (including review of interim results and preparing accountants' reports for a major transaction of the Company)	1,745
Total	4,945

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 2010, 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 49 to 50 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 has 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 and 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. The poll results are published in the manner prescribed under the requirements of the Listing Rules.

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.

The directors herein present their report and the audited consolidated financial statements of the Group for the year ended 31 March 2010.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the principal subsidiaries comprise property development, property investment and 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 2010 and the state of affairs of the Group at that date are set out in the consolidated financial statements on pages 51 to 129.

The directors do not recommend the payment of dividend for the year ended 31 March 2010.

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 16 and 17 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 24 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 33 and 35 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 listed securities during the year ended 31 March 2010.

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 2010, 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$1,429,570,000. In addition, the Company's share premium account, in the amount of HK$1,126,800,000 as at 31 March 2010, 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 1.4% of the total sales for the year and purchases from the Group's five largest suppliers accounted for less than 10.7% 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 and Managing Director)*	
Mr. Tao Lin	
Mr. Cheng Wing Bor	
Mr. Lin Chen Hsin	
Mr. Wu Xin	(Resigned on 22 March 2010)
Mr. Cai Shaobin	
Mr. Zheng Hong Qing	(Re-designated as executive director on 22 March 2010)

Non-executive directors:

Mr. Guo Limin	(Appointed on 12 October 2009)
Mr. Xu Ruxin	(Appointed on 7 December 2009)
Mr. Hu Aimin	(Resigned on 12 October 2009)
Mr. Zhang Yijun	(Resigned on 7 December 2009)

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. Lin Chen Hsin, Cai Shaobin, Law Kin Ho and Wong Kai Cheong will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

In accordance with article 86(2) of the Company's bye-laws, the terms of the newly appointed directors, Messrs. Guo Limin and Xu Ruxin, shall terminate at the conclusion of the forthcoming annual general meeting and, being eligible, will offer themselves for re-election thereat.

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 33 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 2012. Mr. Cai Shaobin has entered into a service contract with the Group for a term of five years expiring on 31 December 2012. Mr. Zheng Hong Qing has entered into a service contract with the Group for a term of three years from 22 March 2010. 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 42 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. 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' INTERESTS IN SHARES AND UNDERLYING SHARES

At 31 March 2010, 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

		Number of shares held or short positions, capacity and nature of interest		
Name of director	Notes	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)	–	1,020,841,319 (L)	36.58%
	(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 approximately 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.

(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 approximately 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 approximately 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 35 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 2010, none of the directors of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in note 35 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 directors of the Company 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 2010, 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)	1,020,841,319 (L)	10,000,000 (L)	36.94%
		102,666,667 (S)	–	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 1,020,841,319 shares of the Company, which is the aggregate number of shares that 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 35 to the consolidated financial statements.

Save as disclosed above, as at 31 March 2010, no persons, 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 recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

CONNECTED TRANSACTIONS

1. As disclosed in the announcement of the Company dated 22 December 2009, Shanghai Coastal Greenland Real Estate Ltd. (“Shanghai Coastal Greenland”), an indirect wholly-owned subsidiary of the Company, as purchaser, entered into a sale and purchase agreement (“Agreement”) with Mr. Jiang Ming (“Mr. Jiang”) as vendor on 17 December 2009, pursuant to which Mr. Jiang agreed to sell and Shanghai Coastal Greenland agreed to acquire a residential unit with gross floor area of approximately 214.79 sq.m. in Shanghai Golden Bridge Mansion located in Changning District, Shanghai, the PRC for a cash consideration of RMB3,000,000 (equivalent to approximately HK$3,409,000) (“Acquisition”).

   Since Mr. Jiang is an executive director of the Company and Coastal International Holdings Limited, a substantial shareholder (as defined in the Listing Rules) of the Company, is an associate of Mr. Jiang, Mr. Jiang is a connected person of the Company. Accordingly, the Acquisition under the Agreement constituted a connected transaction for the Company. As each of the percentage ratios (as defined in the Listing Rules) (other than the profits ratio) in respect of the Acquisition was less than 2.5%, the Acquisition was only subject to the reporting and announcement requirements but was exempt from the independent shareholders’ approval requirement under the Listing Rules.

2. As disclosed in the announcement of the Company dated 4 January 2010, Coastal Realty Investment (China) Limited (“Coastal Realty Investment”), a wholly-owned subsidiary of the Company, as purchaser, entered into a sale and purchase agreement (“Super Investment Agreement”) with AG Coastal Dalian Ltd. (“AG Coastal Dalian”) as vendor on 4 January 2010, pursuant to which AG Coastal Dalian agreed to sell and Coastal Realty Investment agreed to acquire one share of HK$1.00 in the share capital of Super Investment Development Limited (“Super Investment”), representing 50% of the entire issued share capital of Super Investment for a total consideration of RMB650,000,000 (equivalent to approximately HK$738,595,000) (“Super Investment Acquisition”).

   Since AG Coastal Dalian is interested in 50% of the entire issued share capital of Super Investment and Super Investment has been accounted for as a 50% indirect non-wholly owned subsidiary of the Company, AG Coastal Dalian is a connected person of the Company. Accordingly, the Super Investment Acquisition under the Super Investment Agreement constituted a non-exempted connected transaction for the Company and was subject to the reporting, announcement and independent shareholders’ approval requirements under the Listing Rules. The Super Investment Acquisition also constituted a major transaction for the Company under the Listing Rules. The ordinary resolution approving the Super Investment Agreement was passed by the independent shareholders of the Company by poll at the special general meeting held on 22 March 2010.

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 34 to 40 of the Annual Report.

AUDITOR

The consolidated financial statements for the year ended 31 March 2010 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, 6 July 2010

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 51 to 129, which comprise the consolidated statement of financial position as at 31 March 2010, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows 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 2010 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
6 July 2010

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
Revenue	8	**3,922,033**	2,956,174
Cost of sales		**(3,101,354)**	(2,094,530)
Gross profit		**820,679**	861,644
Increase (decrease) in fair value of investment properties	17	**461,647**	(63,430)
Loss on disposal of a property-based subsidiary	38	**–**	(4,920)
Gain on partial disposal of a property-based subsidiary		**–**	2,380
Fair value (loss) gain on warrants	32	**(11,333)**	47,399
Gain on repurchase of senior notes	31(d)	**–**	71,183
Other income	9	**59,497**	65,989
Marketing and selling costs		**(188,005)**	(157,879)
Administrative expenses		**(167,913)**	(168,794)
Other expenses		**(153,245)**	(39,153)
Finance costs	10	**(134,025)**	(87,377)
Share of (loss) profit of associates		**(2,075)**	21,647
Profit before taxation		**685,227**	548,689
Taxation	11	**(489,753)**	(332,888)
Profit for the year	12	**195,474**	215,801
Other comprehensive income			
Exchange differences arising on translation to presentation currency		**27,538**	89,474
Surplus (deficit) on revaluation of buildings		**13,307**	(4,794)
Deferred tax (liability) asset arising on revaluation of buildings		**(2,861)**	305
Other comprehensive income for the year		**37,984**	84,985
Total comprehensive income for the year		**233,458**	300,786
Profit for the year attributable to:			
Owners of the Company		**209,577**	215,008
Minority interests		**(14,103)**	793
		195,474	215,801

Consolidated Statement of Comprehensive Income (Continued)

For the year ended 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
Total comprehensive income attributable to:			
Owners of the Company		**238,747**	293,614
Minority interests		**(5,289)**	7,172
		233,458	300,786
		HK cents	HK cents
Earnings per share	15		
Basic and diluted		**7.51**	7.70

Consolidated Statement of Financial Position

At 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	906,169	1,124,619
Investment properties	17	1,712,070	563,605
Prepaid land lease payments	18	119,148	97,507
Goodwill	19	83,123	82,861
Interests in associates	21	223,285	224,653
Available-for-sale investments	22	2,960	2,960
Pledged bank deposits	23	971,522	69,914
Total non-current assets		4,018,277	2,166,119
CURRENT ASSETS			
Properties under development	24	7,768,062	6,530,517
Completed properties for sale	25	952,043	1,889,426
Trade receivables	26	50,872	210,952
Prepayments, deposits and other receivables	27	1,644,819	1,795,120
Amounts due from associates	42(b)(ii)	31,172	39,926
Prepaid tax		68,017	25,102
Pledged bank deposits	23	314,153	179,038
Cash and bank balances	23	1,898,271	1,654,690
Total current assets		12,727,409	12,324,771
CURRENT LIABILITIES			
Trade payables	28	182,193	232,333
Deposits received from pre-sales of properties and deferred revenue	29	3,905,288	3,111,219
Other payables and accruals	30	1,707,644	1,213,686
Amount due to a substantial shareholder of the Company	42(b)(i)	17,124	34,874
Amount due to a jointly controlled entity	42(b)(ii)	6,449	6,444
Tax payable		934,027	695,450
Interest-bearing bank and other borrowings	31	630,461	1,460,825
Derivative financial liability – warrants	32	18,663	7,330
Total current liabilities		7,401,849	6,762,161
NET CURRENT ASSETS		5,325,560	5,562,610
TOTAL ASSETS LESS CURRENT LIABILITIES		9,343,837	7,728,729

Consolidated Statement of Financial Position (Continued)

At 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
CAPITAL AND RESERVES			
Share capital	33	279,058	279,058
Reserves		3,096,839	2,848,706
Equity attributable to owners of the Company		3,375,897	3,127,764
Minority interests		63,331	490,046
Total equity		3,439,228	3,617,810
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	31	5,251,045	3,529,996
Long term payables		–	729
Deferred tax liabilities	34	653,564	580,194
Total non-current liabilities		5,904,609	4,110,919
		9,343,837	7,728,729

The consolidated financial statements on pages 51 to 129 were approved and authorised for issue by the Board of Directors on 6 July 2010 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 2010

	Notes	Share capital	Share premium	Contributed surplus	Capital reserve	Leasehold property revaluation reserve	Exchange fluctuation reserve	PRC reserve funds	Share options reserve	Retained profits	Total	Minority interests	Total equity
		Attributable to owners of the Company											
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2008		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 differences arising on translation to presentation currency		–	–	–	–	–	83,095	–	–	–	83,095	6,379	89,474
Deficit on revaluation	16	–	–	–	–	(4,794)	–	–	–	–	(4,794)	–	(4,794)
Deferred tax asset arising on revaluation of buildings	34	–	–	–	–	305	–	–	–	–	305	–	305
Other comprehensive income for the year		–	–	–	–	(4,489)	83,095	–	–	–	78,606	6,379	84,985
Profit for the year		–	–	–	–	–	–	–	–	215,008	215,008	793	215,801
Total comprehensive income for the year		–	–	–	–	(4,489)	83,095	–	–	215,008	293,614	7,172	300,786
Recognition of equity-settled share-based payment	35	–	–	–	–	–	–	–	16,953	–	16,953	–	16,953
Forfeiture of share options		–	–	–	–	–	–	–	(500)	500	–	–	–
Partial disposal of a property-based 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
Exchange differences arising on translation to presentation currency		–	–	–	–	–	18,724	–	–	–	18,724	8,814	27,538
Transfer to retained profits on disposal of buildings		–	–	–	–	(2,922)	–	–	–	2,922	–	–	–
Surplus on revaluation	16	–	–	–	–	13,307	–	–	–	–	13,307	–	13,307
Deferred tax liability arising on revaluation of buildings	34	–	–	–	–	(2,861)	–	–	–	–	(2,861)	–	(2,861)
Other comprehensive income for the year		–	–	–	–	7,524	18,724	–	–	2,922	29,170	8,814	37,984
Profit for the year		–	–	–	–	–	–	–	–	209,577	209,577	(14,103)	195,474
Total comprehensive income for the year		–	–	–	–	7,524	18,724	–	–	212,499	238,747	(5,289)	233,458
Recognition of equity-settled share-based payment	35	–	–	–	–	–	–	–	9,386	–	9,386	–	9,386
Forfeiture of share options		–	–	–	–	–	–	–	(1,114)	1,114	–	–	–
Acquisition of property-based subsidiaries	36	–	–	–	–	–	–	–	–	–	–	43,138	43,138
Acquisition of additional interests in property-based subsidiaries		–	–	–	–	–	–	–	–	–	–	(470,243)	(470,243)
Capital contribution from minority shareholders		–	–	–	–	–	–	–	–	–	–	5,679	5,679
At 31 March 2010		**279,058**	**1,126,800**	**37,560**	**929**	**23,599**	**457,768**	**9,697**	**48,476**	**1,392,010**	**3,375,897**	**63,331**	**3,439,228**

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 Statement of Cash Flows

For the year ended 31 March 2010

	2010 HK$'000	2009 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	685,227	548,689
Adjustments for:		
Finance costs	134,025	87,377
Share of loss (profit) of associates	2,075	(21,647)
Interest income	(2,349)	(6,226)
Depreciation	20,289	7,681
Amortisation of prepaid land lease payments	2,046	2,275
Share-based payment	9,386	16,953
(Gain) loss on disposal of property, plant and equipment	(34,626)	679
(Reversal of) write-down of properties under development	(82,261)	82,000
Impairment loss of trade and other receivables	36,624	15,227
Waiver of other payables	–	(2,159)
(Increase) decrease in fair value of investment properties	(461,647)	63,430
Loss on disposal of a property-based subsidiary	–	4,920
Gain on partial disposal of a property-based subsidiary	–	(2,380)
Fair value loss (gain) on warrants	11,333	(47,399)
Gain on repurchase of senior notes	–	(71,183)
Operating profit before working capital changes	320,122	678,237
Increase in properties under development	(1,819,776)	(1,843,852)
Decrease in completed properties for sale	3,088,218	1,905,242
Decrease (increase) in trade receivables	157,816	(46,812)
Increase in prepayments, deposits and other receivables	(197,387)	(380,384)
(Decrease) increase in trade payables	(50,140)	118,092
Increase in deposits received from pre-sales of properties and deferred revenue	794,069	470,434
Increase in other payables and accruals	152,958	147,881
Cash from operations	2,445,880	1,048,838
Interest received	7,744	831
Interest paid	(430,548)	(400,336)
PRC taxes paid	(228,301)	(168,834)
PRC taxes refunded	–	8,896
Net cash from operating activities	1,794,775	489,395

	Notes	2010 HK$'000	2009 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(377,971)	(432,795)
Proceeds from disposal of property, plant and equipment		99,847	281
Purchases of investment properties		(114,193)	–
Proceeds from disposal of investment properties		–	3,832
Prepaid land lease payments for own use		(62,644)	–
Acquisition of property-based subsidiaries	36	(222,667)	8,750
Acquisition of additional interests in property-based subsidiaries from minority shareholders	37	(783,279)	–
Disposal of a property-based subsidiary	38	–	(1,141)
Net proceeds on partial disposal of subsidiaries		–	17,175
Repayment from jointly controlled entities		–	28,098
Repayment from associates		8,754	2,150
Increase in pledged bank deposits		(1,036,723)	(109,395)
Repayment of loan receivable		81,633	–
Net cash used in investing activities		(2,407,243)	(483,045)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank and other borrowings		3,736,344	3,001,193
Repayment of bank and other borrowings		(2,882,522)	(2,657,023)
Capital contribution from minority shareholders		5,679	32,137
(Decrease) increase in amount due to a substantial shareholder of the Company		(17,750)	34,774
Advance from a jointly controlled entity		–	83
Net cash from financing activities		841,751	411,164
NET INCREASE IN CASH AND CASH EQUIVALENTS		229,283	417,514
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR		1,654,690	1,205,727
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		14,298	31,449
CASH AND CASH EQUIVALENTS AT THE END OF YEAR		1,898,271	1,654,690
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		1,898,271	1,654,690

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 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

In the current year, the Group has applied the following new and revised Hong Kong Accounting Standards ("HKAS"), amendments and Hong Kong (IFRIC) Interpretations ("HK(IFRIC) – Int") ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) – Int 18	Transfers of Assets from Customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

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

Except as described below, the adoption of the new and revised HKFRSs had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

New and revised HKFRSs affecting presentation and disclosure only

HKAS 1 (Revised 2007) "Presentation of Financial Statements"

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

HKFRS 8 "Operating Segments"

HKFRS 8 is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purposes of allocating resources between segments and assessing their performance. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14 "Segment Reporting" (see note 7).

Improving Disclosures about Financial Instruments (Amendments to HKFRS 7 "Financial Instruments: Disclosures")

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The amendments also expand and amend the disclosures required in relation to liquidity risk. The Group has not provided comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments.

New and revised HKFRS affecting the reported results and/or financial position

Amendments to HKAS 40 "Investment Property"

As part of Improvements to HKFRSs (2008), HKAS 40 has been amended to include within its scope properties under construction or development for future use as investment properties and to require such properties to be measured at fair value (where the fair value model has been used to measure investment properties and the fair value is reliably determinable). The Group has applied the amendment to HKAS 40 prospectively from 1 April 2009 in accordance with the relevant transitional provision. As a result of the application of the amendment, the Group's properties under construction including the leasehold land element for future use as investment properties which were previously included in construction-in-progress under property, plant and equipment, with a carrying amount of HK$487,570,000 as at 1 April 2009 have been classified as investment properties under construction and measured at fair value as at 1 April 2009 to the extent that the fair value of investment properties under construction can be measured reliably. At 1 April 2009, investment properties under construction with carrying amount of HK$312,400,000 were measured at fair value of HK$374,199,000, resulted in an increase in fair value of HK$61,799,000 and its related deferred tax charge of HK$15,450,000 recognised in the profit or loss. Investment properties under construction at 1 April 2009 with carrying amount of HK$175,170,000 were measured at cost as the fair value cannot be reliably determined.

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

New and revised HKFRSs that have been issued but not yet effective

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

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs issued in 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009[2]
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010[3]
HKAS 24 (Revised)	Related Party Disclosures[7]
HKAS 27 (Revised 2008)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendment)	Classification of Rights Issues[5]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[4]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[6]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[4]
HKFRS 3 (Revised 2008)	Business Combinations[1]
HKFRS 9	Financial Instruments[8]
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[7]
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[6]

1 Effective for annual periods beginning on or after 1 July 2009
2 Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate
3 Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate
4 Effective for annual periods beginning on or after 1 January 2010
5 Effective for annual periods beginning on or after 1 February 2010
6 Effective for annual periods beginning on or after 1 July 2010
7 Effective for annual periods beginning on or after 1 January 2011
8 Effective for annual periods beginning on or after 1 January 2013

The application of HKFRS 3 (Revised 2008) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised 2008) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary.

HKFRS 9 "Financial Instruments" introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows; and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

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

New and revised HKFRSs that have been issued but not yet effective *(Continued)*

In addition, as part of Improvements to HKFRSs issued in 2009, HKAS 17 "Leases" has been amended in relation to the classification of leasehold land. The amendments will be effective from 1 January 2010, with earlier application permitted. Before the amendments to HKAS 17, leases were required to classify leasehold land as operating leases and presented as prepaid land lease payments in the consolidated statement of financial position. The amendments have removed such a requirement. Instead, the amendments require the classification of leasehold land to be based on the general principles set out in HKAS 17, that are based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. The application of the amendments to HKAS 17 might affect the classification and measurement of the Group's leasehold land.

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 and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements.

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.

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 statement of comprehensive income from the effective date of acquisition and 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations

The acquisition of subsidiaries which are businesses 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 profit or loss.

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.

Acquisition of property-based subsidiaries

On acquisition of property-based subsidiaries which are not businesses, the excess of the consideration over the Group's interest in the carrying amount of acquiree's net assets is allocated to the value of the underlying assets acquired. No goodwill or discount on acquisition is recognised upon the acquisition of interest in a property-based subsidiary.

Acquisition of additional interests in property-based subsidiaries

On acquisition of additional interests in property-based subsidiaries which are not businesses, the excess of the consideration for the additional interests over the adjustments to carrying amount of the related minority interest is allocated to the value of the underlying assets acquired. The minority interests will be reduced to reflect the changes in the relative interests in the carrying value of the net assets. No goodwill or discount on acquisition is recognised from the acquisition of additional interest in a property-based subsidiary.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost less any accumulated impairment losses and is presented separately in the consolidated statement of financial position.

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 profit or loss. An impairment loss for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating units, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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 statement of financial position 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.

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 not tested for impairment separately. Instead, the entire carrying amount of the investment is tested for impairment as a single asset. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment in the associate. Any reversal of impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

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).

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 statement of financial position 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 statement of comprehensive income 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 have been 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 meeting the above criteria on revenue recognition are included in the consolidated statement of financial position under current liabilities.

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 and revenue from hotel operation are recognised when the related 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 on initial recognition.

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 statement of financial position 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 end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment *(Continued)*

Any revaluation increase arising on revaluation of land and buildings is recognised in other comprehensive income and accumulated in leasehold property revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in net carrying amount arising on revaluation of an asset is recognised in profit or loss 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 other than construction-in-progress over their estimated useful lives and after taking into account 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. 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.

Prior to 1 April 2009, property that was being constructed or developed for future use as an investment property was included in construction-in-progress until construction or development was complete, at which time it was reclassified to and subsequently accounted for as an investment property. Any difference between the fair value of the property at that date and its previous carrying amount was recognised in profit or loss. Upon adoption of amendments to HKAS 40, that property has been reclassified as an investment property at 1 April 2009 (see note 2).

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 profit or loss in the period in which the item is derecognised.

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 and amortised over the lease term on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 at their fair values using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

Starting from 1 April 2009, investment properties under construction are measured at fair value at the end of each reporting period. Any difference between the fair value of the investment properties under construction and their carrying amounts is recognised in profit or loss in the period in which they arise. Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

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 profit or loss in the period in which the item is derecognised.

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.

Impairment loss on tangible assets

At the end of each reporting period, 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 any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leasing

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 profit or loss 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

Operating lease payments are recognised as an expense 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 the end of the each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that 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.

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

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 end of the reporting period, 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 other comprehensive income and accumulated in equity (the exchange fluctuation reserve).

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 end of the reporting period. Exchange differences arising are recognised in the exchange fluctuation reserve.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as 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 profit or loss 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 profit or loss as they become payable in accordance with the rules of the central pension scheme.

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 consolidated statement of comprehensive income 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 end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, 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. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly to equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position 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 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.

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 to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

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. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amounts due from 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 the end of the reporting period. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired. The amount of 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.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. 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 affected.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

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 derivative financial liability and other financial liabilities.

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 (including all fees, 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 liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity *(Continued)*

Other financial liabilities

Other financial liabilities including amounts due to a substantial shareholder of the Company and a jointly controlled entity, trade and other payables, interest-bearing bank and other borrowings are subsequently measured at amortised cost, using the effective interest method.

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 the derivative contracts are entered into and are subsequently remeasured to their fair values at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

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 in other comprehensive income is recognised in profit or loss.

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 profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 profit or loss 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. Options which lapse or are cancelled prior to their exercise date are deleted from the register of outstanding options.

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).

At the end of the reporting period, 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. CRITICAL ACCOUNTING JUDGEMENT AND 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.

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Critical judgement in applying the Group's accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that the directors have made in the process of applying the entity's accounting policies and that has the most significant effect on the amounts recognised in the financial statements.

Classification between investment properties and properties held for sale

The Group develops properties held for sale and properties held to earn rentals and/or for capital appreciation. Judgement is made by management in determining whether a property is designated as an investment property or a property held for sale. The Group considers its intention for holding the properties at the early development stage of the related properties. During the course of construction, the related properties under construction are accounted for as properties under development if the properties are intended for sale after completion. Upon completion of construction, properties under development are transferred to completed properties for sale and are stated at cost. Properties under construction are accounted for as investment properties if the properties are intended to be held to earn rentals and/or for capital appreciation after completion.

Key sources of estimation uncertainty

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

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 sales charges, 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 have 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 provision for LAT included in tax payable in the period in which such determination is made. During the year ended 31 March 2010, PRC LAT of HK$261,110,000 (2009: HK$201,097,000) was charged to profit or loss in the consolidated statement of comprehensive income.

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty *(Continued)*

Fair value of investment properties

At the end of the reporting period, investment properties are stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value, the valuers have based on a method of valuation which involves certain estimates of market conditions. In relying on the valuation report, the management has exercised their judgement and is satisfied that the assumptions used in valuation have reflected the current market conditions. Changes to these assumptions would result in changes in the fair values of the Group's investment properties and the corresponding adjustments to the amount of gain or loss reported in the consolidated statement of comprehensive income. The carrying amount of investment properties measured at fair value at 31 March 2010 was HK$1,509,618,000 (2009: HK$563,605,000).

Deposits for acquisition of land use rights

The Group determines whether or not the deposits for acquisition of land use rights for property developed for sale purpose are impaired. This requires both an estimation of the recoverable amount which is determined based on the estimated selling price and development cost of properties to be developed and the fair value of the land use rights performed by independent professional valuers based on a method of valuation which involves certain estimates of market conditions. The carrying amount of deposits for acquisition of land use rights included in prepayments, deposits and other receivables at 31 March 2010 was HK$1,277,015,000 (2009: HK$1,246,348,000). Further details are given in note 27.

Recognition and allocation of development costs on properties under development

Development costs of properties are recorded as properties under development during construction stage and will be transferred to completed properties for sale upon completion. An apportionment of these costs will be recognised in the consolidated statement of comprehensive income upon the recognition of the sale of the properties. Before the final settlement of the development costs and other costs relating to the sale of the properties, these costs are accrued by the Group based on management's best estimate.

When developing properties, the Group may divide the development projects into phases. Specific costs directly related to the development of a phase are recorded as the cost of such phase. Costs that are common to phases are allocated to individual phases based on the estimated saleable area of the entire project.

Where the final settlement of costs and the related cost allocation is different from the initial estimates, any increase or decrease in the development costs and other costs would affect the profit or loss in future years.

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty *(Continued)*

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 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 2010 were HK$7,768,062,000 (2009: HK$6,530,517,000) and HK$952,043,000 (2009: HK$1,889,426,000) respectively.

Impairment testing of goodwill

The Group determines whether or not 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 2010 was HK$83,123,000 (2009: HK$82,861,000). Further details are given in note 19.

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 subsequently measured at fair value with movement recognised in profit or loss. 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 32). The carrying value of the derivative financial liability at 31 March 2010 was HK$18,663,000 (2009: HK$7,330,000).

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, cash and bank balances and equity attributable to owners 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

	2010 HK$'000	2009 HK$'000
Financial assets		
Loans and receivables (including pledged bank deposits, cash and bank balances)	3,384,132	2,446,900
Available-for-sale investments	2,960	2,960
Financial liabilities		
Amortised cost	6,904,087	5,984,689
Derivative financial liability	18,663	7,330

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, amounts due from associates, pledged bank deposits, bank balances, trade and other payables, amounts due to a jointly controlled entity 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 monetary liabilities at the reporting dates are as follows:

	Assets		Liabilities	
	2010 HK$'000	2009 HK$'000	2010 HK$'000	2009 HK$'000
Hong Kong dollars	5,768	2,868	71,466	41,039
United States dollars	339,267	80,700	1,808,494	965,196

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 rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in profit for the year where RMB strengthens against the relevant foreign currencies. For a 5% weakening of RMB against the relevant currencies, there would be an equal but opposite impact on the profit for the year.

	2010 HK$'000	2009 HK$'000
Hong Kong dollars		
Increase in profit for the year	3,285	1,905
United States dollars		
Increase in profit for the year	73,623	44,150

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

Fair value and cash flow interest rate risk

The Group has significant bank and other borrowings 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.

6. FINANCIAL INSTRUMENTS *(Continued)*

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

(i) Market risk (Continued)

Fair value and cash flow interest rate risk (Continued)

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For variable-rate financial liabilities, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period 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 Group's profit for the year would be decreased/increased by approximately HK$8,653,000 (2009: HK$529,000) after capitalisation of certain interest expenses.

Other price risk

The Group is exposed to equity price risk 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 32.

Sensitivity analysis

If the share price input to the valuation model had been 5% lower/higher at the end of the reporting period and all other variables were held constant, the Group's profit for the year would be increased and decreased by approximately HK$1,609,000 (2009: HK$695,000) and HK$1,697,000 (2009: HK$739,000) respectively as a result of the changes in fair value of derivative financial liability.

(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 customers 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 and financial guarantee contracts issued by the Group as disclosed in note 39(a). The Group reviews the recoverable amount of each individual trade, loan and other receivables at the end of the reporting period 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 tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. 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. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

	Repayable on demand or 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 31.3.2010 HK$'000
As at 31 March 2010							
Trade and other payables	999,008	–	–	–	–	999,008	999,008
Amount due to a substantial shareholder of the Company	17,124	–	–	–	–	17,124	17,124
Amount due to a jointly controlled entity	6,449	–	–	–	–	6,449	6,449
Interest-bearing bank and other borrowings							
– fixed rate	204,727	17,244	75,312	1,471,468	–	1,768,751	1,334,513
– variable rate	15,274	42,122	572,337	4,062,728	375,465	5,067,926	4,546,993
Financial guarantee contracts	3,610,783	–	–	516,083	–	4,126,866	–
	4,853,365	59,366	647,649	6,050,279	375,465	11,986,124	6,904,087

6. FINANCIAL INSTRUMENTS *(Continued)*

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

(iii) Liquidity risk (Continued)

Liquidity tables (Continued)

	Repayable on demand or 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
Amount due to a substantial shareholder of the Company	34,874	–	–	–	–	34,874	34,874
Amount due to a jointly controlled entity	6,444	–	–	–	–	6,444	6,444
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
Financial guarantee contracts	2,131,360	–	192,744	90,703	–	2,414,807	–
	2,936,578	155,587	2,006,537	4,282,719	–	9,381,421	5,984,689

The amounts included above financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount. Based on expectation at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change, if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

6. FINANCIAL INSTRUMENTS *(Continued)*

(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 (see note 32) that are supported by observable market data.

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

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 3 based on the degree to which the fair value is observable.

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 3 2010 HK$'000
Financial liability	
Derivative financial liability – warrants	**18,663**

Reconciliation of Level 3 fair value measurements of financial liabilities

	Derivative financial liability - warrants HK$'000
At 1 April 2009	7,330
Loss recognised in profit or loss	11,333
At 31 March 2010	**18,663**

7. SEGMENT INFORMATION

The Group has adopted HKFRS 8 "Operating Segments" with effect from 1 April 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker ("CODM") in order to allocate resources to segments and to assess their performance. The Group's CODM is the executive directors of the Company. In contrast, the predecessor standard (HKAS 14 "Segment Reporting") required an entity to identify two sets of segments (business and geographical) using a risks and returns approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments. In the past, the Group's primary reporting format was business segments. For the purposes of assessing performance and allocating resources, the CODM reviews revenue and operating results of businesses of property development, property investment and property management. The application of HKFRS 8 has not resulted in a redesignation of the Group's operating and reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. Nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss and segment assets and liabilities.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Summary details of the Group's operating and reportable 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.

7. SEGMENT INFORMATION *(Continued)*

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segment:

	Property development		Property investment		Property management		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue:								
Sales to external customers	**3,899,879**	2,943,218	**14,960**	9,141	**7,194**	3,815	**3,922,033**	2,956,174
Segment results	**432,361**	591,641	**462,951**	(61,744)	**248**	(109)	**895,560**	529,788
Net unallocated expenses							**(65,233)**	(68,954)
Net foreign exchange (losses) gains							**(16)**	28,777
Fair value (loss) gain on warrants							**(11,333)**	47,399
Gain on repurchase of senior notes							**–**	71,183
Interest income							**2,349**	6,226
Finance costs							**(134,025)**	(87,377)
Share of (loss) profit of associates							**(2,075)**	21,647
Profit before taxation							**685,227**	548,689

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment profit represents the profit earned by each reportable segment without allocation of income and expenses of the Group's head office and hotel operation, net foreign exchange differences, change in fair value of warrants, gain on repurchase of senior notes, interest income, finance costs and share of results of associates. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

The Group's CODM does not review the segment assets and liabilities for the purposes of allocating resources to segments and assessing their performance. Therefore, no segment assets and liabilities are presented.

7. SEGMENT INFORMATION *(Continued)*

Other segment information

The following are the amounts included in the measure of segment profit:

	Property development		Property investment		Property management		Unallocated		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Depreciation	**2,559**	381	**486**	246	**432**	454	**16,812**	6,600	**20,289**	7,681
Amortisation of prepaid land lease payments	**–**	–	**–**	–	**–**	–	**2,046**	2,275	**2,046**	2,275
Loss (gain) on disposal of property, plant and equipment	**246**	302	**–**	–	**44**	18	**(34,916)**	359	**(34,626)**	679
(Reversal of) write-down of properties under development	**(82,261)**	82,000	**–**	–	**–**	–	**–**	–	**(82,261)**	82,000
Increase (decrease) in fair value of investment properties	**–**	–	**461,647**	(63,430)	**–**	–	**–**	–	**461,647**	(63,430)

Geographical information

The Group's operations are located in the PRC. All of the Group's revenue from external customers is based on the location at which the services are provided or the products are sold. The Group's non-current assets are mainly located in the PRC.

Information about major customers

No revenue from transaction with single external customer amounted to 10% or more of the Group's revenue for the year.

8. REVENUE

Revenue represents gross proceeds, net of discounts and sales related taxes, from the sale of properties, together with rental income and property management income. An analysis of the Group's revenue for the year is as follows:

	2010	2009
	HK$'000	HK$'000
Sale of properties	**3,899,879**	2,943,218
Rental income	**14,960**	9,141
Property management income	**7,194**	3,815
	3,922,033	2,956,174

9. OTHER INCOME

	2010 HK$'000	2009 HK$'000
Interest income from banks	2,349	831
Other interest income	–	5,395
Gain on disposal of property, plant and equipment	34,626	–
Income from hotel operation	9,435	–
Net foreign exchange gains	–	28,777
Return on termination of land development	–	13,265
Subsidies from the PRC government	984	2,015
Waiver of other payables	–	2,159
Others	12,103	13,547
	59,497	65,989

10. FINANCE COSTS

	2010 HK$'000	2009 HK$'000
Interest on bank loans wholly repayable within five years	236,150	232,149
Interest on bank loans not wholly repayable within five years	5,077	–
Interest on other loans wholly repayable within five years	78,010	61,001
Interest on senior notes	146,741	160,374
Imputed interest expenses on long term payables	14,830	18,349
	480,808	471,873
Less: Amounts capitalised in properties under development, investment properties under construction and property, plant and equipment	(346,783)	(384,496)
	134,025	87,377

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

11. TAXATION

	2010 HK$'000	2009 HK$'000
PRC Enterprise Income Tax		
Provision for the year	172,187	90,712
Overprovision in prior years	(12,122)	(8,564)
PRC LAT	261,110	201,097
Deferred tax (note 34)	68,578	49,643
Total tax charge for the year	489,753	332,888

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.

11. TAXATION *(Continued)*

The Group's income tax expense represents tax charges on the assessable profits of subsidiaries 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.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the statutory tax rate of the Company's PRC subsidiaries is 25% from 1 January 2008 onwards.

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.

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, 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:

	2010		2009	
	HK$'000	%	HK$'000	%
Profit before taxation	685,227		548,689	
Tax at the statutory tax rate	171,307	25.0	137,172	25.0
Tax effect of income not taxable	(11,320)	(1.7)	(39,192)	(7.1)
Tax effect of expenses not deductible	92,234	13.5	62,030	11.3
Tax effect of tax losses not recognised	32,682	4.8	21,911	4.0
Tax effect of utilisation of tax losses previously not recognised	(928)	(0.1)	(190)	–
Tax effect of share of loss (profit) of associates	519	0.1	(5,412)	(1.0)
	284,494	41.6	176,319	32.2
PRC LAT	261,110	38.1	201,097	36.7
Income tax effect of PRC LAT	(65,278)	(9.5)	(50,274)	(9.2)
Changes in estimate of deferred tax liability which arose on a business combination	(4,466)	(0.7)	(17,557)	(3.2)
Deferred tax on undistributed earnings of PRC subsidiaries	26,015	3.8	31,867	5.8
Overprovision in prior years	(12,122)	(1.8)	(8,564)	(1.6)
Tax charge and effective tax rate for the year	489,753	71.5	332,888	60.7

12. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	2010 HK$'000	2009 HK$'000
Cost of completed properties sold	3,170,693	1,981,359
(Reversal of) write-down of properties under development (note 24)	(82,261)	82,000
Depreciation of property, plant and equipment (note 16)	22,713	11,862
Less: Amounts capitalised in properties under development	(2,424)	(4,181)
	20,289	7,681
Amortisation of prepaid land lease payments (note 18)	2,046	2,275
(Gain) loss on disposal of property, plant and equipment	(34,626)	679
Minimum lease payments under operating leases for land and buildings	8,816	8,125
Less: Amounts capitalised in properties under development	(2,388)	(2,435)
	6,428	5,690
Auditor's remuneration	3,200	2,800
Staff costs:		
Salaries and other benefits (including directors' remuneration – note 13)	109,107	115,447
Share-based payment (note 35)	9,386	16,953
Pension scheme contributions	10,458	12,422
Less: Amounts capitalised in properties under development	(31,188)	(53,896)
	97,763	90,926
Provision for long service payments	171	270
Share of tax of associates (included in share of (loss) profit of associates)	870	2,494
Impairment loss of trade and other receivables (included in other expenses)	36,624	15,227
Hotel operating expenses (included in other expenses)	44,481	–
Gross rental income	(14,960)	(9,141)
Less: Outgoings	5,459	3,824
Net rental income	(9,501)	(5,317)

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:

	2010 HK$'000	2009 HK$'000
Fees:		
Executive directors	–	–
Non-executive directors	20	40
Independent non-executive directors	260	260
	280	300
Other emoluments:		
Salaries and other benefits	15,756	15,613
Share-based payment	6,510	11,290
Pension scheme contributions	43	127
	22,309	27,030
	22,589	27,330

13. DIRECTORS' REMUNERATION *(Continued)*

	Fees HK$'000	Salaries and other benefits HK$'000	Share-based payment HK$'000	Pension scheme contributions HK$'000	Total HK$'000
Year ended 31 March 2010					
Executive directors:					
Mr. Chan Boon Teong	–	2,800	1,072	–	3,872
Mr. Jiang Ming	–	3,033	1,072	12	4,117
Mr. Tao Lin	–	2,681	1,072	12	3,765
Mr. Cheng Wing Bor	–	2,450	1,072	12	3,534
Mr. Lin Chen Hsin	–	511	268	–	779
Mr. Wu Xin	–	2,183	623	7	2,813
Mr. Cai Shaobin	–	2,098	–	–	2,098
Mr. Zheng Hong Qing	–	–	–	–	–
	–	15,756	5,179	43	20,978
Non-executive directors:					
Mr. Guo Limin	10	–	–	–	10
Mr. Xu Ruxin	10	–	–	–	10
Mr. Hu Aimin	–	–	621	–	621
Mr. Zhang Yijun	–	–	37	–	37
	20	–	658	–	678
Independent non-executive directors:					
Mr. Tang Lap Yan	100	–	259	–	359
Mr. Law Kin Ho	80	–	207	–	287
Mr. Wong Kai Cheong	80	–	207	–	287
	260	–	673	–	933
	280	15,756	6,510	43	22,589

13. DIRECTORS' REMUNERATION *(Continued)*

	Fees HK$'000	Salaries and other benefits HK$'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

All of the executive directors agreed to waive their entitlements to directors' fees totalling HK$70,000 (2009: 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 (2009: 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. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit attributable to owners of the Company for the year of HK$209,577,000 (2009: HK$215,008,000) and the number of 2,790,582,857 (2009: 2,790,582,857) ordinary shares in issue during the year.

The calculation of diluted earnings per share for the years ended 31 March 2010 and 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 both years.

16. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HK$'000	Land and hotel property HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Construction-in-progress HK$'000	Total HK$'000
COST OR VALUATION							
At 1 April 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 17)	–	–	–	–	–	175,170	175,170
Transferred 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 38)	–	–	–	–	(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
Exchange realignment	344	–	65	92	32	1,517	2,050
Additions	8,053	–	–	7,133	899	361,886	377,971
Acquired on acquisition of property-based subsidiaries (note 36)	4,668	–	–	439	103	–	5,210
Reclassified to investment properties (note 2)	–	–	–	–	–	(487,570)	(487,570)
Transferred to investment properties (note 17)	–	–	–	–	–	(80,954)	(80,954)
Reclassification upon completion	23,073	429,201	127,361	182,544	–	(762,179)	–
Disposals	(21,498)	–	–	(5,226)	(682)	–	(27,406)
Adjustment on revaluation	10,859	–	–	–	–	–	10,859
At 31 March 2010	**143,558**	**429,201**	**149,060**	**218,048**	**11,919**	**–**	**951,786**
Comprising							
At cost	–	429,201	149,060	218,048	11,919	–	808,228
At valuation 2010	143,558	–	–	–	–	–	143,558
	143,558	429,201	149,060	218,048	11,919	–	951,786

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

	Land and buildings HK$'000	Land and hotel property HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Construction-in-progress HK$'000	Total HK$'000
DEPRECIATION							
At 1 April 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 38)	–	–	–	–	(1,025)	–	(1,025)
Adjustment on revaluation	(2,356)	–	–	–	–	–	(2,356)
At 31 March 2009	–	–	6,466	15,436	5,105	–	27,007
Exchange realignment	4	5	29	58	16	–	112
Provided for the year	2,444	2,939	7,407	8,780	1,143	–	22,713
Eliminated on disposals	–	–	–	(1,118)	(649)	–	(1,767)
Adjustment on revaluation	(2,448)	–	–	–	–	–	(2,448)
At 31 March 2010	**–**	**2,944**	**13,902**	**23,156**	**5,615**	**–**	**45,617**
CARRYING VALUES							
At 31 March 2010	**143,558**	**426,257**	**135,158**	**194,892**	**6,304**	**–**	**906,169**
At 31 March 2009	118,059	–	15,168	17,630	6,462	967,300	1,124,619

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

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

Land and buildings	Shorter of land lease term or 2% to 5%
Land and hotel property	Shorter of land lease term or 2% to 5%
Leasehold improvements	10% – 20%
Furniture, fixtures and equipment	10% – 20%
Motor vehicles	20%

	2010 HK$'000	2009 HK$'000
Land and buildings in Hong Kong		
Long lease	9,000	200
Medium-term lease	–	190
	9,000	390
Land and buildings in the PRC		
Long lease	32,089	32,038
Medium-term lease	102,469	85,631
	134,558	117,669
	143,558	118,059

The Group's land and hotel property is located in the PRC and is held under medium-term lease.

The Group's land and buildings were revalued individually at 31 March 2010 by DTZ Debenham Tie Leung Limited, independent professional 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 2010 would have been approximately HK$135,094,000 (2009: HK$100,356,000).

17. INVESTMENT PROPERTIES

	Completed investment properties - at fair value HK$'000	Investment properties under construction - at fair value HK$'000	Investment properties under construction - at cost HK$'000	Total HK$'000
FAIR VALUE/COST				
At 1 April 2008	616,476	–	–	616,476
Exchange realignment	14,391	–	–	14,391
Decrease in fair value recognised in profit or loss	(63,430)	–	–	(63,430)
Disposals	(3,832)	–	–	(3,832)
At 31 March 2009	563,605	–	–	563,605
Reclassified from property, plant and equipment (note 2)	–	312,400	175,170	487,570
Increase in fair value recognised upon the adoption of HKAS 40 (note 2)	–	61,799	–	61,799
Exchange realignment	2,442	1,105	554	4,101
Transferred from construction-in-progress under property, plant and equipment (note 16)	80,954	–	–	80,954
Additions	3,831	83,634	26,728	114,193
Increase in fair value recognised in profit or loss	392,103	7,745	–	399,848
Transfer upon completion	466,683	(466,683)	–	–
At 31 March 2010	**1,509,618**	**–**	**202,452**	**1,712,070**

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

	2010 HK$'000	2009 HK$'000
Long lease	**73,929**	63,605
Medium-term lease	**1,638,141**	500,000
	1,712,070	563,605

17. INVESTMENT PROPERTIES *(Continued)*

During the year ended 31 March 2009, 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 65% of rental income from leasing of the property for 35 years. At 1 April 2009, the carrying amount of the property amounting to HK$175,170,000 (see note 16) was reclassified to investment properties under construction upon the adoption of the amendment to HKAS 40. Such a property as at 31 March 2010 was measured at cost as the development of the investment property is still at early stage and the fair value cannot be reliably determined.

The fair values of investment properties under construction as at 1 April 2009, and the fair values of the Group's completed investment properties at 31 March 2010 and 31 March 2009 have been arrived at on the basis of valuations carried out on those dates by DTZ Debenham Tie Leung Limited, independent professional 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.

For completed investment properties, the valuations have been 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.

For investment properties under construction or development, the valuations have been arrived at adopting direct comparison approach with reference to comparable transactions in the locality and assuming that the investment properties will be completed in accordance with the development proposals and the relevant approvals for the proposals have been obtained. The valuations have also taken into account the relevant future cost of development, including construction costs, finance costs, professional fees and developer's profit, which duly reflect the risks associated with the development of the properties.

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.

18. PREPAID LAND LEASE PAYMENTS

	2010 HK$'000	2009 HK$'000
At beginning of year	99,786	99,902
Exchange realignment	234	2,159
Additions	62,644	–
Disposals	(39,582)	–
Amortisation during the year (note 12)	(2,046)	(2,275)
At end of year	121,036	99,786
Analysed for reporting purposes as:		
Non-current asset	119,148	97,507
Current asset (included in prepayments, deposits and other receivables)	1,888	2,279
	121,036	99,786

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

	2010 HK$'000	2009 HK$'000
Leasehold lands in Hong Kong		
Long lease	65,693	3,141
Medium-term lease	–	774
	65,693	3,915
Leasehold lands in the PRC		
Medium-term lease	55,343	95,871
	121,036	99,786

19. GOODWILL

	HK$'000
COST	
At 1 April 2008	81,032
Exchange realignment	1,829
At 31 March 2009	82,861
Exchange realignment	262
At 31 March 2010	**83,123**

Impairment testing of goodwill

Goodwill acquired through business combinations or acquisition of additional interests in subsidiaries has been allocated to cash-generating units ("CGU") that are 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 professional valuers with reference to the comparable transactions in similar locations and conditions.

During the year ended 31 March 2010, management of the Group determines that there are no impairments of its CGU containing goodwill.

20. 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:

	2010 **HK$'000**	2009 HK$'000
Non-current assets	**4**	61
Current assets	**22,005**	21,950
Current liabilities	**(136)**	(66)
Net assets	**21,873**	21,945
Income	**–**	–
Expenses	**(142)**	–
Loss for the year	**(142)**	–

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

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.

As at 31 March 2010 and 2009, the Group had interests in the following jointly controlled entities:

Name of jointly controlled entity	Registered capital	Place of registration and operations	Proportion of registered capital held by the Group		Group's percentage of Voting power		Group's percentage of Profit sharing (Note (a))		Principal activities
			2010 %	2009 %	**2010** %	2009 %	**2010** %	2009 %	
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

Notes:

(a) The Group is entitled to share the operating results of these jointly controlled entities based on the Group's 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 at general meetings. However, based on the shareholder's agreement, Tianjin Real Estate is jointly controlled by the Group and the other significant venturer as the strategic financial and operating decisions relating to the activity require the unanimous consent of the venturers. Therefore, Tianjin Real Estate is classified as a jointly controlled entity of the Group.

21. INTERESTS IN ASSOCIATES

	2010 HK$'000	2009 HK$'000
Cost of investment		
Listed in the PRC	**138,943**	138,505
Unlisted	**71,210**	70,985
Share of post-acquisition profits and other comprehensive income	**22,670**	24,671
Unrealised profit on disposal of a subsidiary to the associate	**(9,538)**	(9,508)
	223,285	224,653
Fair value of listed investment	**537,593**	349,650

The fair value of the above listed investment at 31 March 2010 was determined based on the quoted market bid price available on the relevant exchange.

The fair value of the above listed investment at 31 March 2009 was 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
Share price	RMB9.35
Volatility	88.60%
Risk free rate	1.10%
Expected annual dividend yield	–
Estimated marketability discount	32.21%

As at 31 March 2010 and 2009, the Group had interests in the following significant associates:

Name of associate	Place of registration and operations	Proportion of registered capital held by the Group 2010 %	2009 %	Principal activities
Shanghai Fenghwa Group Co., Ltd. ("Shanghai Fenghwa")	PRC	**21.13**	21.13	Property development and investment
Shenyang Rongtian Real Estate Development Co., Ltd.	PRC	**20**	20	Property development

21. INTERESTS IN ASSOCIATES *(Continued)*

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.

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:

	2010 HK$'000	2009 HK$'000
Total assets	1,461,026	1,547,865
Total liabilities	(719,988)	(798,869)
Net assets	741,038	748,996
Revenue	550,999	152,790
(Loss) profit for the year	(10,311)	102,453

22. AVAILABLE-FOR-SALE INVESTMENTS

	2010 HK$'000	2009 HK$'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 the end of the reporting period 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.

23. PLEDGED BANK DEPOSITS/CASH AND BANK BALANCES

Pledged bank deposits represent (i) deposits with an aggregate carrying amount of approximately HK$1,071 million (2009: HK$45 million) pledged to banks for banking facilities granted to the Group (note 31(a)(v)); (ii) deposits with an aggregate carrying amount of approximately HK$153 million (2009: HK$134 million) pledged to banks in respect of mortgage loan facilities granted to the buyers of certain properties developed by the Group; and (iii) deposits with carrying amount of approximately HK$62 million (2009: HK$70 million) pledged for the senior notes of the Company (note 31(d)). Deposits amounting to HK$972 million (2009: HK$70 million) have been pledged to secure long term borrowings and are therefore classified as non-current assets.

23. PLEDGED BANK DEPOSITS/CASH AND BANK BALANCES *(Continued)*

Bank balances carry interest at market rates which range from 0.01% to 0.36% (2009: 0.01% to 0.36%) per annum. The pledged bank deposits carry fixed interest rates which range from 0.21% to 2.79% (2009: 0.01% to 0.36%) per annum. The pledged bank deposits with carrying amount of HK$972 million and HK$314 million will be released from 1 to 5 years and within 1 year respectively.

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 loans and senior notes for bank deposits pledged under the conditions as stated in (i) and (iii) above.

24. PROPERTIES UNDER DEVELOPMENT

	2010 HK$'000	2009 HK$'000
CARRYING AMOUNT		
At beginning of year	6,530,517	5,662,804
Exchange realignment	20,069	117,509
Additions	2,482,019	2,232,529
Acquisition of property-based subsidiaries (note 36)	799,837	–
Transferred to completed properties for sale	(2,146,641)	(1,223,668)
Disposal of a property-based subsidiary (note 38)	–	(176,657)
Reversal of (write-down of) properties under development	82,261	(82,000)
At end of year	7,768,062	6,530,517

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

	2010 HK$'000	2009 HK$'000
Long lease	6,688,364	6,296,548
Medium-term lease	1,079,698	233,969
	7,768,062	6,530,517

Properties under development with carrying amount of HK$3,783,698,000 (2009: HK$4,507,198,000) are expected to be completed and available for sale after more than twelve months from the end of the reporting period.

During the year ended 31 March 2010, the Group reversed the impairment loss of HK$82.3 million on properties under development based on assessment of the expected selling price of the properties under development, taking into account costs to completion. The assessment is based on the prevailing market conditions and the fair value of properties under development performed by independent professional valuers.

25. COMPLETED PROPERTIES FOR SALE

The Group's completed properties for sale are situated in the PRC and are stated at cost less impairment loss.

26. 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 end of the reporting period based on contract date, net of allowance for bad and doubtful debts, is as follows:

	2010		2009	
	Balance HK$'000	**Percentage**	Balance HK$'000	Percentage
0 – 30 days	**6,718**	**13**	67,429	32
31 – 60 days	**86**	**–**	17,557	8
61 – 90 days	**1,108**	**2**	4,308	2
Over 90 days	**42,960**	**85**	121,658	58
	50,872	**100**	210,952	100

The Group has minimal trade receivable balances which have been past due at the reporting date. The trade receivable balance with age over 90 days of approximately HK$42,960,000 (2009: HK$121,658,000) at 31 March 2010 represents the receivable from sales of completed properties which is not impaired at the end of the reporting period 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 the 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 of the Company believe that there is no credit provision required as at the end of the reporting period.

27. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2010 HK$'000	2009 HK$'000
Loan receivable (note a)	–	81,633
Other receivables	118,142	210,747
Deposits for acquisition of land use rights (note b)	1,277,015	1,246,348
Prepayments and other deposits	249,662	256,392
	1,644,819	1,795,120

Notes:

(a) At 31 March 2009, loan receivable of HK$81,633,000 was interest free, unsecured and had no fixed repayment terms.

(b) The amount represents the payment made for the acquisition of land use rights in the PRC which will be developed for sale purposes in which an amount of HK$845,705,000 (2009: HK$922,244,000) is paid for land acquisition through the acquisition of PRC property-based companies. The deposits are secured by shares of the holding company of the PRC property-based companies.

28. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the reporting period based on invoice date is as follows:

	2010		2009	
	Balance HK$'000	Percentage	Balance HK$'000	Percentage
0 – 30 days	98,063	54	148,348	64
31 – 60 days	9,064	5	33,102	14
61 – 90 days	21,163	12	6,219	3
Over 90 days	53,903	29	44,664	19
	182,193	100	232,333	100

29. DEPOSITS RECEIVED FROM PRE-SALES OF PROPERTIES AND DEFERRED REVENUE

Included in the deposits received from pre-sales of properties and deferred revenue in the Group's consolidated statement of financial position as at 31 March 2010 was an amount of approximately HK$114 million (2009: HK$113 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 2010 with a 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$114 million) to the Group from the third party developer. The carrying amount of the land is included in the properties under development of the Group.

At the end of the reporting period, the RMB100 million (equivalent to approximately HK$114 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 statement of financial position.

30. OTHER PAYABLES AND ACCRUALS

	2010 HK$'000	2009 HK$'000
Sales and other taxes payable	11,879	46,404
Other payables (note)	816,815	719,488
Accrued construction costs	655,021	300,196
Accrued expenses	223,929	147,598
	1,707,644	1,213,686

Note:

Included in other payables as at 31 March 2010 are payables to the local PRC government of HK$177,592,000 (2009: HK$157,895,000) in connection with a property development project acquired in prior years and the amount due to a former shareholder of HK$102,698,000 (2009: nil) which are interest-free and repayable on demand.

31. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2010 HK$'000	2009 HK$'000
CURRENT		
Bank loans – secured	387,996	882,483
Bank loans – unsecured	56,869	110,034
Other loans – secured	3,617	286,902
Other loans – unsecured	181,979	181,406
	630,461	1,460,825
NON-CURRENT		
Bank loans – secured	4,112,888	2,391,383
Bank loans – unsecured	–	68,027
Other loans – secured	197,743	154,153
Senior notes – secured	940,414	916,433
	5,251,045	3,529,996
	5,881,506	4,990,821
Analysed into:		
Bank loans repayable:		
Within one year	444,865	992,517
In the second year	1,803,403	1,184,467
In the third to fifth years inclusive	1,975,845	1,274,943
Beyond five years	333,640	–
	4,557,753	3,451,927
Other borrowings repayable:		
Within one year	185,596	468,308
In the second year	193,142	145,804
In the third to fifth years inclusive	945,015	924,782
	1,323,753	1,538,894
	5,881,506	4,990,821

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

Notes:

(a) Certain of the Group's bank loans as at 31 March 2010 are secured by:

(i) certain land and buildings of the Group with an aggregate carrying value of approximately HK$24 million (2009: HK$47 million);

(ii) certain land and hotel property of the Group with an aggregate carrying value of approximately HK$413 million (2009: nil);

(iii) certain investment properties of the Group with an aggregate carrying value of approximately HK$828 million (2009: nil);

(iv) certain leasehold lands of the Group with an aggregate carrying value of approximately HK$117 million (2009: HK$95 million);

(v) certain bank deposits of the Group with an aggregate carrying value of approximately HK$1,071 million (2009: HK$45 million);

(vi) certain properties under development of the Group with an aggregate carrying value of approximately HK$4,910 million (2009: HK$5,203 million);

(vii) certain completed properties for sale of the Group with an aggregate carrying value of approximately HK$77 million (2009: HK$1,464 million); and

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

Certain of the Group's bank loans as at 31 March 2009 were secured by certain construction-in-progress of the Group with an aggregate carrying value of approximately HK$792 million.

(b) Certain of the Group's other loans as at 31 March 2010 are secured by:

(i) certain land and buildings of the Group with an aggregate carrying value of approximately HK$20 million (2009: HK$20 million);

(ii) certain investment properties of the Group with an aggregate carrying value of approximately HK$65 million (2009: HK$60 million);

(iii) certain properties under development of the Group with an aggregate carrying value of approximately HK$543 million (2009: HK$341 million);

(iv) the Group's 90% equity interest in a property-based subsidiary; and

(v) corporate guarantee from a subsidiary of the Company.

Certain of the Group's other loans as at 31 March 2009 were secured by the Group's 58.65% equity interest in a property-based subsidiary.

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:

	2010		2009	
	Borrowings HK$'000	**Interest rate**	Borrowings HK$'000	Interest rate
Effective interest rate:				
Fixed-rate borrowings	**394,099**	**6.44% to 10.00%**	746,508	4.86% to 18.00%
Variable-rate borrowings	**4,546,993**	**1.33% to 6.48%**	3,327,880	4.86% to 9.07%

The effective interest rate of variable-rate borrowings is based on lending rate of the People's Bank of China or Hong Kong Interbank Offered Rate or London Interbank Offered Rate plus a specified margin.

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

	2010 HK$'000	2009 HK$'000
United States dollars	**1,758,814**	916,433
Hong Kong dollars	**33,000**	–
	1,791,814	916,433

(d) Senior notes

Pursuant to a purchase agreement dated 30 November 2007, the Company issued 1,500 units consisting of 12% guaranteed senior notes (the "2007 Senior Notes") with the principal amount of US$150 million (equivalent to approximately HK$1,170 million) 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. 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$62 million (2009: HK$70 million) and share charges over the entire issued share capital of certain wholly-owned subsidiaries of the Group. 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 recognised in profit or loss. The fair values of warrants at the dates of issue is 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 a total consideration of US$6,987,000 (equivalent to approximately HK$54.5 million), resulting in a gain of HK$71,183,000.

32. DERIVATIVE FINANCIAL LIABILITY – WARRANTS

At 31 March 2010, the Company had outstanding 111,622,500 (2009: 111,622,500) unlisted warrants conferring rights to subscribe for up to 111,622,500 (2009: 111,622,500) new ordinary shares of HK$0.10 each in the Company at the adjusted exercise price of HK$1.23 per share (subject to adjustments) at any time on or before 8 November 2012.

These warrants are classified as derivative financial liabilities which are measured at fair value with movement recognised in profit or loss.

The fair values of warrants as at 31 March 2010 and 31 March 2009 were HK$18,663,000 and HK$7,330,000 respectively, which were calculated using binomial option pricing model developed by Cox, Ross, and Rubinstein in 1979. The inputs into the model were as follows:

	31.3.2010	31.3.2009
Exercise price	**HK$1.23**	HK$1.23
Share price	**HK$0.55**	HK$0.325
Volatility	**82.8%**	71.0%
Risk free rate	**1.100%**	1.341%
Dividend yield	**0%**	0%

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.

33. SHARE CAPITAL

Shares

	Number of ordinary shares	Nominal value HK$'000
Authorised:		
Ordinary shares of HK$0.10 each at 31 March 2009 and 31 March 2010	7,000,000,000	700,000
Issued and fully paid:		
Ordinary shares of HK$0.10 each at 31 March 2009 and 31 March 2010	2,790,582,857	279,058

Share options

Details of the Company's share option scheme and the share options granted under the scheme are included in note 35.

34. DEFERRED TAX LIABILITIES

The movements in deferred tax liabilities (assets) during the current and prior years are as follows:

	Business combinations (Note (a)) HK$'000	Fair value adjustments of investment properties HK$'000	Tax losses HK$'000	Undistributed profits of PRC subsidiaries HK$'000	Others (Note (b)) HK$'000	Total HK$'000
At 1 April 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 profit or loss during the year (note 11)	(82,303)	(16,960)	(4,370)	31,867	121,409	49,643
Credited to other comprehensive income during the year	–	–	–	–	(305)	(305)
At 31 March 2009	551,506	16,677	(12,756)	31,922	(7,155)	580,194
Exchange realignment	1,648	245	(40)	145	(67)	1,931
(Credited) charged to profit or loss during the year (note 11)	(56,667)	114,065	–	26,015	(14,835)	68,578
Charged to other comprehensive income during the year	–	–	–	–	2,861	2,861
At 31 March 2010	**496,487**	**130,987**	**(12,796)**	**58,082**	**(19,196)**	**653,564**

Notes:

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

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

(c) At the end of the reporting period, the Group has unused tax losses of HK$551,545,000 (2009: HK$436,265,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK$51,184,000 (2009: HK$51,024,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK$500,361,000 (2009: HK$385,241,000) due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of HK$383,979,000 (2009: HK$281,681,000) that will gradually expire until 2014. Other losses will be carried forward indefinitely.

35. SHARE OPTION SCHEME

A share 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").

(b) Eligible participants ("Participants")

The directors of the Company 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 of the Company from time to time with regard to their contribution to the development and growth of the Group and any Invested Entity.

35. SHARE OPTION SCHEME *(Continued)*

(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.

(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 of the Company and the shareholders' approval in a general meeting 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 of the Company, 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 of the Company 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.

35. SHARE OPTION SCHEME *(Continued)*

(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 of the Company 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 of the Company 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.

(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 of the Company, 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 of the Company 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.

35. SHARE OPTION SCHEME *(Continued)*

(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 by the vesting period granted under the Scheme 2002 during the current and prior years:

	Number of share options				
Option type	Outstanding at 1 April 2008	Forfeited during the year	Outstanding and exercisable at 31 March 2009	Forfeited during the year	Outstanding and exercisable at 31 March 2010
Granted on 14 May 2007					
– with vesting period from 14 May 2007 to 14 May 2008	15,400,000	(2,000,000)	13,400,000	(1,200,000)	12,200,000
– with vesting period from 14 May 2007 to 14 May 2009	30,082,000	(2,870,000)	27,212,000	(1,200,000)	26,012,000
– with vesting period from 14 May 2007 to 14 May 2010	15,400,000	(2,000,000)	13,400,000	(1,200,000)	12,200,000
– with vesting period from 14 May 2007 to 14 May 2011	15,400,000	(2,000,000)	13,400,000	(1,200,000)	12,200,000
– with vesting period from 14 May 2007 to 14 May 2012	49,658,000	(4,030,000)	45,628,000	(1,200,000)	44,428,000
	125,940,000	(12,900,000)	113,040,000	(6,000,000)	107,040,000

35. SHARE OPTION SCHEME *(Continued)*

The following table discloses movements of the Company's share options granted under the Scheme 2002 during the current and prior years:

	Number of share options							
Name or category of Participant	Outstanding at 1 April 2008	Forfeited during the year	Outstanding and exercisable at 31 March 2009	Forfeited during the year	Outstanding and exercisable at 31 March 2010	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)	–	–	–	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)	–	–	–	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

35. SHARE OPTION SCHEME *(Continued)*

	Number of share options							
Name or category of Participant	Outstanding at 1 April 2008	Forfeited during the year	Outstanding and exercisable at 31 March 2009	Forfeited during the year	Outstanding and exercisable at 31 March 2010	Date of grant of share options[1]	Exercise period of share options[3]	Exercise price of share options[2] HK$
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	(2,900,000)	46,040,000	–	46,040,000	14 May 2007	15 May 2008 to 23 September 2012	1.20
	125,940,000	(12,900,000)	113,040,000	(6,000,000)	107,040,000			

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 2010, the Company had 107,040,000 (2009: 113,040,000) share options outstanding under the Scheme 2002, which represented approximately 3.8% (2009: 4.1%) 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 107,040,000 (2009: 113,040,000) additional ordinary shares of the Company and additional share capital of HK$10,704,000 (2009: HK$11,304,000) and share premium of HK$117,744,000 (2009: HK$124,344,000) (before issue expenses).

The fair values of the share options were determined at the date of grant using the Black-Scholes-Merton option pricing model and ranged from HK$0.42 to HK$0.67. The total fair value of the share options granted was HK$76,077,000 of which a share option expense of HK$9,386,000 was recognised for the year ended 31 March 2010 (2009: HK$16,953,000).

35. SHARE OPTION SCHEME *(Continued)*

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

Share price	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 rate	from 3.886% to 4.028%

The Black-Scholes-Merton option pricing model has been used to estimate the fair values of the share options at the date of grant. 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.

36. ACQUISITION OF PROPERTY-BASED SUBSIDIARIES

(a) During the year ended 31 March 2010, the Group acquired certain properties under development in the PRC and their related assets and liabilities for the total consideration of HK$550,138,000 from certain third parties. The acquisitions were made by way of acquiring the 85% and 90% equity interests respectively in Shenyang Coastal Huicheng Real Estate Co., Ltd. and Wuhan Zhisheng Group Co., Ltd. The subsidiaries acquired are property holding companies which are not businesses and the acquisitions were accounted for as purchases of assets and liabilities, if any, rather than as business combinations.

(b) 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 for 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 20). 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 which is not a business.

36. ACQUISITION OF PROPERTY-BASED SUBSIDIARIES *(Continued)*

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

	2010 HK$'000	2009 HK$'000
Net assets acquired:		
Property, plant and equipment (note 16)	5,210	–
Properties under development (note 24)	799,837	–
Completed properties for sale	–	83,763
Prepayments, deposits and other receivables	58,310	35,469
Cash and bank balances	1,056	20,315
Other payables and accruals	(271,137)	(16,828)
Deposits received from pre-sales of properties	–	(89,612)
	593,276	33,107
Less: Amount attributable to minority interests	(43,138)	–
	550,138	33,107
Satisfied by:		
Cash	223,723	11,565
Deposits paid in prior years	284,219	–
Other payables	42,196	21,542
	550,138	33,107

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

	2010 HK$'000	2009 HK$'000
Cash consideration	(223,723)	(11,565)
Cash and bank balances acquired	1,056	20,315
Net (outflow) inflow of cash and cash equivalents in respect of the acquisition of property-based subsidiaries	(222,667)	8,750

The results of subsidiaries acquired during the years ended 31 March 2010 and 31 March 2009 had no significant impact on the Group's consolidated revenue or profit after taxation for those years.

37. ACQUISITION OF ADDITIONAL INTERESTS IN PROPERTY-BASED SUBSIDIARIES

During the year ended 31 March 2010, the Group acquired additional 50% and 20% equity interests respectively in Super Investment Development Limited ("Super Investment") of which the Group had control over its operation before the additional acquisition and in Shenyang Coastal Rongtian Real Estate Co., Ltd. ("Shenyang Coastal Rongtian") at the total consideration of HK$783,279,000. Since then, Super Investment and Shenyang Coastal Rongtian became wholly-owned subsidiaries of the Group. The acquisitions were accounted for as purchases of assets and liabilities rather than as business combinations.

38. DISPOSAL OF A PROPERTY-BASED SUBSIDIARY

During the year ended 31 March 2009, the Group disposed of a subsidiary which was engaged in property development in the PRC.

	2009 HK$'000
Net assets disposed of:	
Property, plant and equipment (note 16)	1,662
Properties under development (note 24)	176,657
Prepayments, deposits and other receivables	2,241
Cash and bank balances	52,660
Other payables and accruals	(86,232)
Interest-bearing bank and other borrowings	(90,549)
	56,439
Loss on disposal of a property-based subsidiary	(4,920)
	51,519
Satisfied by:	
Cash	51,519

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of a property-based subsidiary was as follows:

	2009 HK$'000
Cash consideration	51,519
Cash and bank balances disposed of	(52,660)
Net outflow of cash and cash equivalents in respect of the disposal of a property-based subsidiary	(1,141)

The results of the subsidiary disposed of during the year ended 31 March 2009 had no significant impact on the Group's consolidated revenue or profit after taxation for that year.

39. CONTINGENT LIABILITIES

(a) At the end of the reporting period, the Group had given guarantees as follows:

	2010 HK$'000	2009 HK$'000
Guarantees given to banks in connection with:		
– mortgage loans granted to property purchasers	3,610,783	2,131,360
– banking facilities granted to associates	170,606	283,447
Guarantee given to a financial institution in connection with a loan granted to a target company in relation to acquisition of property-based subsidiaries	345,477	–
	4,126,866	2,414,807

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

(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 2010, the Group has a property under development with carrying value of HK$142,041,000 (2009: HK$141,596,000) 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 sought by the Group, the directors of the Company have assessed the issue and consider no provision is required for impairment in value of the land.

40. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties 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.

40. OPERATING LEASE ARRANGEMENTS *(Continued)*

(a) As lessor *(Continued)*

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	2010 HK$'000	2009 HK$'000
Within one year	**12,407**	9,667
In the second to fifth years inclusive	**18,057**	17,636
Over five years	**1,098**	–
	31,562	27,303

(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 end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2010 HK$'000	2009 HK$'000
Within one year	**4,092**	10,513
In the second to fifth years inclusive	**289**	4,944
	4,381	15,457

41. CAPITAL COMMITMENTS

At the end of the reporting period, the Group had the following capital commitments:

	2010 HK$'000	2009 HK$'000
Contracted but not provided for:		
Acquisition of property-based subsidiaries	**608,937**	675,385
Acquisition of investment properties	**–**	17,574
Acquisition of land use rights in the PRC	**–**	113,379
	608,937	806,338
Authorised but not contracted for:		
Acquisition of investment properties	**195,628**	204,082

42. 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 other loans in the consolidated financial statements to reflect the commercial substance of the aforesaid refinancing arrangement. As at 31 March 2010, the aggregate carrying value of the Properties and the balance of the Loans carried in the consolidated statement of financial position amounted to approximately HK$85.2 million (2009: HK$80.1 million) and HK$12.0 million (2009: HK$15.4 million) respectively.

(ii) During the year ended 31 March 2010, the Group received the net project management fee income of HK$3,056,000 (2009: nil) from the associates.

(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 entity and associates are unsecured, interest-free and repayable on demand.

(c) Compensation of key management personnel of the Group

	2010 HK$'000	2009 HK$'000
Short term benefits	**15,756**	17,023
Share-based payments	**5,179**	11,485
Post-employment benefits	**43**	188
Total compensation paid to key management personnel	**20,978**	28,696

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

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	2010 HK$'000	2009 HK$'000
NON-CURRENT ASSETS			
Interests in subsidiaries		2,410,570	2,457,885
Available-for-sale investments		2,400	2,400
Pledged bank deposits		61,625	69,914
Total non-current assets		2,474,595	2,530,199
CURRENT ASSETS			
Amount due from a substantial shareholder of the Company		1,306	1,306
Cash and bank balances		86,866	842
Total current assets		88,172	2,148
CURRENT LIABILITIES			
Other payables and accruals		54,744	54,208
Amounts due to subsidiaries		24,825	135,626
Derivative financial liability – warrants		18,663	7,330
Total current liabilities		98,232	197,164
NET CURRENT LIABILITIES		(10,060)	(195,016)
TOTAL ASSETS LESS CURRENT LIABILITIES		2,464,535	2,335,183
CAPITAL AND RESERVES			
Share capital		279,058	279,058
Reserves	a	1,245,063	1,139,692
Total equity		1,524,121	1,418,750
NON-CURRENT LIABILITY			
Interest-bearing borrowings		940,414	916,433
		2,464,535	2,335,183

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Note:

(a) Reserves of the Company

	Share premium 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 2008	1,126,800	2,315,240	(62,872)	23,751	(2,196,287)	1,206,632
Exchange differences arising 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
Exchange differences arising on translation to presentation currency	–	–	(1,134)	–	–	(1,134)
Recognition of equity-settled share-based payment	–	–	–	9,386	–	9,386
Forfeiture of share options	–	–	–	(1,114)	1,114	–
Profit for the year	–	–	–	–	97,119	97,119
At 31 March 2010	**1,126,800**	**2,315,240**	**(90,091)**	**48,476**	**(2,155,362)**	**1,245,063**

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of principal subsidiaries at the end of the reporting period 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 the Company 2010	2009	Principal activities
Directly held subsidiaries:					
Coastal Commercial Developments Limited	Hong Kong	HK$1 Ordinary	**100**	100	Investment holding
Coastal Realty (BVI) Limited	British Virgin Islands/ Hong Kong	US$200 Ordinary	**100**	100	Investment holding
Coastal Realty Investment (China) Limited#	PRC	US$100,000,000	**100**	100	Investment holding

44. PARTICULARS OF 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 2010	2009	Principal activities
Indirectly held subsidiaries:					
Beijing Coastal Green Sea Bay Real Estate Co., Ltd.^	PRC	RMB50,000,000	100	–	Property development
Beijing Gaosheng Real Estate Company Limited#	PRC	RMB466,800,000	100	100	Property development and investment and investment holding
Beijing Wendela Real Estate Development Co., Ltd.	PRC	RMB100,000,000	100	100	Inactive
Beijing Xing Gang Real Estate Co., Ltd.#	PRC	US$13,500,000	100	100	Property development and investment holding
Capital Top Trading Limited	Hong Kong	US$1,000,000	100	–	Trading
Chengdu Dingyuan Real Estate Ltd.	PRC	RMB10,000,000	79	79	Property development
Coastal Greenland Development Jiangxi Limited#	PRC	US$12,000,000	100	100	Property development
Coastal Greenland Development (Shenyang) Ltd.#	PRC	US$20,000,000	100	100	Investment holding
Coastal Greenland Development (Shenzhen) Ltd.#	PRC	US$12,000,000	100	100	Property development
Coastal Greenland Development (Wuhan) Ltd.#	PRC	RMB50,000,000	100	100	Property development
Coastal Greenland Development (Xiamen) Ltd.#	PRC	RMB100,000,000	100	100	Property development

44. PARTICULARS OF 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 2010	2009	Principal activities
Indirectly held subsidiaries: *(Continued)*					
Coastal Greenland Investment (Sichuan) Ltd.#	PRC	RMB50,000,000	100	100	Inactive
Coastal Realty Development Co. Limited	Hong Kong	HK$10 Ordinary HK$20,000,000 Non-voting deferred shares (Note ii)	100	100	Investment holding
Coastal Realty Development (Shanghai) Co., Ltd.#	PRC	US$12,000,000	100	100	Investment holding
Coastal Realty Management Company Limited	Hong Kong	HK$500,000 Ordinary	100	100	Investment holding
Coastal Riviera Garden (Anshan) Development Co., Ltd.#	PRC	RMB42,000,000	100	100	Investment holding
Dongguan Riviera Garden Development Co., Ltd.	PRC	RMB10,000,000	100	100	Property development
Dragon Gain Investment Limited	Hong Kong	HK$1,000 Ordinary	100	100	Investment holding
Fenhall Development Limited	Hong Kong/ PRC	HK$10,000 Ordinary	100	100	Property investment
Fenson Development Limited	Hong Kong/ PRC	HK$10,000 Ordinary	100	100	Property investment
Frenwick Development Limited	Hong Kong/ PRC	HK$10,000 Ordinary	100	100	Property investment
Globe Gain Limited	Hong Kong	HK$3 Ordinary	100	100	Investment holding
Innovative Marketing and Strategy (Shenzhen) Ltd.#	PRC	HK$1,000,000	100	100	Provision of management services

44. PARTICULARS OF 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 2010	2009	Principal activities
Indirectly held subsidiaries: *(Continued)*					
Jingdian Construction Co., Ltd.	PRC	RMB50,000,000	**100**	100	Construction
Joinwell Investment Limited	Hong Kong	HK$2 Ordinary	**100**	100	Investment holding
Kings Crown Holdings Ltd.	British Virgin Islands/ Hong Kong	US$50,000 Ordinary	**100**	100	Investment holding
Liaoning Baocheng Real Estate Development Co., Ltd.#	PRC	US$50,000,000	**100**	50 (Note (iii))	Property development
My Home Services (Shenzhen) Ltd.#	PRC	US$1,400,000	**100**	100	Property management
North Coastal Real Estate Development (Dalian) Co., Ltd.#	PRC	US$15,000,000	**100**	100	Property development
Pearl Square Enterprises Limited	Hong Kong	HK$2 Ordinary	**100**	100	Investment holding
Shanghai Coastal Commercial Investment Management Co., Ltd.	PRC	RMB10,000,000	**100**	100	Investment holding
Shanghai Coastal Greenland Real Estate Ltd.^	PRC	RMB110,000,000	**100**	100	Investment holding
Shanghai Ling Zhi Properties Co., Ltd.#	PRC	US$25,000,000	**100**	100	Property investment
Shanghai Xinhongda Real Estate Ltd.	PRC	RMB248,292,951	**100**	100	Property development
Shenyang Coastal Huicheng Real Estate Co., Ltd.	PRC	RMB220,000,000	**85**	–	Property development
Shenyang Coastal Rongtian Real Estate Co., Ltd.#	PRC	US$18,000,000	**100**	80	Property development

44. PARTICULARS OF 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 2010	2009	Principal activities
Indirectly held subsidiaries: *(Continued)*					
Shenyang Market Real Estate Development Co., Ltd.	PRC	RMB12,000,000	**100**	100	Property investment
Shenzhen Coastal Property Investment Limited#	PRC	US$11,000,000	**100**	100	Investment holding
Shenzhen Tongzhe Culture Limited	PRC	RMB1,000,000	**100**	100	Provision of management services
Smooth Land Limited	Hong Kong	HK$1	**100**	100	Investment holding
Super Investment Development Limited	Hong Kong	HK$2 Ordinary	**100**	50 (Note (iii))	Investment holding
Suzhou Gaotong Information Services and Consultation Ltd.#	PRC	US$45,000,000	**100**	100	Investment holding
Suzhou New Development Investment Co., Ltd.	PRC	RMB350,000,000	**100**	100	Property development and investment and hotel operation
Tacklemate Investment Limited	Hong Kong	HK$2 Ordinary	**100**	100	Property investment
Wuhan Zhisheng Group Co., Ltd.	PRC	RMB150,000,000	**90**	–	Property development

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

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 had control over the operation of these entities.

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 2010 (sq.m.)	Interest in the development attributable to the Group	Completion/ delivery date
The PRC						
Anshan Greenland IT City	268 Qianshan Road Gaoxin District Anshan	Residential	438,358	7,321	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
Anshan Wisdom New City Phase I	275 North Shengli Road Lishan District Anshan	Residential	44,600	10,709	21.13%	Dec 2009/Dec 2009
Beijing Silo City	5 Baizi Bay Chaoyang District Beijing	Residential/ commercial	717,500	104,475	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 VI						Sep 2009/Sep 2009
Phase VII North						Mar 2009/Jun 2009
Phase VII South						Aug 2009/Aug 2009
Beijing Sunvilla Realhouse	Panggezhuang Town Daxing District Beijing	Residential	112,160	6,472	100%	
Phase I						Dec 2004/Apr 2005
Phase II A						Mar 2007/May 2007
Phase II B						Aug 2008/Aug 2008
Dongguan Riviera Villa	Cai Bai Cun Dao Jiao Town Dongguan	Residential	125,000	9,676	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	7,745	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 2010 (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	7,085	100%	August 1993 (Note 1)
Shanghai Riviera Garden Phase I	1588 Mingzhong Road Xinqiao Town Songjiang District Shanghai	Residential	135,400	2,290	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)
Shenyang Hunnan Residential Project Phase I	8 Tiantan South Street Hunnan New Street Shenyang	Residential	95,200	13,778	20%	May 2009/May 2009
Shenzhen Dragon Court	Junction of Dongmen Central Road and Wenjin Central Road Luohu District Shenzhen	Residential	45,582	4.646	100%	
Phase I						Mar 2000/Mar 2000
Phase II						May 2003/May 2003
Shenzhen Noble Center	38/F., Noble Center No.1006, 3 Fuzhong Road Futian District Shenzhen	Commercial – offices	N/A	1,957	100%	2006 (Notes 2 and 4)
Suzhou Coastal International Centre	1296 West Ganjiang Road Jinchang District Suzhou	Commercial (offices/ serviced apartments/ shops/hotel)	115,700	115,700	100%	Dec 2009/Mar 2010

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 2010 (sq.m.)	Interest in the development attributable to the Group	Completion/ delivery date
Wuhan Lakeside	West Airport Road and	Residential	282,242	3,500	100%	
Apartment	north of Jinyin Lake					
Phase I	Dongxihu District					Apr 2003/Jun 2003
Phase II	Wuhan					May 2004/May 2004
Phase III						Aug 2005/Aug 2005
Phase IV						Mar 2006/Jun 2006
Wuhan Silo City	West of Zhangbo Freeway	Residential	438,600	29,410	100%	
Phase IA	and north of					Sep 2007/Nov 2007
Phase IB	Jinshan Avenue					Mar 2008/Aug 2008
Phase II A,	Dongxihu District					Mar 2009/Aug 2009
B and C	Wuhan					
Phase II D						Jul 2009/Dec 2009
				410,660		

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 property is used by the Group as its office.

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 2010 (sq.m.)	Interest in the development attributable to the Group	Completion/ delivery date
HONG KONG						
Shun Tak Centre	Suite 1712-16, 17th Floor China Merchants Tower Shun Tak Centre 200 Connaught Road Central Hong Kong	Commercial – office	N/A	434	100%	1986 (Notes 1 & 3)
Vienna Mansion	Flat B, 10th Floor 55 Paterson Street Causeway Bay Hong Kong	Residential	N/A	113	100%	1958 (Notes 2 & 3)
				547		

Note 1: This commercial property is occupied by the Group as its office.

Note 2: This residential property is occupied by the Group as staff quarter.

Note 3: The Group's properties in Hong Kong were developed by other independent developers.

Schedule of Major Properties (Continued)

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	268 Qianshan Road Gaoxin District Anshan	Residential/ commercial	59,000	21.13%	2012
Anshan Wisdom New City (excluding Phase I)	275 North Shengli Road Lishan District Anshan	Residential	160,500	21.13%	2011
Beijing Jian Guo Men Wai Project	North of 1A Jian Guo Men Wai Avenue Chaoyang District Beijing	Commercial	44,900	65%	2012
Beijing Shengming Kexueyuan Project	Lot No. 18 Qingnian Apartment Zhongguanchun Live and Science Park Huilongguan Town Changping District Beijing	Commercial – serviced apartments	39,200	21.13%	To be determined
Beijing Silo City Phase IV	5 Baizi Bay Chaoyang District Beijing	Residential/ commercial	145,200	100%	2010
Beijing Sunvilla Realhouse Phase III	Panggezhuang Town Daxing District Beijing	Residential	22,500	100%	2011
Chengdu Dujiangyan Project	Zone 4, 5, 6 East of Zouma River Xingfu Town Dujiangyan City Chengdu	Residential	77,200	21.13%	2010/2011
Chengdu Longquanyi Project	Baigongyan Scenic Zone Longquanyi District Chengdu	Residential	222,500	79%	To be determined

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)
Dalian Coastal International Centre	Zone A, Xinghai Bay Shahekou District Dalian	Residential/ commercial	379,800	100%	2010
Dongguan Riviera Villa (excluding Phases I & II)	Cai Bai Cun Dao Jiao Town Dongguan	Residential	273,200	100%	2010
Shanghai Riviera Garden Phase II	1588 Mingzhong Road Xinqiao Town Songjiang District Shanghai	Residential	228,600	100%	2010
Shenyang Hunnan Commercial Project	8 Tiantan South Street Hunnan New District Shenyang	Commercial	187,100	100%	To be determined
Shenyang Hunnan Residential Project (excluding Phase I)	8 Tiantan South Street Hunnan New District Shenyang	Residential	251,300	20%	2011
Shenyang Wood Factory Project	Dong Ling District and Xin Cheng Zi District Shenyang	Residential	452,200	85%	To be determined
Wuhan Silo City (excluding Phases I and II)	West of Zhangbo Freeway and north of Jinshan Avenue Dongxihu District Wuhan	Residential	1,021,400	100%	2010
Wuhan Tushu Dashijie Project	Tangjiadun Street Huanzihu Village Jianghan District, Wuhan	Commercial	133,300	90%	To be determined
			3,697,900		

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 of the Company based on existing market conditions and assuming no unforeseen circumstances.

PROPERTY ACQUISITION 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	1,914,900	100%
			2,062,600	

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 19 to 27 of the Annual Report.