THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Coastal Greenland Limited (the "Company"), you should at once hand this circular together with the enclosed form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

COASTAL 沿海

COASTAL GREENLAND LIMITED

沿海綠色家園有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 01124)

MAJOR AND CONNECTED TRANSACTION

Independent financial adviser to
the Independent Board Committee and the Independent Shareholders

OPTIMA CAPITAL

Optima Capital Limited

A notice convening a special general meeting of the Company to be held at Suite 1708, 17th Floor, One Exchange Square, 8 Connaught Place, Central, Hong Kong on Monday, 22 March 2010 at 10:30 a.m. is set out on pages 144 to 145 of this circular. Whether or not you are able to attend the special general meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the special general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the special general meeting or any adjournment thereof if you so wish.

* *For identification purpose only*

25 February 2010

CONTENTS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

"Acquisition"	the acquisition by Coastal Realty Investment of the Sale Share subject to and upon the terms and conditions of the Agreement
"Advance"	an advance in the sum of US$10,669,524 equivalent to the amount of the Deposit advanced by Super Investment to AG Coastal Dalian on or around 6 May 2009
"AG Coastal Dalian"	AG Coastal Dalian Ltd., a company incorporated in the British Virgin Islands with limited liability, is interested in 50% of the entire issued share capital of Super Investment and the vendor under the Agreement
"Agreement"	the agreement dated 4 January 2010 and entered into among AG Coastal Dalian, Coastal Realty Investment, Coastal Riviera, Super Investment and the Company in relation to the sale and purchase of the Sale Share
"Angelo Gordon"	funds managed by or affiliates of Angelo, Gordon & Co., L.P.
"associates"	has the meaning ascribed to this term under the Listing Rules
"Board"	the board of Directors
"Business Day"	a day (other than a Saturday or a Sunday) on which banks are open for business in Hong Kong and the PRC
"Coastal Realty Development"	Coastal Realty Development Co. Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly owned subsidiary of the Company
"Coastal Realty Investment"	沿海地產投資(中國)有限公司 (Coastal Realty Investment (China) Limited), a company established in the PRC, a wholly owned subsidiary of the Company and the purchaser under the Agreement

"Coastal Riviera"	沿海麗園(鞍山)置業有限公司 (Coastal Riviera Garden (Anshan) Development Co., Ltd.), a company established in the PRC, an indirect wholly owned subsidiary of the Company and is interested in 50% of the entire issued share capital of Super Investment
"Company"	Coastal Greenland Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Stock Exchange
"Completion"	completion of the sale and purchase of the Sale Share in accordance with the terms and conditions of the Agreement
"Completion Date"	the date of Completion
"connected person"	has the meaning ascribed to this term under the Listing Rules
"Consideration"	the consideration of RMB650,000,000 to be satisfied by Coastal Realty Investment for the Acquisition
"Dalian Project"	the project for developing mixed-use property including luxurious residential, office, service apartments, hotels, retail shops and car park by Liaoning Baocheng on the Land
"Deloitte"	Deloitte Touche Tohmatsu, Certified Public Accountants
"Deposit"	the deposit in the sum of RMB72,979,541 to be satisfied by Coastal Realty Investment
"Directors"	directors of the Company
"DTZ"	DTZ Debenham Tie Leung Limited, an independent valuer
"Early Recoupment Right"	the right of AG Coastal Dalian to early recoup its investment and to give up its future dividend rights in respect of Phase II of the Dalian Project
"Enlarged Group"	the Group as enlarged by the Acquisition
"Group"	the Company and its subsidiaries

"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	the independent committee of the Board comprising all the independent non-executive Directors formed to advise the Independent Shareholders as to the fairness and reasonableness of the Acquisition
"Independent Shareholders"	Shareholders which are not required to abstain from voting at the general meeting to approve a connected transaction
"Independent Shareholders' Approval"	such approval from the Independent Shareholders to be obtained at the SGM
"Land"	area A, lot 3, 6, 7 and 8, Xinghaiwan, Shahekou, Dalian, the PRC
"Latest Practicable Date"	22 February 2010, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
"Liaoning Baocheng"	遼寧寶城房地產開發有限公司 (Liaoning Baocheng Real Estate Development Co., Ltd.), a company established in the PRC and a wholly owned subsidiary of Super Investment
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Novation Deed"	the deed of novation to be entered into on the third Business Day after the date of the SGM at which the Independent Shareholders' Approval is obtained and among AG Coastal Dalian, Super Investment and Coastal Realty Development in respect of the transfer by AG Coastal Dalian to Coastal Realty Development of its obligation to repay the Advance to Super Investment

"Optima Capital"	Optima Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition
"PRC"	the People's Republic of China but excluding, for the purpose of this circular, Hong Kong, the Macau Special Administrative Region and Taiwan
"Sale Share"	one share of HK$1.00 in the share capital of Super Investment, representing 50% of the entire issued share capital of Super Investment, which is legally and beneficially owned by AG Coastal Dalian
"Second Payment"	the sum of RMB200,000,000, or such equivalent amount in US$, payable by Coastal Realty Investment to AG Coastal Dalian
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM"	a special general meeting of the Company to be convened and held at Suite 1708, 17th Floor, One Exchange Square, 8 Connaught Place, Central, Hong Kong on Monday, 22 March 2010 at 10:30 a.m. at which relevant resolution(s) will be proposed to approve the Agreement and the transactions contemplated hereunder, including but not limited to the entering into of the Novation Deed
"Share Option Scheme"	the share option scheme adopted by the Company on 24 September 2002
"Shareholders"	holders of the Shares
"Shares"	ordinary shares of HK$0.10 each in the issued share capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"Super Investment"	Super Investment Development Limited, a company incorporated in Hong Kong with limited liability and a 50% indirect non-wholly owned subsidiary of the Company
"Super Investment Group"	Super Investment and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"US$"	United States of America dollars, the lawful currency of the United States of America
"%"	per cent.

For the purpose of this circular, unless otherwise indicated, conversion of RMB into HK$ is calculated at the approximate exchange rate of RMB1.00 to HK$1.1363. This exchange rate is for illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be exchanged at this or any other rate at all.

COASTAL GREENLAND LIMITED

沿海綠色家園有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 01124)

Executive Directors:
Chan Boon Teong
Jiang Ming
Tao Lin
Cheng Wing Bor
Lin Chen Hsin
Wu Xin
Cai Shaobin

Non-executive Directors:
Zheng Hong Qing
Guo Limin
Xu Ruxin

Independent non-executive Directors:
Tang Lap Yan
Law Kin Ho
Wong Kai Cheong

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head office and principal place of business in Hong Kong:
Suite 1708, 17th Floor
One Exchange Square
8 Connaught Place
Central
Hong Kong

25 February 2010

To the Shareholders

Dear Sir or Madam

MAJOR AND CONNECTED TRANSACTION

INTRODUCTION

Reference is made to the announcement of the Company dated 4 January 2010 in which the Board announced that on 4 January 2010, AG Coastal Dalian, Coastal Realty Investment, Coastal Riviera, Super Investment and the Company entered into the Agreement. Pursuant to the Agreement, Coastal Realty Investment has agreed to purchase and AG Coastal Dalian has agreed to sell the Sale Share for a total consideration of RMB650,000,000 (equivalent to approximately HK$738,595,000).

* *For identification purpose only*

The Acquisition constitutes a major transaction on the part of the Company under the Listing Rules. As AG Coastal Dalian is interested in 50% of the entire issued share capital of Super Investment, AG Coastal Dalian is a connected person of the Company. The Acquisition also constitutes a non-exempted connected transaction on the part of the Company under the Listing Rules and is subject to reporting, announcement and Independent Shareholders' approval requirements.

The purpose of this circular is to provide you with further information regarding the Acquisition and to seek approval from the Shareholders for the Acquisition and the transactions contemplated thereunder, including but not limited to the entering into of the Novation Deed.

THE AGREEMENT

Date: 4 January 2010 (after trading hours)

Parties:

(1) AG Coastal Dalian

(2) Coastal Realty Investment

(3) Coastal Riviera

(4) The Company

(5) Super Investment

AG Coastal Dalian is principally engaged in investment holding. The holding company of AG Coastal Dalian is Angelo Gordon.

As AG Coastal Dalian is interested in 50% of the entire issued share capital of Super Investment, AG Coastal Dalian is a connected person of the Company.

Coastal Realty Investment is a wholly owned subsidiary of the Company established in the PRC and is principally engaged in investment holding.

Coastal Riviera is an indirect wholly owned subsidiary of the Company established in the PRC and is principally engaged in investment holding. Coastal Riviera is interested in 50% of the entire issued share capital of Super Investment.

Asset to be acquired

Pursuant to the Agreement, AG Coastal Dalian has agreed to sell and Coastal Realty Investment has agreed to acquire the Sale Share, representing 50% of the issued share capital of Super Investment as at the Latest Practicable Date.

Consideration

The Consideration for the Sale Share is RMB650,000,000 (equivalent to approximately HK$738,595,000) payable in US$ and shall be satisfied by Coastal Realty Investment in the following manner:

(a) RMB72,979,541 (equivalent to approximately HK$82,926,652), as the Deposit, shall be satisfied by Coastal Realty Investment by transferring the obligation for AG Coastal Dalian to repay the Advance to Coastal Realty Development on the third Business Day after the date of the SGM at which the Independent Shareholders' Approval is obtained;

(b) RMB200,000,000 (equivalent to approximately HK$227,260,000) or such equivalent amount in US$, as the Second Payment, shall be paid by Coastal Realty Investment to AG Coastal Dalian on the third Business Day after the date of the SGM at which the Independent Shareholders' Approval is obtained; and

(c) RMB377,020,459 (equivalent to approximately HK$428,408,348) or such equivalent amount in US$, shall be paid by Coastal Realty Investment to AG Coastal Dalian on the date of Completion.

The Consideration was determined with reference to the net asset value of the Super Investment Group of approximately HK$839,719,000 as at 30 September 2009 and the cumulative pre-sales of property units as at 30 November 2009. The Consideration was arrived at after arm's length negotiations between the parties to the Agreement. The Directors consider that the terms and conditions of the Acquisition to be fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

The Consideration will be paid by the Group by its internal resources and/or external financing.

Conditions

Completion shall be conditional upon:

(a) warranties of Coastal Realty Investment remaining true and accurate and not misleading in any material respects at Completion as if repeated at Completion and at all times between the date of the Agreement and Completion;

(b) warranties of AG Coastal Dalian remaining true and accurate and not misleading in any material respects at Completion as if repeated at Completion and at all times between the date of the Agreement and Completion;

(c) the Company having obtained the approval of the Board for the giving of guarantee in favour of Coastal Realty Investment on the terms of the Agreement and authorising the execution of the Agreement;

(d) the Independent Shareholders' Approval having been obtained at the SGM; and

(e) Coastal Realty Investment having obtained all necessary governmental and regulatory authority approvals for or in respect of the transactions contemplated by the Agreement and such approvals remaining in force and effect including, without limitation, any local municipal and/or state approval as is necessary in the PRC.

AG Coastal Dalian may waive condition (a) above and Coastal Realty Investment may waive condition (b) above. Conditions (c) to (e) are incapable of being waived. If the conditions have not been fulfilled (or waived by Coastal Realty Investment or AG Coastal Dalian as the case may be) on or before the Completion Date subject to the terms as set out in the paragraph headed "Termination" below, all rights and obligations of the parties to the Agreement shall cease and determine and neither party shall have any obligations and liabilities towards each other save for any antecedent breaches and accrued rights and obligations of the parties of the Agreement applicable or accrued prior to termination. As at the Latest Practicable Date, condition (c) above has been fulfilled.

Completion

Completion shall take place on the Completion Date. The Completion Date shall be on 29 January 2010 (or such other date as Coastal Realty Investment may postpone by issuing a written notice to AG Coastal Dalian, the date of Completion shall not be later than 31 March 2010 (or such other date as agreed by the parties to the Agreement in writing)). On 13 January 2010, Coastal Realty Investment has issued a written notice to AG Coastal Dalian to postpone the Completion Date to 31 March 2010. If the condition (e) above has not been satisfied on 31 March 2010, AG Coastal Dalian shall have the sole discretion to further extend the date of Completion to such later date as AG Coastal Dalian shall unilaterally determine.

Termination

If the Agreement is terminated prior to Completion and the Deposit and/or the Second Payment have/has been paid by Coastal Realty Investment to AG Coastal Dalian (as the case may be), AG Coastal Dalian shall set off the amount of the Deposit and/or the Second Payment, which it has received, against:

(a) future dividend payments of Super Investment to AG Coastal Dalian; and

(b) the consideration payable to AG Coastal Dalian upon the exercise of the Early Recoupment Right,

until the aggregate amount of the Deposit and/or the Second Payment have/has been set off in full.

The Early Recoupment Right was granted by Coastal Realty Development for AG Coastal Dalian to early recoup its investment and to give up its future dividend rights in respect of Phase II of the Dalian Project. At the discretion of AG Coastal Dalian, AG Coastal Dalian can exercise the Early Recoupment Right by serving a written notice to Coastal Realty Development at any time between 6 February 2009 and 6 February 2010 (the "Last Exercise Date"). Upon the exercise of the Early Recoupment Right, Coastal Realty Development shall pay to AG Coastal Dalian a sum equivalent to the total investment value of AG Coastal Dalian in Phase II of the Dalian Project plus interest and Coastal Realty Development will be entitled to all the distributions in respect of the profits attributable to Phase II of the Dalian Project. Profits attributable to Phase I of the Dalian Project and the shareholding interests of AG Coastal Dalian will not be affected by the exercise of the Early Recoupment Right.

AG Coastal Dalian has undertaken not to exercise the Early Recoupment Right between 4 January 2010, being the date of the Agreement, and the date of termination of the Agreement. The Company and Coastal Riviera have undertaken that, if the Agreement is terminated, the exercise period of the Early Recoupment Right will be extended to a date not less than three months after the Last Exercise Date.

Guarantee

The Company has agreed to guarantee the performance of the obligations of Coastal Realty Investment of all its obligations pursuant to the terms of the Agreement.

INFORMATION ON SUPER INVESTMENT

Super Investment is a 50% indirect non-wholly owned subsidiary of the Company incorporated in Hong Kong and is principally engaged in investment holding. Upon Completion, Super Investment will become a wholly owned subsidiary of the Company. Liaoning Baocheng, the only subsidiary of Super Investment, is principally engaged in property development in Dalian, the PRC. The development of the Dalian Project is divided into two phases. As at the Latest Practicable Date, Phase I of the Dalian Project was under construction and a number of its property units were being pre-sold to customers. Phase II of the Dalian Project has not yet commenced construction.

According to the consolidated financial statements of the Super Investment Group for the year ended 31 March 2008, which are prepared in accordance with generally accepted accounting principles in Hong Kong, the Super Investment Group has no turnover and the net loss before and after tax and extraordinary items was approximately HK$12,871,000 and approximately HK$11,189,000 respectively. The net asset value of the Super Investment Group was approximately HK$863,391,000 as at 31 March 2008.

According to the consolidated financial statements of the Super Investment Group for the year ended 31 March 2009, which are prepared in accordance with generally accepted accounting principles in Hong Kong, the Super Investment Group has no turnover and the net loss before and after tax and extraordinary items was approximately HK$24,360,000 and approximately HK$22,629,000 respectively. The net asset value of the Super Investment Group was approximately HK$860,207,000 as at 31 March 2009.

According to the consolidated financial statements of the Super Investment Group for the six months ended 30 September 2009, which are prepared in accordance with generally accepted accounting principles in Hong Kong, the Super Investment Group has no turnover and the net loss before and after tax and extraordinary items was approximately HK$22,454,000 and approximately HK$21,613,000 respectively. The net asset value of the Super Investment Group was approximately HK$839,719,000 as at 30 September 2009.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE RESULTS OF THE SUPER INVESTMENT GROUP

Business review

The Super Investment Group is engaged in the development of the Dalian Project. The Dalian Project is in the development stage and is not yet completed and delivered. Pre-sales of property units commenced during the year ended 31 March 2009. The total consideration of the pre-sales of property units for the year ended 31 March 2009 and each of the six months ended 30 September 2009 and 2008 was approximately HK$504.9 million, approximately HK$753.9 million and approximately HK$26.9 million respectively. According to the Group's revenue recognition policy, revenue and profit from sales of properties are recognised only upon delivery of relevant property units to the customers. Therefore, no revenue and profit are recognised from pre-sales. On the other hand, the marketing and selling costs and the administrative expenses are charged to the statements of comprehensive income when incurred. As a result, the Super Investment Group reported losses in the development stage.

Marketing and selling expenses for each of the two years ended 31 March 2009 and 2008 and for the period from the date of incorporation to 31 March 2007 were about HK$19.6 million, HK$5.2 million and HK$2.1 million respectively. Marketing and selling expenses for the six months ended 30 September 2009 and 2008 were HK$18.8 million and HK$6.9 million respectively. Marketing and selling expenses included the expenses incurred to promote the Dalian Project before sales and the marketing and selling cost in relation to the pre-sales of the property units which commenced in September 2008. The increase in marketing and selling costs was in line with the increased sales and promotion activities.

Administrative expenses for each of the two years ended 31 March 2009 and 2008 and for the period from the date of incorporation to 31 March 2007 were about HK$7.5 million, HK$7.8 million and HK$6.1 million respectively. Administrative expenses for the six months ended 30 September 2009 and 2008 were HK$4.4 million and HK$4.2 million respectively. The increase in administrative expenses was in line with the increase in the development activities of the project.

Finance costs incurred for the development of the Dalian Project were capitalised in properties under development. Therefore, no finance costs were charged to the statements of comprehensive income.

Tax credits recorded for each of the two years ended 31 March 2009 and 2008 and for the period from the date of incorporation to 31 March 2007 were about HK$1.7 million, HK$1.7 million and HK$0.4 million respectively. Tax credits recorded for the six months ended 30 September 2009 and 2008 were HK$0.8 million and HK$0.9 million respectively. Tax credits mainly represent the deferred tax assets arising from the elimination of inter-company interest charges originally capitalised as cost of properties under development of the subsidiary.

Financial review

For the period from the date of incorporation to 31 March 2007, the principal source of fund was from the shareholder's loan to finance the investment in the Land. The shareholder's loan was capitalised as equity contribution during the year ended 31 March 2007. Construction of the Dalian Project started during the year ended 31 March 2008 and was principally financed by the construction loans from banks. Pre-sales commenced during the year ended 31 March 2009 and the proceeds, in addition to the construction loans, were also a principal source of fund for the development of the Dalian Project.

Pre-sales were recorded in the consolidated statements of financial position of the Super Investment Group as deposits received from pre-sales of properties which amounted to approximately HK$1,095.4 million and HK$451.0 million as at 30 September 2009 and 31 March 2009 respectively.

Finance costs incurred for each of the two years ended 31 March 2009 and 2008 and for the period from the date of incorporation to 31 March 2007 were about HK$29.6 million, HK$10.9 million and HK$71.0 million respectively. Finance costs incurred for the six months ended 30 September 2009 and 2008 were HK$12.9 million and HK$15.7 million respectively. Finance costs for the period from the date of incorporation to 31 March 2007 were incurred for the shareholder's loan which was capitalised as equity contribution later during the same financial year. Finance costs for the year ended 31 March 2008 and the subsequent year/periods were incurred for the construction loans from banks. The increase of the finance costs for the year ended 31 March 2009 as compared to the year ended 31 March 2008 was mainly due to the increase in the average loans balance. The decrease of finance costs for the six months ended 30 September 2009 as compared to the six months ended 30 September 2008 was mainly because of the drop in average interest rate. The finance costs incurred were for the development of the Dalian Project and, therefore, were capitalised in properties under development.

Borrowings and charges

The level of bank borrowings of the Super Investment Group and their maturity profile are as follows:

	30 September 2009 *HK$'000*	**31 March 2009** *HK$'000*	**31 March 2008** *HK$'000*	**31 March 2007** *HK$'000*
Bank loans repayable:				
Within one year	340,468	–	–	–
In the second year	–	340,136	–	–
In the third to fifth years inclusive	567,447	–	332,631	–
	907,915	340,136	332,631	–
Cash and bank balances	1,034,468	340,200	2,402	14,135
Pledged bank deposits	19,137	10,390	–	–
	1,053,605	350,590	2,402	14,135
Net cash (net debts) balances	145,690	10,454	(330,229)	14,135
Total equity	839,719	860,207	863,391	797,412
Gearing ratio (net debts/total equity)	N/A	N/A	38.2%	N/A

The above borrowings were denominated in Renminbi and were secured by certain properties under development of the Super Investment Group with an aggregate carrying value of approximately HK$1,219.0 million, HK$934.4 million and HK$640.4 million as at 30 September 2009, 31 March 2009 and 31 March 2008 respectively.

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

The net cash (net debts) balances as of 30 September 2009, 31 March 2009, 31 March 2008 and 31 March 2007 were HK$145.7 million, HK$10.5 million, HK$(330.2) million and HK$14.1 million respectively. The increase in the net cash balances was because of the proceeds from pre-sales were larger than the amounts paid for the development costs.

Exposure to fluctuations in exchange rates

The functional currency of the Super Investment Group is Renminbi. Its operations are in the PRC and accordingly its income and a majority part of its expenditure are denominated in Renminbi. All of its assets, mainly properties under development, are in the PRC and its borrowings are denominated in Renminbi. Therefore, any fluctuations in the exchange rates of foreign currencies against Renminbi will have no material impact on the operations of the Super Investment Group.

Contingent liabilities

The Super Investment Group had given guarantees to banks in respect of mortgage loan facilities granted to the property purchasers to the extent of approximately HK$309.6 million and HK$115.2 million as at 30 September 2009 and 31 March 2009 respectively.

Employees and remuneration policy

The Super Investment Group employs a total of about 45 employees in the PRC. Employees are remunerated based on their work performance, skills and experience, and prevailing industry practice. Apart from basic salary and performance related bonus, the Super Investment Group also provides other benefits to its employees including mandatory provident fund, medical insurance coverage and housing allowances.

REASON FOR THE ACQUISITION

The Group is principally engaged in property development, property investment and provision of property management services.

Upon Completion, the Group will be interested in the entire issued share capital of Super Investment. The Directors consider that the Acquisition will provide the Group with full access of fund from the pre-sales of the property units and the 100% profit from the development of Dalian Project, including the profit from pre-sales before Completion. Taking into account the prospects of the Dalian Project, the Directors believe that the Acquisition will allow the Group to have an additional and steady income source in the coming years.

FINANCIAL EFFECTS ON THE GROUP

Assets and liabilities

Upon Completion, according to the unaudited pro forma statement of assets and liabilities, the amounts of properties under development and net debts will be increased by about HK$318.7 million and HK$655.7 million respectively, the amounts of other receivables and non-controlling interests will be decreased by about HK$82.9 million and HK$419.9 million respectively.

Earnings

Before Completion, the financial results of the Super Investment Group are consolidated into the consolidated statements of comprehensive income of the Company with the results attributable to the non-controlling interest be deducted from profit attributable to the owners of the Company. Upon Completion, Super Investment will become a wholly owned subsidiary of the Company and its results will be wholly attributable to the owners of the Company.

PROSPECTS OF THE ENLARGED GROUP

The PRC property market has gone through a strong rally in both transaction volume and selling price in 2009. However, with the global economic environment still unstable and uncertainties on the PRC government policies, adjustment of property sector in the PRC remains possible. Nevertheless, with the continuing optimistic outlook of the PRC macro-economy, stable increase in resident income, speedy development of urbanisation, the Group is optimistic about the PRC property market prospect.

The Enlarged Group will be interested in the entire issued share capital of Super Investment. It will provide the Group with full access of fund from the sales of the property units and the 100% profit from the development of Dalian Project. The Directors expect that the Dalian Project will provide the Group with steady income source in the coming years.

The Enlarged Group will continue to augment its geographically well-diversified land portfolio by 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.

LISTING RULES IMPLICATIONS

The Acquisition constitutes a major transaction on the part of the Company under the Listing Rules. As AG Coastal Dalian is a connected person of the Company, the Acquisition also constitutes a non-exempted connected transaction on the part of the Company under the Listing Rules and is subject to reporting, announcement and Independent Shareholders' approval requirements.

The Acquisition is subject to, among others, the approval by the Independent Shareholders at the SGM. Each of AG Coastal Dalian and its associates is required to abstain from voting at the SGM to approve the Acquisition. To the best of the Directors' knowledge, each of AG Coastal Dalian and its associates is not interested in any Share as at the Latest Practicable Date.

Pursuant to the Listing Rules, the resolution proposed at the SGM will be taken by way of poll and an announcement will be made after the SGM on the results of the SGM.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders as to the fairness and reasonableness of the Acquisition. Optima Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

SGM

Set out on pages 144 to 145 of this circular is a notice convening the SGM to be held at Suite 1708, 17th Floor, One Exchange Square, 8 Connaught Place, Central, Hong Kong on Monday, 22 March 2010 at 10:30 a.m. at which relevant resolution(s) will be proposed to the Independent Shareholders to consider and, if thought fit, approve the Acquisition and the transactions contemplated thereunder, including but not limited to the entering into of the Novation Deed.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof if you so wish.

RECOMMENDATION

The Independent Board Committee, having considered the advice of Optima Capital, is of the view that the terms of the Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and the Acquisition is in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Acquisition and the transactions contemplated thereunder.

The Board considers that the terms of the Acquisition are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Acquisition and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully
For and on behalf of the Board
Coastal Greenland Limited
Chan Boon Teong
Chairman

COASTAL GREENLAND LIMITED

沿海綠色家園有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 01124)

25 February 2010

To the Independent Shareholders

Dear Sir or Madam

MAJOR AND CONNECTED TRANSACTION

We refer to the circular of the Company dated 25 February 2010 (the "Circular") to the Shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

We have been appointed by the Board as members to form the Independent Board Committee and to advise you whether the terms of the Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Optima Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders as to whether (i) the Agreement was entered into on normal commercial terms in the ordinary and usual course of business; (ii) the terms of the Agreement are fair and reasonable so far as the Independent Shareholders are concerned; and (iii) the Acquisition is in the interests of the Company and the Shareholders as a whole. Details of its advice, together with the principal factors taken into consideration in arriving at such advice, is set out on pages 18 to 27 of the Circular.

Your attention is also drawn to the letter from the Board set out on pages 6 to 16 of the Circular and the additional information set out in the appendices of the Circular.

Having considered the terms of the Agreement and the advice of Optima Capital, we are of the opinion that (i) the terms of the Agreement are on normal commercial terms; (ii) the terms of the Agreement are fair and reasonable so far as the Independent Shareholders are concerned; and (iii) the Acquisition is in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole. We therefore recommend that you vote in favour of the resolution to be proposed at the SGM to approve the Acquisition and the transactions contemplated thereunder, including but not limited to the entering into of the Novation Deed.

Yours faithfully,
For and on behalf of
Independent Board Committee of
Coastal Greenland Limited

Tang Lap Yan	**Law Kin Ho**	**Wong Kai Cheong**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

* *For identification purpose only*

The following is the letter of advice from Optima Capital to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.

OPTIMA CAPITAL

Unit 3618, 36th Floor
Bank of America Tower
12 Harcourt Road
Central
Hong Kong

25 February 2010

To: the Independent Board Committee and the Independent Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the Acquisition, for which Independent Shareholders' approval is being sought. Details of the Acquisition are set out in the letter from the Board (the "Letter") contained in the circular of the Company to the Shareholders dated 25 February 2010 (the "Circular"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless otherwise defined.

On 4 January 2010, AG Coastal Dalian, Coastal Realty Investment, Coastal Riviera, Super Investment and the Company entered into the Agreement, pursuant to which Coastal Realty Investment has agreed to purchase and AG Coastal Dalian has agreed to sell the Sale Share for a total consideration of RMB650,000,000 (equivalent to approximately HK$738,595,000). The Acquisition constitutes a major transaction for the Company under the Listing Rules. As 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 subsidiary of the Company, AG Coastal Dalian is a connected person of the Company. The Acquisition therefore also constitutes a connected transaction for the Company under the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements. An ordinary resolution will be proposed at the SGM to seek Independent Shareholders' approval of the Acquisition, which resolution will be taken by way of poll. AG Coastal Dalian and its associates are required to abstain from voting on the said resolution to be proposed at the SGM. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, AG Coastal Dalian and its associates are not interested in any Shares as at the Latest Practicable Date.

The Independent Board Committee, comprising all the three independent non-executive Directors, namely Mr. Tang Lap Yan, Mr. Law Kin Ho and Mr. Wong Kai Cheong, has been established to make a recommendation to the Independent Shareholders as to whether the terms of the Agreement are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole. Optima Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

In formulating our opinion, we have relied on the information and facts supplied, and the opinions expressed, by the executive Directors and management of the Company and have assumed that the information and facts provided and opinions expressed to us are true, accurate and complete in all material respect at the time they were made and up to the date of the SGM. We have also sought and received confirmation from the executive Directors that no material facts have been omitted from the information supplied and opinions expressed to us. We have relied on such information and consider that the information we have received is sufficient for us to reach an informed view and have no reason to believe that any material information has been withheld, nor doubt the truth or accuracy of the information provided. We have not, however, conducted any independent investigation into the business and affairs of the Group, nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In considering whether the terms of the Agreement are fair and reasonable insofar as the Independent Shareholders are concerned, we have taken into account the principal factors and reasons set out below:

1. Background information

The 2007 Agreement

Super Investment was incorporated in Hong Kong on 11 April 2006 and its entire issued share capital was then owned by Coastal Realty Development. As disclosed in an announcement and a circular of the Company dated 6 February and 28 February 2007 respectively, AG Coastal Dalian acquired a 50% interest in Super Investment from Coastal Realty Development for an aggregate cash consideration of US$51,420,000 (equivalent to approximately HK$400,048,000) pursuant to a sale and purchase agreement entered into between Coastal Realty Development and AG Coastal Dalian on 27 January 2007 (the "2007 Agreement"). After the completion of the 2007 Agreement which took place on 6 February 2007, Super Investment has been owned as to 50% by the Group and 50% by AG Coastal Dalian and accounted for as a subsidiary of the Company since the financial year ended 31 March 2007.

The Dalian Project

Super Investment is an investment holding company, the principal asset of which is its interest in the entire equity of Liaoning Baocheng. Liaoning Baocheng is principally engaged in the development of the Dalian Project, which involves the development of the Land into properties with a total gross floor area of approximately 355,310 square meters for mixed uses in two phases. The first phase of the Dalian Project ("Phase I") comprises principally residential units and service apartments, while the second phase ("Phase II") comprises principally office, commercial units, hotel, retail shop and car-park. As at the Latest Practicable Date, Phase I was under construction and development work at Phase II has not yet commenced. As at 30 September 2009, the total costs incurred and capitalised for the Dalian Project were approximately HK$1,567.0 million, being the carrying value of the Dalian Project as at that date.

Based on the information provided by the Company, a number of property units under Phase I have been pre-sold since late 2008. As at 31 December 2009, an aggregate gross floor area of approximately 91,264 square meters representing approximately 48% of the total gross floor area of Phase I were presold and the relevant sales proceeds amounted to approximately RMB1,384.3 million (equivalent to approximately HK$1,573.0 million). The Directors expect that the construction work of Phase I will be completed by the end of 2010 while the construction work for Phase II will commence in the second quarter of 2010.

The Shareholders' Deed

In conjunction with the 2007 Agreement, AG Coastal Dalian, Coastal Realty Development, Super Investment, the Company and AG Coastal Ltd. entered into a shareholders' deed dated 6 February 2007 (the "Shareholders' Deed") in relation to the rights and obligations of the parties in respect of Super Investment after completion of the 2007 Agreement including, among other things, the sharing ratio of distributions by Super Investment between AG Coastal Dalian and Coastal Realty Development. The Shareholders' Deed also grants AG Coastal Dalian the Early Recoupment Right which is exercisable at any time between the second anniversary and the third anniversary of the date of the Shareholders' Deed (i.e. between 6 February 2009 and 6 February 2010) to recoup its investment at a pre-determined formula. If AG Coastal Dalian exercises the Early Recoupment Right, it shall give up its entitlement to the profit distribution in relation to Phase II while its shareholding interest in Super Investment will not be affected.

2. Property market in the PRC and Dalian

Set out below is the information regarding the property market in Dalian from 2004 to 2008 obtained from the official websites of the Dalian Municipal Bureau of Statistics and National Bureau of Statistics of China.

As shown in Table A below, the sales of commodity housing in Dalian have been increasing in recent years. The sales have increased from approximately RMB15.15 billion in 2004 to RMB47.46 billion in 2008, representing an annual compound growth of about 33.04%. Sales of residential housing have accounted for a significant portion of total sales and supported the growth.

Table A – Sales of commodity housing in Dalian

Year	**Sales of commodity housing (including both residential and non-residential)** *(in RMB billion)*	**Sales of commodity housing (residential only)** *(in RMB billion)*
2004	15.15	13.24
2005	18.74	16.75
2006	28.45	24.27
2007	46.11	42.47
2008	47.46	43.26

Source: official website of Dalian Municipal Bureau of Statistics

According to the information released by the National Bureau of Statistics of China, the selling price of houses in Dalian have been rising continuously from 2004 to 2008. As shown in Table B below, the average selling prices of houses in Dalian increased every year during the period, with a year-on-year increase of 4.6% to 10.9%. According to the latest available information, the selling price index for November 2009 was 103.4, representing a rise in the selling prices of houses of 3.4% as compared with that of the corresponding period in 2008.

Table B – Selling price indices of houses in Dalian

Year	**Selling Price Indices** *(Note)*
2004	104.6
2005	109.2
2006	110.9
2007	107.2
2008	104.8

Note: index for preceding year =100

Source: official website of National Bureau of Statistics of China

The rapid economic development of the PRC in recent years also fueled the growth of the property market. According to the information released by the National Bureau of Statistics of China, the gross domestic product of the PRC recorded an annual compound growth of over 15% during 2004 to 2007. The gross domestic product for the first three quarters of 2009 was RMB21,781.7 billion, representing a growth rate of 7.7% as compared to the corresponding period in 2008. Investment in real estate development in the urban area of the PRC also recorded significant increase in recent years, achieving an annual compound growth of over 24% during 2004 to 2007. Such investment amounted to approximately RMB3,058 billion in 2008, representing a further increase of approximately 20.9% as compared to that in 2007.

In general, the Directors are positive about the property market in the PRC and in Dalian which are supported by the overall growth prospects of the PRC economy as indicated in the growth in gross domestic product and investment in real estate development as described above, despite the increase in sales and selling price of commodity housing in Dalian have slowed down in 2008. The Directors consider that the Company, being a property developer with focus on the PRC market, would benefit from the overall growth in the PRC economy. The recent pronouncement by the PRC government of policies aiming at cooling down the property market is not expected to have significant impact on the Dalian Project, as the Dalian Project is targeted at the middle to upper class market where potential buyers are generally less affected by a credit squeeze in property financing.

3. Reasons for the Acquisition

The Group is principally engaged in property development, property investment and provision of property management services. The development projects of the Group are located in a number of first and second tier cities such as Beijing and Shanghai, as well as in Dongguan, Jiangxi, Shenyang, Suzhou, Dalian and Wuhan. It is the Group's business strategy to develop quality residential estates for the PRC middle to upper class domestic market and quality commercial properties for investment.

The Company advised us that the Early Recoupment Right was a commercial arrangement between AG Coastal Dalian and Coastal Realty Development at the time of the 2007 Agreement. As stated in the Letter, the Early Recoupment Right was granted by Coastal Realty Development for AG Coastal Dalian to early recoup its investment and to give up its future dividend rights in respect of Phase II of the Dalian Project. At the discretion of AG Coastal Dalian, AG Coastal Dalian can exercise the Early Recoupment Right by serving a written notice to Coastal Realty Development at any time between 6 February 2009 to 6 February 2010. Upon the exercise of the Early Recoupment Right, Coastal Realty Development shall pay to AG Coastal Dalian a sum equivalent to the total investment value of AG Coastal Dalian in Phase II of the Dalian Project plus interest and Coastal Realty Development will then be entitled to all the distributions in respect of the profits attributable to Phase II of the Dalian Project. Profits attributable to Phase I of the Dalian Project and the shareholding interests of AG Coastal Dalian will not be affected by the exercise of the Early Recoupment Right. The Early Recoupment Right relates to the entitlement of AG Coastal Dalian to the profit sharing in respect of Phase II while maintaining its entitlement in the profit sharing of Phase I and provides flexibility for AG Coastal Dalian to deal with its investments and return in Phase I separately from that of Phase II if it so wishes.

As the development work at Phase I is approaching completion, the parties have been considering alternatives on their continuous involvement in the Dalian Project. In view of the satisfactory results of the pre-sale of Phase I and the prospects of the property market in Dalian as a whole, the Company is desirous to consolidate its interest in Super Investment. The Directors consider that the Acquisition would enable the Company to have full control over the management and operation of the Dalian Project which is more advantageous to the Company if AG Coastal Dalian were to exercise the Early Recoupment Right to separate the profit sharing of Phase II from Phase I but remain a 50% shareholder of Super Investment.

Having considered the above, we concur with the Directors' view that the Acquisition is in line with the Group's strategy to focus on the development of its geographically well-diversified quality property portfolio, and the Acquisition will allow the Group to have full access to the fund from the pre-sale of property units at Phase I and the 100% profit from the development of the Dalian Project, which is in the interest of the Company and the Shareholders as a whole.

4. Review of the financials of the Super Investment Group

Set out below are the audited consolidated results of the Super Investment Group for the two years ended 31 March 2009 and for the six months ended 30 September 2009 extracted from the accountants' report set out in Appendix III to the Circular:

	Year ended 31 March		**Six months ended 30 September**
	2008	**2009**	**2009**
	HK$ million	*HK$ million*	*HK$ million*
Net loss before taxation	12.9	24.4	22.5
Loss for the year/period	11.2	22.6	21.6

The Super Investment Group did not record any turnover for the two years ended 31 March 2009 and the six months ended 30 September 2009. As mentioned in the paragraph headed "Background information" above, certain property units have been presold and the relevant proceeds have been received by Liaoning Baocheng. Such proceeds, however, have not been recognised as turnover in the financial statements of the Super Investment Group in accordance with applicable accounting standards and the Group's revenue recognition accounting policy. The loss recorded by the Super Investment Group for the years ended 31 March 2008 and 2009 and the six months ended 30 September 2009 represented mainly marketing and selling expenses incurred for the pre-sale of the units at Phase I and other general and administrative expenses.

As disclosed in the accountants' report on the Super Investment Group as set out in Appendix III to the Circular, the audited consolidated total equity of the Super Investment Group as at 30 September 2009 was approximately HK$839.7 million. Such balance mainly consisted of properties under development at the Land and cash and bank balances of approximately HK$1,567.0 million and HK$1,034.5 million respectively, and liabilities arising from deposits received from the pre-sale of the units at Phase I and bank borrowings of approximately HK$1,095.4 million and HK$907.9 million respectively.

5. Principal terms of the Agreement

Consideration

The Consideration for the Sale Share is RMB650,000,000 (equivalent to approximately HK$738,595,000). We note from the Letter that the Consideration was arrived at after arm's length negotiations between the parties to the Agreement and was determined with reference to the unaudited consolidated net asset value of the Super Investment Group as at 30 September 2009 and the cumulative presale of property units as at 30 November 2009.

In assessing the fairness and reasonableness of the Consideration, we have considered the financial position of the Super Investment Group as discussed in the paragraph headed "Review of the financials of the Super Investment Group" above and the valuation of the Land and the Dalian Project as at 31 December 2009 by DTZ, an independent professional valuer. The full text of the valuation report prepared by DTZ is set out in Appendix I to the Circular.

As disclosed in the aforesaid valuation report, the capital value of the Land and the Dalian Project as at 31 December 2009 in existing state amounted to RMB2,300,000,000 (equivalent to approximately HK$2,613.5 million) (the "Capital Value"). We have discussed with DTZ the methodology it adopted in the valuation and the basis and assumption thereof. We understand that DTZ has adopted the direct comparison approach in the valuation by making reference to comparable sales evidence as available in the relevant market. In this regard, we understand from DTZ that comparable sales evidence from the pre-sold units in Phase I as well as from completed projects and vacant land similar to the Dalian Project have been taken into consideration in arriving at the capital value of the Land and the Dalian Project when completed of the proposed development as at 31 December 2009. Adjustments are then made to take into account factors such as the estimated costs to be expended to complete the development to reflect the quality of the completed development and other costs such as expected professional fees, imputed interest, and other factors reflecting the development risk from the valuation date to completion to arrive at the Capital Value. We consider the aforesaid valuation basis to be fair and reasonable.

As the sole asset of the Super Investment Group is the Dalian Project, we consider it appropriate to assess the Consideration against the net asset value of the Super Investment Group taking into account the Capital Value. Based on the audited net asset value of the Super Investment Group of HK$839.7 million as at 30 September 2009 and the excess of the Capital Value over the carrying value of the Dalian Project of approximately HK$1,046.5 million, the adjusted net asset value of the Super Investment Group would be approximately HK$1,886.2 million. The Consideration of RMB650 million (equivalent to approximately HK$738.6 million) represents a discount of 21.7% to the 50% attributable interests in the adjusted consolidated net asset value of the Super Investment Group of HK$943.1 million as at 30 September 2009.

According to the latest unaudited consolidated management accounts of the Super Investment Group, the unaudited consolidated net asset value of the Super Investment Group as at 31 December 2009 amounted to HK$833.9 million and the carrying value of the Dalian Project as at that date was HK$1,611.6 million. Taking into account the excess of the Capital Value over the carrying value of the Dalian Project of approximately HK$1,001.9 million, the adjusted net asset value of the Super Investment Group as at 31 December 2009 would be HK$1,835.8 million. The Consideration represents a discount of 19.5% to the adjusted consolidated net asset value of the Super Investment Group as at 31 December 2009 attributable to the Sale Share of approximately HK$917.9 million.

Based on the above analysis, the Sale Share can be acquired by the Company at a discount to rather than a premium over the 50% attributable interests in the adjusted consolidated net asset value of the Super Investment Group, which is in the interest of the Company. Despite the Consideration is higher than the original acquisition cost of AG Coastal Dalian, we consider the Consideration fair and reasonable given the continuous development work undertaken at the Land since the completion of the 2007 Agreement and the appreciation in the value of Land as reflected in the Capital Value as at 31 December 2009.

Payment terms

The Consideration will be satisfied in three instalments. The Deposit shall be satisfied by Coastal Realty Investment transferring the obligation for AG Coastal Dalian to repay the Advance to Coastal Realty Development on the third Business Day after the date of the SGM. The Second Payment and the remaining balance shall be paid in cash by Coastal Realty Investment to AG Coastal Dalian on the third Business Day after the date of the SGM and on the date of Completion respectively. As the Deposit does not involve any cash outflow from the Group, the Acquisition requires cash payment of RMB577,020,459 (equivalent to approximately HK$655,668,348) from the Group.

Termination

In the event of termination of the Agreement prior to Completion while the Deposit and/or the Second Payment have/has been paid by Coastal Realty Investment to AG Coastal Dalian, AG Coastal Dalian will set off the amount received against future dividend of Super Investment to AG Coastal Dalian and the consideration payable to AG Coastal Dalian upon the exercise of the Early Recoupment Right.

The Deposit and the Second Payment amount to RMB273.0 million (equivalent to approximately HK$310.2 million) in aggregate. Based on the terms of the Shareholders' Deed and the cumulative presales of Phase I to date, the Company expects that the amount of dividend that may be payable to AG Coastal Dalian in respect of Phase I and the sum payable to AG Coastal Dalian if it exercises the Early Recoupment Right exceeds the Deposit and the Second Payment. AG Coastal has undertaken not to exercise the Early Recoupment Right between the date of the Agreement and the date of termination of the Agreement. As development work at Phase I is approaching to completion and Liaoning Baocheng may start to recognise the revenue and profit from the pre-sale upon delivery of the units to its customers, the Company consider that the set-off arrangement in the event the Agreement is terminated acceptable.

6. Financial effects of the Acquisition

Working capital

As advised by the Company, it is intended that the Consideration will be satisfied by internal resources of the Group and/or external borrowings, but no external borrowings have been arranged yet. According to the interim report of the Company for the six months ended 30 September 2009 (the "Interim Report"), the net current assets and the cash and bank balances of the Group amounted to approximately HK$5,349.7 million and HK$2,130.1 million respectively. Pursuant to the Agreement, the Deposit shall be satisfied by Coastal Realty Investment transferring the obligation for AG Coastal Dalian to repay the Advance to Coastal Realty Development, which is an indirect wholly-owned subsidiary of the Company. The payment of Deposit therefore would not have any effect on the working capital of the Group. As a result of the Second Payment and the balance payment upon Completion, the working capital of the Group will be decreased by approximately RMB577.0 million (equivalent to approximately HK$655.6 million) assuming the entire amount is paid out of the Group's internal resources. The decrease in working capital may nevertheless be compensated by the ability of the Company to have full access to 100% of the fund from the pre-sale of property units at Phase I after Completion.

Net asset value

According to the Interim Report, the unaudited consolidated total equity attributable to owners of the Company amounted to approximately HK$3,225.6 million. As set out in the pro forma financial information contained in Appendix IV to the Circular, assuming Completion took place on 30 September, 2009, it is expected that there will not be any effect on the total equity attributable to the owners of the Company as a result of the Acquisition.

Earnings

After Completion, Super Investment will become a wholly-owned subsidiary of the Company. The results of the Super Investment Group will continue to be consolidated into the Group without any minority interests, and the Company is entitled to all the revenue and profit (if any) from the development of the Dalian Project. The actual effect of the Acquisition on the earnings of the Group will depend on the future performance of the Super Investment Group and we are not in a position to quantify such effect at present.

OPINION

Having taken into account the above principal factors and reasons, in particular, (i) the prospects of the property market in the PRC and Dalian; (ii) the strategy of the Group to focus on the development of its property portfolio; (iii) the consideration for the Sale Share represents a discount to the attributable net asset value of the Super Investment Group adjusted by the Capital Value of the Land and the Dalian Project as at 31 December 2009; (iv) the Acquisition enables the Company to enjoy full entitlement to the proceeds from the pre-sales of Phase I and the profits from the development of Dalian Project after Completion; and (v) the financial effects of the Acquisition, we consider that the terms of the Agreement are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned, and the Acquisition is in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Acquisition.

Yours faithfully,
for and on behalf of
OPTIMA CAPITAL LIMITED
Beatrice Lung
Managing Director

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this circular received from DTZ Debenham Tie Leung Limited, an independent property valuer, in connection with its opinion of value of the property interest in the PRC as at 31 December 2009.

DTZ 戴德梁行

16th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

The Directors
Coastal Greenland Limited
Suite 1708, 17th Floor
One Exchange Square
8 Connaught Place
Central
Hong Kong

25 February 2010

Dear Sirs,

Re: The under construction development of Xinghai Bay, Shahekou District, Dalian, Liaoning Province, the PRC

Instructions, Purpose and Date of Valuation

In accordance with your instructions for us to value the captioned property to be acquired by Coastal Greenland Limited (the "Company") and its subsidiaries (hereinafter together referred to as the "Group") in the People's Republic of China (the "PRC"), we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing the Group with our opinion of the market value of the property as at 31 December 2009 (the "date of valuation").

Definition of Market Value

Unless otherwise stated, our valuation of the property is our opinion of its market value which in accordance with The HKIS Valuation Standards on Properties (First Edition 2005) published by the Hong Kong Institute of Surveyors is defined as "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

Valuation Basis and Assumption

Our valuation excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

In valuing the property which is situated in the PRC, we have assumed that transferable land use rights in respect of the property for the specific land use term at nominal annual land use fee have been granted and that any premium has already been fully settled. We have relied on the advice given by the Group regarding the title to the property and have valued the entire interest of the property.

In valuing the property, we have assumed that the grantee of the property has free and uninterrupted rights to use or to assign the property for the whole of the unexpired term as granted.

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

In valuing the property, we have complied with the requirements set out in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and The HKIS Valuation Standards on Properties (First Edition 2005) published by The Hong Kong Institute of Surveyors.

Method of Valuation

The property is under development in the PRC. We have valued it on the basis that the property will be developed and completed in accordance with the Group's latest development proposals provided to us. We have assumed that all consents, approvals and licences from relevant government authorities for the development proposals have been obtained without onerous conditions or delays. We have also assumed that the design and construction of the development are in compliance with the local planning regulations and have been approved by the relevant authorities. In arriving at our opinion of value, we have adopted the direct comparison approach by making reference to comparable sales evidence as available in the relevant market and have also taken into account the expended construction costs and the costs that will be expended to complete the development to reflect the quality of the completed development. The "capital value when completed of the proposed development" represents our opinion of the aggregate selling prices of the development assuming that it were completed at the date of valuation.

Source of Information

We have been provided by the Group with extracts of documents in relation to the titles to the property. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us.

In the course of our valuation, we have relied to a considerable extent on the information given by the Group and its PRC legal advisor, Beijing Union Law Office, in respect of the property in the PRC and have accepted advice given by the Group on such matters as planning approvals or statutory notices, easements, tenure, identification of land and buildings, scheduled completion date of development, number of car parking spaces, particulars of occupancy, development schemes, construction costs, site and floor areas, interest attributable to the Group and all other relevant matters.

Dimension, measurements and areas included in the attached valuation certificate are based on the information provided to us and are therefore only approximations. We have had no reasons to doubt the truth and accuracy of the information provided to us by the Group which is material to the valuation. We were also advised by the Group that no material facts have been omitted from the information provided.

Site Inspection

We have inspected the exterior of the property. However, we have not carried out investigation on site to determine the suitability of the soil conditions and the services etc. for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary costs or delays will be incurred during the construction period. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report that the property is free of rot, infestation or any other structural defect. No test was carried out on any of the services. Unless otherwise stated, we have not been able to carry out detailed on-site measurement to verify the site and floor areas of the property and we have assumed that the areas shown on the documents handed to us are correct.

Currency

Unless otherwise stated, all sums stated in our valuation are in Renminbi (RMB), the official currency of the PRC.

We enclose herewith our valuation certificate.

Yours faithfully,
for and on behalf of
DTZ Debenham Tie Leung Limited
Andrew K. F. Chan
Registered Professional Surveyor (GP)
Registered China Real Estate Appraiser
MSc., M.H.K.I.S., M.R.I.C.S.
Director

Note: Mr. Andrew Chan is a Registered Professional Surveyor who has over 22 years of experience in the valuation of properties in the PRC and Hong Kong.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2009
The under construction development of Xinghai Bay, Shahekou District, Dalian, Liaoning Province, the PRC	The property comprises a residential and commercial development which is under construction on a parcel of land with a total site area of approximately 33,212.60 sq.m. According to the information provided by the Group, the property is planned to be developed with a total gross floor area of approximately 355,310 sq.m.	The property is currently under construction.	RMB2,300,000,000

Use	Planned Gross Floor Area (*sq.m.*)
Residential	105,433
Serviced Apartment	64,302
Hotel	46,148
Commercial	21,158
Office	66,318
Car park	51,951
Total	355,310

The proposed development is scheduled for completion in 2 phases between 2010 and 2012. Phase 1 is under construction and the development work of Phase 2 has not commenced yet.

The land use rights of the property have been granted for respective terms due to expire on 4 September 2042 and 4 September 2072 for other commercial services and residential uses.

Notes:

(1) According to 3 Certificates for the Use of State-owned Land all issued by Dalian Land Resources and Housing Bureau, the land use rights of the property, comprising a total site area of 33,212.60 sq.m., have been granted to Liaoning Baocheng Real Estate Development Co., Ltd. (遼寧寶城房地產開發有限公司) with details as follows:

Certificate No.	Date of Issuance	Usage	Land Use Term	Site area (*sq.m.*)
(2002)03078	8 November 2004	Other commercial services	Due to expire on 4 September 2042	6,359.00
(2008)03039	22 September 2008	Residential	Due to expire on 4 September 2072	18,810.10
(2002)03080	8 November 2004	Residential	Due to expire on 4 September 2072	8,043.50
			Total:	33,212.60

(2) According to Grant Contract of State-owned Land Use Rights No. 2002077 entered into between State-owned Land Resources and Planning Bureau of Dalian Municipality (the Grantor) and Liaoning Baocheng Real Estate Development Co., Ltd., (遼寧寶城房地產開發有限公司) (the Grantee) on 5 September 2002, the land use rights of the property have been granted to the Grantee with details as follows:

(i)	Location:	Area A, Lot Nos. 3, 6, 7 and 8 Xinghai Bay
(ii)	Site area:	34,001.2 sq.m.
(iii)	Use of land:	Hotel, office and serviced apartment
(iv)	Land use term:	40 years for hotel and office uses, 70 years for serviced apartment use from the date of the contract
(v)	Permitted GFA:	300,000 sq.m.
(vi)	Land grant fee:	RMB340,012,000

(3) According to Planning Permit for Construction Use of Land No. 2007-0152 issued by Bureau of Urban Planning of Dalian Municipality on 26 December 2007, the construction site of the property with a site area of 34,000 sq.m. is in compliance with the requirements of urban planning.

(4) According to Planning Permit for Construction Works No. 210204200800084 issued by Bureau of Urban Planning of Dalian Municipality on 22 August 2008, the construction works of the property with aboveground floor area of 175,000 sq.m. and underground floor area of 42,230 sq.m. are in compliance with the construction work requirements and have been approved.

(5) According to Permit for Commencement of Construction Works No. 210201200809120201 issued by Dalian Urban Construction Committee on 12 September 2008, the construction works of the property are permitted to commence at a construction scale of 217,230 sq.m.

(6) According to 3 Commodity Housing Pre-sale Permits Nos. 20080080, 20080083, and 20090060 dated 25 September 2008, 15 October 2008 and 23 October 2009 respectively, the property with a total gross floor area of 174,770 sq.m. are permitted for pre-sale.

(7) According to Business Licence No. 014186 dated 20 June 2007, Liaoning Baocheng Real Estate Development Co., Ltd. (遼寧寶城房地產開發有限公司) has been incorporated as a wholly foreign owned limited company with a registered capital of US$50,000,000 for an operation period from 20 April 2000 to 14 April 2020.

(8) As advised by the Group, a portion of the development, comprising a total gross floor area of approximately 91,264 sq.m. has been pre-sold for a total consideration of approximately RMB1,384,300,000. The total consideration aforesaid in respect of this portion of the property has been included in our valuation.

(9) As advised by the Group, as at the date of valuation, the total construction cost expended on the proposed development was approximately RMB452,000,000. The total outstanding construction cost as at the date of valuation was approximately RMB1,812,000,000. We have taken into account such costs in our valuation.

(10) The capital value when completed of the proposed development as at 31 December 2009 was approximately RMB5,289,000,000.

(11) We have been provided with a legal opinion on the property prepared by the Group's legal advisor, which contains, inter alias the following information:

(i) Liaoning Baocheng Real Estate Development Co., Ltd. (遼寧寶城房地產開發有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property for the residual term of its land use rights at no extra land premium and other onerous charges payable to the government;

(ii) Liaoning Baocheng Real Estate Development Co., Ltd. (遼寧寶城房地產開發有限公司) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;

(iii) All land premiums stated in the Grant Contract of State-owned Land Use Rights of the property have been duly paid and settled;

(iv) The property is not subject to any mortgage; and

(v) The land of Certificate for the Use of State-owned Land No. (2002)03080 is subject to a court order of seize dated 17 December 2009. Liaoning Baocheng Real Estate Development Co., Ltd. (遼寧寶城房地產開發有限公司) shall bear a debt of RMB67,185,526.67. After settlement of the debt, the court order will be released.

(12) In the course of our valuation, we have assumed that the court order of seize stated in note (11) has been released.

(13) In accordance with the information provided by the Group, the status of title and grant of major approvals and licences are as follows:

Grant Contract of State-owned Land Use Rights	Yes
Certificates for the Use of State-owned Land	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes (Portion)
Permit for Commencement of Construction Works	Yes (Portion)
Commodity Housing Pre-sale Permits	Yes (Portion)
Business Licence	Yes

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

An unqualified opinion in respect of the audit of the financial statements of the Group has been issued for each of the three years ended 31 March 2009. A summary of the audited results, assets and liabilities of the Group as extracted from the annual reports of the Company is set out below.

Results

	Year ended 31 March		
	2009	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*
Revenue	2,956,174	3,114,980	1,203,318
Cost of sales	(2,094,530)	(2,341,838)	(891,670)
Gross profit	861,644	773,142	311,648
(Decrease) increase in fair value of investment properties	(63,430)	57,272	79,575
Gain on change in value of completed properties for sale upon transfer to investment properties	–	23,907	–
(Loss) gain on disposal of property based subsidiaries	(4,920)	40,775	39,420
Gain on partial disposal of property based subsidiaries	2,380	–	29,053
Fair value gain on warrants	47,399	49,776	–
Gain on repurchase of senior notes	71,183	–	–
Other income	65,989	89,857	51,482
Marketing and selling costs	(157,879)	(101,382)	(31,779)
Administrative expenses	(168,794)	(152,286)	(88,381)
Fair value loss on derivative component of convertible bonds	–	(222,503)	(166,484)
Fair value loss on currency swap contract	–	(37,405)	–
Other expenses	(39,153)	(45,749)	(6,192)
Finance costs	(87,377)	(49,170)	(34,778)
Share of profit (loss) of associates	21,647	3,691	(906)
Profit before taxation	548,689	429,925	182,658
Taxation	(332,888)	(306,975)	(138,617)
Profit for the year	215,801	122,950	44,041
Attributable to:			
Equity holders of the Company	215,008	116,674	44,463
Minority interests	793	6,276	(422)
	215,801	122,950	44,041

	Year ended 31 March		
	2009	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*
Dividends			
Paid	–	27,906	45,284
Proposed final	–	–	27,594
	HK cents	*HK cents*	*HK cents*
Earnings per share			
Basic	7.70	4.42	2.00
Diluted	7.70	4.39	1.97

Assets and Liabilities

	As at 31 March		
	2009	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment	1,124,619	854,372	88,327
Investment properties	563,605	616,476	507,321
Prepaid land lease payments	97,507	97,671	91,520
Goodwill	82,861	81,032	67,643
Interests in associates	224,653	189,872	114,027
Available-for-sale investments	2,960	2,960	3,047
Pledged bank deposits	69,914	70,360	152,166
Total non-current assets	2,166,119	1,912,743	1,024,051
CURRENT ASSETS			
Properties under development	6,530,517	5,662,804	6,726,632
Completed properties for sale	1,889,426	2,324,775	1,184,394
Trade receivables	210,952	164,140	53,303
Prepayments, deposits and other receivables	1,795,120	1,391,292	757,918
Amounts due from jointly controlled entities	–	28,098	10,425
Amounts due from associates	39,926	42,076	–
Tax recoverable	25,102	35,808	4,624
Pledged bank deposits	179,038	69,197	219,339
Cash and bank balances	1,654,690	1,205,727	952,749
Total current assets	12,324,771	10,923,917	9,909,384
CURRENT LIABILITIES			
Trade payables	232,333	92,699	74,122
Deposits received and deferred revenue	3,111,219	2,551,173	2,072,599
Other payables and accruals	1,213,686	924,662	1,203,809
Amount due to a substantial shareholder of the Company	34,874	100	12,070
Amounts due to jointly controlled entities	6,444	6,361	–
Tax payable	695,450	569,068	192,313
Interest-bearing bank and other borrowings	1,460,825	1,560,643	764,336
Derivative component of convertible bonds	–	–	154,839
Derivative financial liability – warrants	7,330	54,729	–
Total current liabilities	6,762,161	5,759,435	4,474,088
NET CURRENT ASSETS	5,562,610	5,164,482	5,435,296
TOTAL ASSETS LESS CURRENT LIABILITIES	7,728,729	7,077,225	6,459,347

	As at 31 March		
	2009	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*
CAPITAL AND RESERVES			
Share capital	279,058	279,058	231,552
Reserves	2,848,706	2,538,139	1,567,884
Proposed final dividend	–	–	27,594
Equity attributable to equity holders of the Company	3,127,764	2,817,197	1,827,030
Minority interests	490,046	435,942	430,929
Total equity	3,617,810	3,253,139	2,257,959
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	3,529,996	3,149,689	3,359,250
Long term payables	729	154,881	230,278
Deferred tax liabilities	580,194	519,516	611,860
Total non-current liabilities	4,110,919	3,824,086	4,201,388
	7,728,729	7,077,225	6,459,347

2. AUDITED FINANCIAL STATEMENTS OF THE GROUP

The following is the audited financial statements of the Group together with accompanying notes as extracted from the annual report of the Company for the year ended 31 March 2009.

Consolidated Income Statement
For the year ended 31 March 2009

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

Consolidated Balance Sheet
At 31 March 2009

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

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

Consolidated Statement of Changes in Equity

For the year ended 31 March 2009

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

	Notes	Issued share capital HK$'000	Share premium account HK$'000	Contributed surplus HK$'000	Capital reserve HK$'000	Leasehold property revaluation reserve HK$'000	Exchange fluctuation reserve HK$'000	PRC reserve funds HK$'000	Share options reserve HK$'000	Retained profits HK$'000	Proposed final dividend HK$'000	Total HK$'000	Minority interests HK$'000	Total equity HK$'000
		Attributable to equity holders of the Company												
Exchange realignment on translation of foreign operations		–	–	–	–	–	83,095	–	–	–	–	83,095	6,379	89,474
Deficit on revaluation	17	–	–	–	–	(4,794)	–	–	–	–	–	(4,794)	–	(4,794)
Deferred tax liability arising on revaluation of buildings	36	–	–	–	–	305	–	–	–	–	–	305	–	305
Net income recognised directly in equity		–	–	–	–	(4,489)	83,095	–	–	–	–	78,606	6,379	84,985
Profit for the year		–	–	–	–	–	–	–	–	215,008	–	215,008	793	215,801
Total recognised income for the year		–	–	–	–	(4,489)	83,095	–	–	215,008	–	293,614	7,172	300,786
Recognition of equity-settled share-based payment	37	–	–	–	–	–	–	–	16,953	–	–	16,953	–	16,953
Forfeiture of share options		–	–	–	–	–	–	–	(500)	500	–	–	–	–
Partial disposal of equity interest in a subsidiary		–	–	–	–	–	–	–	–	–	–	–	14,795	14,795
Capital contribution from minority shareholders		–	–	–	–	–	–	–	–	–	–	–	32,137	32,137
At 31 March 2009		279,058	1,126,800	37,560	929	16,075	439,044	9,697	40,204	1,178,397	–	3,127,764	490,046	3,617,810

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

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

Consolidated Cash Flow Statement
For the year ended 31 March 2009

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2009

1. GENERAL

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

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

The Group is engaged in the following principal activities:

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

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

a. Revenue recognition

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

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

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

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

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

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

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

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

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

Impact on basic earnings per share

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

Impact on diluted earnings per share

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

b. Other new standards, amendments and interpretations

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

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the new HKFRSs had no material effect on how the results and financial position of the Group for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

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

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

1 Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009
2 Effective for annual periods beginning on or after 1 January 2009, 1 July 2009 and 1 January 2010, as appropriate
3 Effective for annual periods beginning on or after 1 January 2009
4 Effective for annual periods beginning on or after 1 July 2009
5 Effective for annual periods ending on or after 30 June 2009
6 Effective for annual periods beginning on or after 1 July 2008
7 Effective for annual periods beginning on or after 1 October 2008
8 Effective for transfers on or after 1 July 2009

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

Basis of consolidation

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

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

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

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

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

Business combinations

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

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

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

Acquisition of additional interests in subsidiaries

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

Goodwill

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

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

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

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

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

Investments in associates

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

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

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

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

Investments in jointly controlled entities

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

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

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

Jointly controlled operations

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

Revenue recognition

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

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

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

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

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

Property, plant and equipment

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

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

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

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

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

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

Leasehold land and building

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

Investment properties

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

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

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

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

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

Properties under development

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

Completed properties for sale

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

Impairment loss on tangible assets

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

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

Leases

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

The Group as lessor

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

The Group as lessee

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

Foreign currencies

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

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

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

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Retirement benefit schemes

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

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

Taxation

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

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

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

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

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

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

Financial instruments

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

Financial assets

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

Loans and receivables

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

Available-for-sale financial assets

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

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

Effective interest method

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

Impairment of financial assets

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

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

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

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

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

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

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

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

Financial liabilities and equity

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

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

Convertible bonds

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

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

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

Other financial liabilities

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

Effective interest method

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

Equity instruments

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

Derivative financial instruments

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

Embedded derivatives

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

Financial guarantee contracts

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

Derecognition

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

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

Share-based payment transactions

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

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

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

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

Land appreciation tax ("LAT")

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

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

Impairment testing of goodwill

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

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

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

Measurement of warrants

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

5. CAPITAL RISK MANAGEMENT

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

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

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

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

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

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, amounts due from jointly controlled entities and associates, pledged bank deposits, bank balances, trade and other payables, amounts due to jointly controlled entities and a substantial shareholder of the Company, interest-bearing bank and other borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, fair value and cash flow interest rate risk, and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) Market risk

Currency risk

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

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

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

Sensitivity analysis

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

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

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

Fair value and cash flow interest rate risk

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

Sensitivity analysis

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

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

Other price risks

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

Sensitivity analysis

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

(ii) Credit risk

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

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

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

(iii) Liquidity risk

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

Liquidity and interest risk tables

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

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

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

(c) Fair values

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

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

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

7. SEGMENT INFORMATION

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

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

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

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

There were no intersegment sales and transfers for both years.

(a) Business segments

Revenue and results

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

Balance sheet

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

Other segment information

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

(b) Geographical segments

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

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

8. REVENUE

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

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

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

9. OTHER INCOME

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

10. FINANCE COSTS

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

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

11. TAXATION

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

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

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

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

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

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

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

12. PROFIT FOR THE YEAR

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

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

Notes:

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

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

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

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

13. DIRECTORS' REMUNERATION

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

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

	Fees	**Salaries, allowances and benefits in kind**	**Share-based payment**	**Pension scheme contributions**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*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

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

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

14. FIVE HIGHEST PAID INDIVIDUALS

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

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

15. DIVIDENDS

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

16. EARNINGS PER SHARE

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

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

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

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

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

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

17. PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

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

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

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

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

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

18. INVESTMENT PROPERTIES

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

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

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

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

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

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

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

19. PREPAID LAND LEASE PAYMENTS

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

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

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

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

20. GOODWILL

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

Impairment testing of goodwill

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

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

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

21. INTERESTS IN JOINTLY CONTROLLED ENTITIES

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

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

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

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

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

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

Notes:

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

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

22. INTERESTS IN ASSOCIATES

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

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

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

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

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

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

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

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

23. AVAILABLE-FOR-SALE INVESTMENTS

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

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

24. PLEDGED BANK DEPOSITS/CASH AND BANK BALANCES

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

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

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

25. PROPERTIES UNDER DEVELOPMENT

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

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

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

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

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

26. COMPLETED PROPERTIES FOR SALE

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

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

27. TRADE RECEIVABLES

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

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

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

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

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

28. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

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

Notes:

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

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

29. TRADE PAYABLES

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

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

30. DEPOSITS RECEIVED AND DEFERRED REVENUE

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

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

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

31. INTEREST-BEARING BANK AND OTHER BORROWINGS

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

Notes:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(d) Senior notes

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

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

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

32. CONVERTIBLE BONDS

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

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

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

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

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

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

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

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

33. DERIVATIVE FINANCIAL LIABILITIES

(a) Foreign currency swap contract

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

(b) Warrants

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

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

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

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

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

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

34. SHARE CAPITAL

Shares

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

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

Share options

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

35. LONG TERM PAYABLES

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

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

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

36. DEFERRED TAX LIABILITIES

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

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

Notes:

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

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

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

37. SHARE OPTION SCHEMES

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

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

(a) Purposes of the Scheme 2002

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

(b) Eligible participants ("Participants")

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

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

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

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

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

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

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

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

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

(c) Maximum number of shares

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

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

(d) Maximum entitlement of each Participant

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

(e) Grant of options to connected persons

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

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

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

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

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

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

(f) Time of acceptance and exercise of an option

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

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

(g) Basis of determining the option exercise price

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

(h) Period of the Scheme 2002

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

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

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

Notes:

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

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

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

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

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

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

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

Name or category of Participant	Number of share options: At 1 April 2007	Granted during the year	At 31 March 2008	Forfeited during the year	At 31 March 2009	Date of grant of share options[(1)]	Exercise period of share options[(3)]	Exercise price of share options[(2)] *HK$*
Directors								
Chan Boon Teong	–	10,000,000	10,000,000	–	10,000,000	14 May 2007	15 May 2008 to 23 September 2012	1.20
Jiang Ming	–	10,000,000	10,000,000	–	10,000,000	14 May 2007	15 May 2008 to 23 September 2012	1.20
Tao Lin	–	10,000,000	10,000,000	–	10,000,000	14 May 2007	15 May 2008 to 23 September 2012	1.20
Cheng Wing Bor	–	10,000,000	10,000,000	–	10,000,000	14 May 2007	15 May 2008 to 23 September 2012	1.20
Lin Chen Hsin	–	2,500,000	2,500,000	–	2,500,000	14 May 2007	15 May 2008 to 23 September 2012	1.20

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

Notes:

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

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

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

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

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

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

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

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

38. ACQUISITION OF PROPERTY BASED SUBSIDIARIES

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

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

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

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

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

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

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

39. ACQUISITION OF PROPERTY BASED JOINTLY CONTROLLED ENTITY

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

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

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

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

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

40. DISPOSAL OF PROPERTY BASED SUBSIDIARIES

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

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

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

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

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

41. MAJOR NON-CASH TRANSACTION

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

42. CONTINGENT LIABILITIES

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

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

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

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

43. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties (note 18) under operating lease arrangements, with leases negotiated for terms ranging from 1 month to over 5 years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

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

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

(b) As lessee

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

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

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

44. CAPITAL COMMITMENTS

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

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

45. RELATED PARTY TRANSACTIONS

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

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

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

(b) Outstanding balances with related parties

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

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

(c) Compensation of key management personnel of the Group

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

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

46. BALANCE SHEET INFORMATION OF THE COMPANY

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

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

Note:

(a) Reserves of the Company

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

47. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES

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

Name of subsidiary	Place of incorporation/ registration and operations	Nominal value of issued share capital/registered capital *(Note (i))*	Percentage of equity attributable to the Company	Principal activities
Directly held subsidiaries:				
Coastal Commercial Developments Limited	Hong Kong	HK$1 Ordinary	100	Investment holding
Coastal Realty (BVI) Limited	British Virgin Islands/ Hong Kong	US$200 Ordinary	100	Investment holding

Name of subsidiary	Place of incorporation/ registration and operations	Nominal value of issued share capital/registered capital *(Note (i))*	Percentage of equity attributable to the Company	Principal activities
Coastal Realty Investment (China) Limited#	PRC	US$100,000,000	100	Investment holding
Indirectly held subsidiaries:				
Beijing Gaosheng Real Estate Company Limited#	PRC	RMB466,800,000	100	Property development and investment
Beijing Wendela Real Estate Development Co., Ltd.	PRC	RMB100,000,000	100	Land development
Beijing Xing Gang Real Estate Co., Ltd.#	PRC	US$13,500,000	100	Property development
Chengdu Dingyuan Real Estate Ltd.	PRC	RMB10,000,000	79	Property development
Coastal Greenland Development Jiangxi Limited#	PRC	US$12,000,000	100	Property development
Coastal Greenland Development (Shenyang) Ltd.#	PRC	US$20,000,000	100	Investment holding
Coastal Greenland Development (Shenzhen) Ltd.#	PRC	US$12,000,000	100	Property development
Coastal Greenland Development (Wuhan) Ltd.#	PRC	RMB50,000,000	100	Property development
Coastal Greenland Development (Xiamen) Ltd.#	PRC	RMB100,000,000	100	Property development
Coastal Greenland Investment (Sichuan) Ltd.#	PRC	RMB50,000,000	100	Land development
Coastal Realty Development Co. Limited	Hong Kong	HK$10 Ordinary HK$20,000,000 Non-voting deferred shares *(Note ii)*	100	Investment holding
Coastal Realty Development (Shanghai) Co., Ltd.#	PRC	US$12,000,000	100	Investment holding
Coastal Realty Management Company Limited	Hong Kong	HK$500,000 Ordinary	100	Investment holding

Name of subsidiary	Place of incorporation/ registration and operations	Nominal value of issued share capital/registered capital *(Note (i))*	Percentage of equity attributable to the Company	Principal activities
Coastal Riviera Garden (Anshan) Development Co., Ltd.#	PRC	RMB42,000,000	100	Property development
Dongguan Riviera Garden Development Co., Ltd.#	PRC	RMB10,000,000	100	Property development
Dragon Gain Investment Limited	Hong Kong	HK$1,000 Ordinary	100	Investment holding
Fenhall Development Limited	Hong Kong	HK$10,000 Ordinary	100	Property investment
Fenson Development Limited	Hong Kong	HK$10,000 Ordinary	100	Property investment
Frenwick Development Limited	Hong Kong	HK$10,000 Ordinary	100	Property investment
Globe Gain Limited	Hong Kong	HK$3 Ordinary	100	Investment holding
Innovative Marketing and Strategy (Shenzhen) Ltd.#	PRC	RMB1,000,000	100	Management services
Jingdian Construction Co., Ltd.#	PRC	RMB50,000,000	100	Construction
Joinwell Investment Limited	Hong Kong	HK$2 Ordinary	100	Investment holding
Kings Crown Holdings Ltd.	British Virgin Islands/ Hong Kong	US$50,000 Ordinary	100	Investment holding
Liaoning Baocheng Real Estate Development Co., Ltd.# *(Note (iii))*	PRC	US$50,000,000	50	Property development
My Home Services (Shenzhen) Ltd.#	PRC	US$1,400,000	100	Property management
North Coastal Real Estate Development (Dalian) Co., Ltd.#	PRC	US$5,000,000	100	Property development
Pearl Square Enterprises Limited	Hong Kong	HK$2 Ordinary	100	Investment holding
Shanghai Coastal Commercial Investment Management Co., Ltd.	PRC	RMB10,000,000	100	Investment holding

Name of subsidiary	Place of incorporation/ registration and operations	Nominal value of issued share capital/registered capital *(Note (i))*	Percentage of equity attributable to the Company	Principal activities
Shanghai Coastal Greenland Real Estate Ltd.^	PRC	RMB110,000,000	100	Investment holding
Shanghai Ling Zhi Properties Co., Ltd.#	PRC	US$25,000,000	100	Property investment
Shanghai Xinhongda Real Estate Ltd.#	PRC	RMB248,292,951	100	Property development
Shenyang Coastal Rongtian Real Estate Co., Ltd.#	PRC	US$18,000,000	80	Property development
Shenyang Market Real Estate Development Co., Ltd.	PRC	RMB12,000,000	100	Property investment
Shenzhen Coastal Property Investment Limited#	PRC	US$11,000,000	100	Property development
Shenzhen Tongzhe Culture Limited#	PRC	RMB1,000,000	100	Management service
Suzhou Gaotong Xinxi Zixun Co., Ltd.#	PRC	US$40,180,000	100	Investment holding
Suzhou New Development Investment Co., Ltd.#	PRC	RMB350,000,000	100	Property investment
Tacklemate Investment Limited	Hong Kong	HK$2 Ordinary	100	Property investment

Notes:

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

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

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

wholly foreign owned enterprise

^ contractual joint venture

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

3. INDEBTEDNESS

At the close of business on 31 December 2009, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Enlarged Group had outstanding borrowings of approximately HK$4,951,796,000 comprising secured senior notes of approximately HK$934,093,000, secured bank loans of approximately HK$3,170,600,000, other secured loans of approximately HK$571,546,000, unsecured bank loans of approximately HK$70,416,000, unsecured loan from a jointly controlled entity of approximately HK$6,456,000, unsecured loan from a substantial shareholder of the Company of approximately HK$16,966,000 and other unsecured loans of approximately HK$181,719,000. The Enlarged Group's banking facilities and other loans were secured by charges over its assets, including bank deposits, property, plant and equipment, land use rights, properties under development, inventories of completed properties, investment properties and share charges over the issued share capital of certain subsidiaries of the Company.

During the year ended 31 March 2007, 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 December 2009, the Group has a property for development with carrying value of HK$141,839,000 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, the directors of the Company have assessed the issue and consider no provision is required for impairment in value of the land.

In addition, the Enlarged Group had contingent liabilities in the sum of approximately HK$4,032,594,000 in respect of guarantees given to banks for mortgage loan facilities granted to property purchasers and for banking facilities granted to associates and guarantee given to a financial institution for other loan granted to a target company in relation to acquisition of property based subsidiaries.

Save as aforesaid or as otherwise disclosed herein, the Enlarged Group did not have any debt securities issued and outstanding, or authorised or otherwise created but unissued, any term loans (secured, unsecured, guaranteed or not), any other borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments (whether secured or unsecured, guaranteed or not), any mortgages or charges, or other material contingent liabilities or guarantees at the close of business of 31 December 2009.

Foreign currency amounts have been translated into Hong Kong dollars at the rates of exchange prevailing at the close of business on 31 December 2009. The Directors are not aware of any material changes in the Enlarged Group's indebtedness and contingent liabilities since the close of business on 31 December 2009.

4. WORKING CAPITAL

Taking into account the internally generated funds and the presently available credit facilities, the Directors are of the opinion that the Enlarged Group will, following the completion of the Agreement, have sufficient working capital for its present requirements, that is, for at least 12 months from the date of this circular, in the absence of unforeseeable circumstances.

5. ADDITIONAL INFORMATION

The following is the statement reconciling the capital value of the Land and the Dalian Project as at 31 December 2009 in existing state per the valuation report as set out in Appendix I to this circular with the carrying amount of the Land and the Dalian Project as at 30 September 2009 disclosed in the Accountants' Report as set out in Appendix III to this circular:

	HK$'000
Carrying amount of the Land and the Dalian Project as at 30 September 2009	1,566,957
Additions during the period from 1 October 2009 to 31 December 2009	44,660
Carrying amount of the Land and the Dalian Project as at 31 December 2009	1,611,617
Excess of the capital value over the carrying amount of the Land and the Dalian Project	1,001,873
Capital value of the Land and the Dalian Project as at 31 December 2009 in existing state (RMB2,300,000,000)	2,613,490

The following is the text of a report on the Super Investment Group, prepared for the purpose of incorporation in this circular, received from the independent reporting accountants, Deloitte Touche Tohmatsu.

Deloitte.
德勤

德勤 • 關黃陳方會計師行
香港金鐘道88號
太古廣場一座35樓

Deloitte Touche Tohmatsu
35/F, One Pacific Place
88 Queensway
Hong Kong

25 February 2010

The Directors
Coastal Greenland Limited

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") regarding Super Investment Development Limited ("Super Investment") and its subsidiary (hereinafter collectively referred to as "Super Investment Group") for the period from 11 April 2006 (date of incorporation) to 31 March 2007, each of the two years ended 31 March 2009 and the six months ended 30 September 2009 (the "Relevant Periods") for inclusion in the circular issued by Coastal Greenland Limited (the "Company") dated 25 February 2010 in connection with the proposed acquisition of additional 50% of the entire issued share capital of Super Investment, an existing non-wholly owned subsidiary of the Company (the "Circular").

Super Investment is a private limited company incorporated in Hong Kong on 11 April 2006 and acts as an investment holding company.

At the end of each reporting period and the date of this report, Super Investment has the following subsidiary:

Name of subsidiary	Date of establishment	Place of establishment and operation	Registered capital	Percentage of equity attributable to Super Investment	Principal activity
遼寧寶城房地產開發有限公司 Liaoning Baocheng Real Estate Development Co., Ltd. ("Liaoning Baocheng")	20 April 2000	The People's Republic of China ("PRC")	US$50,000,000	100%	Property development

Super Investment adopts 31 March as the financial year end date and Liaoning Baocheng adopts 31 December as the financial year end date.

Deloitte Touche Tohmatsu is the statutory auditor of Super Investment and has audited the consolidated financial statements of Super Investment Group for the period from 11 April 2006 (date of incorporation) to 31 March 2007 and each of the two years ended 31 March 2009, which were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The statutory financial statements of Liaoning Baocheng which were prepared in accordance with the relevant accounting principles and financial regulations applicable to the enterprises established in the PRC for each of the three years ended 31 December 2008 were respectively audited by 大連環宇聯合會計師事務所, 深圳大華天誠會計師事務所 and 大連君安會計師事務所有限公司, certified public accountants registered in the PRC.

For the purpose of this report, the directors of Super Investment have prepared the consolidated management accounts of Super Investment Group for the six months ended 30 September 2009 in accordance with HKFRSs issued by the HKICPA. We have undertaken independent audit procedures on the consolidated management accounts in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

We have examined the audited consolidated financial statements of Super Investment Group for the period from 11 April 2006 (date of incorporation) to 31 March 2007, each of the two years ended 31 March 2009 and the consolidated management accounts of Super Investment Group for the six months ended 30 September 2009 (the "Underlying Financial Statements") in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by the HKICPA.

The Financial Information of Super Investment Group for the Relevant Periods set out in this report has been prepared based on the Underlying Financial Statements. No adjustments were considered necessary to adjust the Underlying Financial Statements in preparing our report for inclusion in the Circular.

The Underlying Financial Statements are the responsibility of the directors of Super Investment who approve the issue. The directors of the Company are responsible for the contents of the Circular in which this report is included. It is our responsibilities to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, the Financial Information together with the notes thereon give, for the purpose of this report, a true and fair view of the state of affairs of Super Investment Group and of Super Investment as at 31 March 2007, 31 March 2008, 31 March 2009 and 30 September 2009 and of the consolidated results and cash flows of Super Investment Group for the Relevant Periods.

The comparative consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of Super Investment Group for the six months ended 30 September 2008 together with the notes thereon have been extracted from Super Investment Group's unaudited consolidated financial information for the same period (the "30 September 2008 Financial Information") which was prepared by the directors of Super Investment solely for the purpose of this report. We have reviewed the 30 September 2008 Financial Information in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. Our review of the 30 September 2008 Financial Information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the 30 September 2008 Financial Information. Based on our review, nothing has come to our attention that causes us to believe that the 30 September 2008 Financial Information is not prepared, in all material respects, in accordance with the accounting policies consistent with those used in the preparation of the Financial Information which conform with HKFRSs.

A. FINANCIAL INFORMATION OF SUPER INVESTMENT GROUP

Consolidated Statements of Comprehensive Income

	NOTES	For the period from 11 April 2006 (date of incorporation) to 31 March 2007 HK$'000	Year ended 31 March 2008 HK$'000	Year ended 31 March 2009 HK$'000	Six months ended 30 September 2008 HK$'000 (unaudited)	Six months ended 30 September 2009 HK$'000
Revenue		–	–	–	–	–
Other income		136	188	2,704	2,470	742
Marketing and selling expenses		(2,072)	(5,223)	(19,595)	(6,874)	(18,821)
Administrative expenses		(6,121)	(7,836)	(7,469)	(4,192)	(4,375)
Finance costs	7	–	–	–	–	–
Loss before taxation		(8,057)	(12,871)	(24,360)	(8,596)	(22,454)
Taxation	8	395	1,682	1,731	870	841
Loss for the period/year	9	(7,662)	(11,189)	(22,629)	(7,726)	(21,613)
Other comprehensive income						
Exchange differences arising on translation to presentation currency		19,620	77,168	19,445	24,943	1,125
Total comprehensive income for the period/year		11,958	65,979	(3,184)	17,217	(20,488)

Consolidated Statements of Financial Position

	NOTES	As at 31 March 2007 HK$'000	As at 31 March 2008 HK$'000	As at 31 March 2009 HK$'000	As at 30 September 2009 HK$'000
NON-CURRENT ASSETS					
Property, plant and equipment	12	767	685	618	666
Deferred tax assets	14	675	3,715	6,688	6,814
		1,442	4,400	7,306	7,480
CURRENT ASSETS					
Properties under development	15	846,382	980,324	1,281,950	1,566,957
Prepayments, deposits and other receivables	27(a)	34,308	765	39,270	152,514
Amounts due from holding companies	16	109,444	120,078	29,390	29,419
Amounts due from fellow subsidiaries	16	–	280,514	89,092	177,218
Tax recoverable		–	–	22,716	39,501
Pledged bank deposits	17	–	–	10,390	19,137
Cash and bank balances	17	14,135	2,402	340,200	1,034,468
Total current assets		1,004,269	1,384,083	1,813,008	3,019,214
CURRENT LIABILITIES					
Trade payables	18	9,071	–	54,791	67,599
Deposits received from pre-sales of properties	19	–	–	450,992	1,095,365
Other payables and accruals	20	148,839	152,392	111,596	116,004
Amounts due to fellow subsidiaries	16	50,123	38,672	51	92
Tax payable		266	1,397	2,541	–
Interest-bearing bank borrowings	21	–	–	–	340,468
Total current liabilities		208,299	192,461	619,971	1,619,528
NET CURRENT ASSETS		795,970	1,191,622	1,193,037	1,399,686
TOTAL ASSETS LESS CURRENT LIABILITIES		797,412	1,196,022	1,200,343	1,407,166
CAPITAL AND RESERVES					
Share capital	22	–	–	–	–
Reserves		797,412	863,391	860,207	839,719
Total equity		797,412	863,391	860,207	839,719
NON-CURRENT LIABILITIES					
Interest-bearing bank borrowings	21	–	332,631	340,136	567,447
		797,412	1,196,022	1,200,343	1,407,166

Statements of Financial Position

		As at 31 March			As at 30 September
		2007	2008	2009	2009
	NOTES	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
NON-CURRENT ASSET					
Investment in subsidiary	*13*	479,286	526,066	537,936	538,461
Amount due from a subsidiary	*16*	205,345	221,765	272,769	104,848
		684,631	747,831	810,705	643,309
CURRENT ASSETS					
Other receivable	*27(a)*	–	–	–	82,927
Amount due from holding company	*16*	109,447	120,078	–	–
Amount due from a fellow subsidiary	*16*	–	–	84,072	167,135
Bank balances		65	65	64	63
		109,512	120,143	84,136	250,125
CURRENT LIABILITIES					
Other payables		333	870	1,442	–
Tax payable		266	1,397	2,541	–
		599	2,267	3,983	–
NET CURRENT ASSETS		108,913	117,876	80,153	250,125
TOTAL ASSETS LESS CURRENT LIABILITIES		793,544	865,707	890,858	893,434
CAPITAL AND RESERVES					
Share capital	*22*	–	–	–	–
Reserves	*23*	793,544	865,707	890,858	893,434
		793,544	865,707	890,858	893,434

Consolidated Statements of Changes in Equity

	Share capital	Capital reserve	Exchange fluctuation reserve	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Exchange differences arising on translation to presentation currency	–	–	19,620	–	19,620
Loss for the period	–	–	–	(7,662)	(7,662)
Total comprehensive income for the period	–	–	19,620	(7,662)	11,958
Issue of share upon incorporation	–	–	–	–	–
Issue of share during the period	–	–	–	–	–
Capital contribution from holding company	–	785,454	–	–	785,454
At 31 March 2007	–	785,454	19,620	(7,662)	797,412
Exchange differences arising on translation to presentation currency	–	–	77,168	–	77,168
Loss for the year	–	–	–	(11,189)	(11,189)
Total comprehensive income for the year	–	–	77,168	(11,189)	65,979
At 31 March 2008	–	785,454	96,788	(18,851)	863,391
Exchange differences arising on translation to presentation currency	–	–	19,445	–	19,445
Loss for the year	–	–	–	(22,629)	(22,629)
Total comprehensive income for the year	–	–	19,445	(22,629)	(3,184)
At 31 March 2009	–	785,454	116,233	(41,480)	860,207
Exchange differences arising on translation to presentation currency	–	–	1,125	–	1,125
Loss for the period	–	–	–	(21,613)	(21,613)
Total comprehensive income for the period	–	–	1,125	(21,613)	(20,488)
At 30 September 2009	–	785,454	117,358	(63,093)	839,719

	Share capital *HK$'000*	Capital reserve *HK$'000*	Exchange fluctuation reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
For the six months ended 30 September 2008 (unaudited)					
At 1 April 2008	–	785,454	96,788	(18,851)	863,391
Exchange differences arising on translation to presentation currency	–	–	24,943	–	24,943
Loss for the period	–	–	–	(7,726)	(7,726)
Total comprehensive income for the period	–	–	24,943	(7,726)	17,217
At 30 September 2008	–	785,454	121,731	(26,577)	880,608

Consolidated Statements of Cash Flows

	NOTE	For the period from 11 April 2006 (date of incorporation) to 31 March 2007 HK$'000	Year ended 31 March 2008 HK$'000	Year ended 31 March 2009 HK$'000	Six months ended 30 September 2008 HK$'000 (unaudited)	Six months ended 30 September 2009 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Loss before taxation		(8,057)	(12,871)	(24,360)	(8,596)	(22,454)
Adjustments for:						
Bank interest income		(136)	(69)	(256)	(19)	(741)
Depreciation		144	174	164	81	84
Loss on disposal of property, plant and equipment		–	42	–	–	4
Operating loss before working capital changes		(8,049)	(12,724)	(24,452)	(8,534)	(23,107)
Increase in properties under development		(73,303)	(40,433)	(249,942)	(114,455)	(270,893)
(Increase) decrease in prepayments, deposits and other receivables		(34,023)	36,892	(38,505)	(2,423)	(30,279)
Increase (decrease) in trade payables		9,071	(9,956)	54,791	30,491	12,755
(Decrease) increase in other payables and accruals		(76,757)	(16,222)	(49,502)	(52,393)	1,655
Increase in deposits received from pre-sales of properties		–	–	450,992	12,712	643,933
Cash (used in) from operations		(183,061)	(42,443)	143,382	(134,602)	334,064
Interest received		136	69	256	19	741
Interest paid		(11,440)	(5,466)	(24,360)	(13,121)	(10,246)
PRC taxes paid		–	–	(22,715)	–	(18,582)
Net cash (used in) from operating activities		(194,365)	(47,840)	96,563	(147,704)	305,977
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of property, plant and equipment		(844)	(70)	(81)	(73)	(136)
Acquisition of a property based subsidiary	24	(462,659)	–	–	–	–
Advance to fellow subsidiaries		–	(280,514)	(80,054)	–	(88,039)
Repayment from fellow subsidiaries		–	–	400,592	151,490	–
Advance to holding companies		–	(109,396)	(51,909)	(35,768)	–
Repayment from holding companies		–	109,444	–	–	–
Advance to a minority shareholder		–	–	–	–	(82,927)
Increase in pledged bank deposits		–	–	(10,390)	–	(8,737)
Net cash (used in) from investing activities		(463,503)	(280,536)	258,158	115,649	(179,839)

	NOTE	For the period from 11 April 2006 (date of incorporation) to 31 March 2007	Year ended 31 March 2008	2009	Six months ended 30 September 2008	2009
		HK$'000	HK$'000	HK$'000	HK$'000 (unaudited)	HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES						
Capital contribution from holding company		620,403	–	–	–	–
Advance from (repayment to) fellow subsidiaries		50,123	(16,343)	(16,975)	46,014	41
New bank and other loans		233,306	332,631	–	–	567,447
Repayment of other loans		(233,306)	–	–	–	–
Net cash from (used in) financing activities		670,526	316,288	(16,975)	46,014	567,488
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		12,658	(12,088)	337,746	13,959	693,626
CASH AND CASH EQUIVALENT AT THE BEGINNING OF PERIOD/YEAR		–	14,135	2,402	2,402	340,200
Effect of foreign exchange rate changes		1,477	355	52	27	642
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD/YEAR		14,135	2,402	340,200	16,388	1,034,468
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and bank balances		14,135	2,402	340,200	16,388	1,034,468

Notes to the Financial Information

1. GENERAL

Super Investment is a private limited company incorporated in Hong Kong and is principally engaged in investment holding. The directors considered that its immediate holding company is Coastal Riviera Garden (Anshan) Development Co., Ltd, a company established in the PRC and its ultimate holding company is Coastal Greenland Limited, a company incorporated in Bermuda with its shares listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office and principal place of business of Super Investment is Suite 1708, 17th Floor, One Exchange Square, 8 Connaught Place, Central, Hong Kong.

The Financial Information is presented in Hong Kong dollars, which is different from the functional currency of Super Investment, Renminbi ("RMB"), as the directors of Super Investment consider that Hong Kong dollars is the most appropriate presentation currency in view of the ultimate holding company's place of listing in Hong Kong. Super Investment's subsidiary is operating in the PRC with RMB as its functional currency.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

The HKICPA has issued a number of new or revised Hong Kong Accounting Standards ("HKAS(s)"), Hong Kong Financial Reporting Standards ("HKFRSs"), amendments and interpretations ("HK(IFRIC) – Int") (hereinafter collectively referred to as "new HKFRSs") which are effective for the financial year of Super Investment beginning on 1 April 2009 or become effective on 1 July 2009. For the purposes of preparing and presenting the Financial Information of the Relevant Periods, Super Investment Group has consistently applied all these new HKFRSs throughout the Relevant Periods.

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

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

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 or 1 January 2010, as appropriate
3 Effective for annual periods beginning on or after 1 January 2011
4 Effective for annual periods beginning on or after 1 February 2010
5 Effective for annual periods beginning on or after 1 January 2010
6 Effective for annual periods beginning on or after 1 January 2013
7 Effective for annual periods beginning on or after 1 July 2010

The application of HKFRS 3 (Revised 2008) may affect the accounting for business combination for which the acquisition date is on or after the financial year of Super Investment beginning on or after 1 April 2010. HKAS 27 (Revised 2008) will affect the accounting treatment for changes in Super Investment Group's ownership interest in its subsidiary.

The directors of Super Investment anticipate that the application of the other new or revised standards, amendments or interpretations will have no material impact on the results and the financial position of Super Investment Group and Super Investment.

3. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared on the historical cost basis and in accordance with the accounting policies set out below which conform with HKFRSs issued by the HKICPA. In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

Basis of consolidation

The Financial Information incorporates the financial statements of Super Investment and entity controlled by Super Investment (its subsidiary). Control is achieved where Super Investment has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiary acquired during the Relevant Periods are included in the consolidated statement of comprehensive income from the effective date of acquisition.

Where necessary, adjustments are made to the financial statements of the subsidiary to bring its accounting policies into line with those used by Super Investment Group.

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

Revenue recognition

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

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

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 less subsequent accumulated depreciation and accumulated impairment losses.

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

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.

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 and other directly attributable expenses. Net realisable value is determined by management based on prevailing market conditions.

Investment in a subsidiary

Investment in a subsidiary is included in Super Investment's statements of financial position at cost less any identified impairment losses.

Impairment loss

At the end of the reporting period, Super Investment Group reviews the carrying amounts of its 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.

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.

Leases

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

Super Investment 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 reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. 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 retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the Financial Information, the assets and liabilities of Super Investment Group which are stated at the functional currency of the respective group entity (i.e. RMB) are translated into the presentation currency of Super Investment 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 period/year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (the exchange fluctuation reserve).

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 scheme

Payments to central pension scheme operated by the local municipal government are charged as an expense when employees have rendered service entitling them to the contributions.

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 period/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 income or expense items that are never taxable or deductible. Super Investment 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 differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax base used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investment in a subsidiary, except where Super Investment 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 is calculated at the tax rates that are expected to apply in the period when 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 Super Investment 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 in 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 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

Super Investment Group's financial assets are classified into loans and receivables.

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 deposits and other receivables, amounts due from holding companies and fellow subsidiaries, pledged bank deposits and cash and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

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, 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.

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 assets, the estimated future cash flows of the financial assets have been impacted.

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.

An impairment loss is recognised in profit or loss where 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. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets.

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 Super Investment Group after deducting all of its liabilities.

Financial liabilities

Financial liabilities including trade and other payables, amounts due to fellow subsidiaries and interest-bearing bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (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 for debt instruments.

Equity instruments

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

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and Super Investment 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.

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 Super Investment 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, Super Investment 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*.

4. CAPITAL RISK MANAGEMENT

Super Investment Group manages its capital to ensure that entities in Super Investment 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. Super Investment Group's overall strategy remains unchanged during the Relevant Periods.

The capital structure of Super Investment Group consists of net debt, which includes the borrowings disclosed in note 21 net of cash and bank balances and equity attributable to owners of Super Investment, comprising issued share capital and reserves.

The directors of Super Investment 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, Super Investment Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debts or the redemption of existing debts.

5. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

Super Investment Group

	As at 31 March			As at 30 September
	2007	**2008**	**2009**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets				
Loans and receivables (including cash and cash equivalents)	157,717	403,247	488,028	1,362,126
Financial liabilities				
Amortised cost	204,684	512,780	489,385	1,073,269

Super Investment

	As at 31 March			As at 30 September
	2007	2008	2009	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets				
Loans and receivables (including cash and cash equivalents)	314,857	341,908	356,905	354,973
Financial liabilities				
Amortised cost	333	870	1,442	–

(b) Financial risk management objectives and policies

Super Investment Group's and Super Investment's major financial instruments include other receivables, amounts due from holding companies, a subsidiary and fellow subsidiaries, pledged bank deposits, cash and bank balances, trade and other payables, amounts due to fellow subsidiaries and interest-bearing bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (cash flow interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

(i) Market risk

Currency risk

Super Investment Group collects most of its revenue in RMB and incurs most of the expenditures as well as capital expenditures in RMB. The directors consider that Super Investment Group's exposure to foreign currency exchange risk is insignificant as the majority of Super Investment Group's transactions and balances are denominated in the functional currency of the respective group entities.

Super Investment does not have exposure to foreign currency exchange risk.

Interest rate risk

Super Investment Group is exposed to cash flow interest rate risk in relation to pledged bank deposits, bank balances and variable-rate borrowings (see note 21 for details of these borrowings). Super Investment Group is also exposed to fair value interest rate risk which related to its interest-free loans with related companies. Super Investment is exposed to cash flow interest rate risk in relation to bank balances and is also exposed to fair value interest rate risk which related to its fixed-rate loans and interest-free loans to the subsidiary. During the Relevant Periods, Super Investment Group has not entered into any derivative contracts to hedge against its interest rate risk. However, the management monitors interest rate exposure and will consider necessary actions when significant interest rate exposure is anticipated. The directors of Super Investment consider the interest rate risk from bank balances is minimal as all bank balances are short term.

Super Investment Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. Super Investment Group's cash flow interest rate risk is mainly concentrated on the fluctuation of People's Bank of China Prescribed Interest Rate arising from Super Investment Group's RMB denominated borrowings.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of respective reporting periods. For variable-rate financial liabilities, the analysis is prepared assuming the amount of liability outstanding at the end of respective reporting periods was outstanding for the whole year/period. A 100 basis points 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, Super Investment Group's interest expenses before capitalisation for each of the two years ended 31 March 2009 and the six months ended 30 September 2009 would be increased/decreased by approximately HK$3,326,000, HK$3,401,000 and HK$4,539,000 respectively. Super Investment Group's loss for the year/period would remain unchanged as all interest expenses would be capitalised in properties under development.

(ii) Credit risk

Super Investment Group's and Super Investment's exposure to credit risk is represented by the carrying amount of the respective financial asset including receivables as stated in the statements of financial position and the guarantees provided for customers for purchase of property prior to the submission of property title to the lender banks (note 25). Super Investment Group's and Super Investment's credit risk is primarily attributable to its other receivables and amounts due from related companies. Super Investment Group and Super Investment reviews the recoverable amount of each individual receivable at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

Except that Super Investment Group has concentration of credit risk with amount due from a minority shareholder of HK$82,927,000 at 30 September 2009 and Super Investment has concentration of credit risk with amount due from a subsidiary at 31 March 2007, 31 March 2008, 31 March 2009 and 30 September 2009 of HK$205,345,000, HK$221,765,000, HK$272,769,000 and HK$104,848,000 respectively, Super Investment 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 as the counterparties are banks with high credit ratings.

(iii) Liquidity risk

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

Liquidity and interest risk tables

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

Super Investment Group

	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	Total undiscounted cash flows	Carrying amounts
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 March 2007						
Trade and other payables	154,561	–	–	–	154,561	154,561
Amounts due to fellow subsidiaries	50,123	–	–	–	50,123	50,123
	204,684	–	–	–	204,684	204,684

	Less than 1 month *HK$'000*	1-3 months *HK$'000*	3 months to 1 year *HK$'000*	1-5 years *HK$'000*	Total undiscounted cash flows *HK$'000*	Carrying amounts *HK$'000*
At 31 March 2008						
Trade and other payables	141,477	–	–	–	141,477	141,477
Amounts due to fellow subsidiaries	38,672	–	–	–	38,672	38,672
Interest-bearing bank borrowings	–	6,287	17,064	355,084	378,435	332,631
	180,149	6,287	17,064	355,084	558,584	512,780

	Less than 1 month *HK$'000*	1-3 months *HK$'000*	3 months to 1 year *HK$'000*	1-5 years *HK$'000*	Total undiscounted cash flows *HK$'000*	Carrying amounts *HK$'000*
At 31 March 2009						
Trade and other payables	149,198	–	–	–	149,198	149,198
Amounts due to fellow subsidiaries	51	–	–	–	51	51
Interest-bearing bank borrowings	–	4,592	13,776	344,728	363,096	340,136
	149,249	4,592	13,776	344,728	512,345	489,385

	Less than 1 month *HK$'000*	1-3 months *HK$'000*	3 months to 1 year *HK$'000*	1-5 years *HK$'000*	Total undiscounted cash flows *HK$'000*	Carrying amounts *HK$'000*
At 30 September 2009						
Trade and other payables	165,262	–	–	–	165,262	165,262
Amounts due to fellow subsidiaries	92	–	–	–	92	92
Interest-bearing bank borrowings	2,554	9,703	372,643	626,178	1,011,078	907,915
	167,908	9,703	372,643	626,178	1,176,432	1,073,269

Super Investment

	Less than 1 month *HK$'000*	1-3 months *HK$'000*	3 months to 1 year *HK$'000*	1-5 years *HK$'000*	Total undiscounted cash flows *HK$'000*	Carrying amounts *HK$'000*
At 31 March 2007						
Other payables	333	–	–	–	333	333

	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	Total undiscounted cash flows	Carrying amounts
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 March 2008						
Other payables	870	–	–	–	870	870

	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	Total undiscounted cash flows	Carrying amounts
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 March 2009						
Other payables	1,442	–	–	–	1,442	1,442

(c) Fair values

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as inputs.

The directors of Super Investment consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Financial Information approximate their fair values.

6. SEGMENT INFORMATION

Super Investment Group is principally engaged in property development. For the purposes of assessing performance and allocating resources, Super Investment Group has only one reportable operating segment, which is property development. Super Investment Group's operation is principally located in the PRC. Accordingly, no segmental analysis is presented.

7. FINANCE COSTS

	For the period from 11 April 2006 (date of incorporation) to 31 March	Year ended 31 March		Six months ended 30 September	
	2007	**2008**	**2009**	**2008**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Interest on bank and other borrowings wholly repayable within five years	70,957	10,898	29,565	15,730	12,863
Less: Amounts capitalised in properties under development	(70,957)	(10,898)	(29,565)	(15,730)	(12,863)
	–	–	–	–	–

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

8. TAXATION

	For the period from 11 April 2006 (date of incorporation) to 31 March 2007	Year ended 31 March		Six months ended 30 September	
		2008	2009	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
PRC Enterprise Income Tax					
Provision for the period/year	263	1,121	1,154	580	47
Overprovision in prior years	–	–	–	–	(769)
Deferred tax *(note 14)*	(658)	(2,803)	(2,885)	(1,450)	(119)
	(395)	(1,682)	(1,731)	(870)	(841)

No provision for Hong Kong Profits Tax has been made as Super Investment Group did not generate any assessable profits sourced in Hong Kong during the Relevant Periods. The subsidiary established in the PRC is subject to the PRC Enterprise Income Tax. According to the law of the PRC on Enterprise Income Tax and its detailed implementation rules promulgated on 16 March 2007 and 11 December 2007 respectively, the new tax rate applicable is unified at 25% which became effective from 1 January 2008. However, the subsidiary did not have any assessable profits during the Relevant Periods.

The income tax expense represents withholding tax charges at 10% on the assessable profits of Super Investment arised from inter-company interest charges derived in the PRC.

The taxation for the Relevant Periods can be reconciled to the loss before taxation per consolidated statements of comprehensive income as follows:

	For the period from 11 April 2006 (date of incorporation) to 31 March 2007	Year ended 31 March		Six months ended 30 September	
		2008	2009	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Loss before taxation	(8,057)	(12,871)	(24,360)	(8,596)	(22,454)
Tax at the statutory tax rate (2007: 33%, 2008: 25%, 2009: 25%)	(2,659)	(3,218)	(6,090)	(2,149)	(5,614)
Tax effect of income not taxable	(15)	–	–	–	(61)
Tax effect of expenses not deductible	570	3,774	1,195	1,223	6
Tax effect of tax losses not recognised	2,104	–	4,895	926	5,669
Tax effect of utilisation of tax losses previously not recognised	–	(556)	–	–	–
Effect of different tax rates in the PRC	(395)	(1,682)	(1,731)	(870)	(72)
Overprovision in prior years	–	–	–	–	(769)
Taxation for the period/year	(395)	(1,682)	(1,731)	(870)	(841)

9. LOSS FOR THE PERIOD/YEAR

Loss for the period/year has been arrived at after charging (crediting):

	For the period from 11 April 2006 (date of incorporation) to 31 March 2007	Year ended 31 March 2008	Year ended 31 March 2009	Six months ended 30 September 2008	Six months ended 30 September 2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Depreciation of property, plant and equipment *(note 12)*	144	174	164	81	84
Auditor's remuneration	200	311	415	–	–
Staff costs (including directors' remuneration *(note 10)*)					
Salaries and other benefits	1,600	3,782	3,315	1,554	2,896
Pension scheme contributions *(note)*	399	746	856	376	602
Less: Amounts capitalised in properties under development	(612)	(1,515)	(1,273)	(544)	(1,403)
	1,387	3,013	2,898	1,386	2,095
Minimum lease payments under operating leases for land and building	909	567	415	212	160
Loss on disposal of property, plant and equipment	–	42	–	–	4
Bank interest income	(136)	(69)	(256)	(19)	(741)
Net foreign exchange gains	(6)	(119)	(63)	(72)	(93)

Note: The employees of the subsidiary which operates in the PRC are required to participate in a central pension scheme operated by the local municipal government. The subsidiary is required to contribute certain percentage of their payroll costs to the central pension scheme. The contributions are recognised in profit or loss as they become payable in accordance with the rules of the central pension scheme.

10. DIRECTORS' REMUNERATION

	Directors' fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
For the period from 11 April 2006 (date of incorporation) to 31 March 2007				
Mr. Cheng Wing Bor	–	–	–	–
Mr. Lin Chen Hsin	–	–	–	–
Mr. Jia Changtao	–	261	82	343
Mr. Wu Xin	–	–	–	–
Mr. Xin Xiangdong	–	–	–	–
Mr. Leung Wilson T.	–	–	–	–
Mr. Wekselblatt Joseph R.	–	–	–	–
Mr. Barket Keith F.	–	–	–	–
	–	261	82	343

	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Pension scheme contributions HK$'000	Total HK$'000
Year ended 31 March 2008				
Mr. Jia Changtao	–	277	47	324
Mr. Wu Xin	–	–	–	–
Mr. Xin Xiangdong	–	–	–	–
Mr. Leung Wilson T.	–	–	–	–
Mr. Wekselblatt Joseph R.	–	–	–	–
Mr. Barket Keith F.	–	–	–	–
	–	277	47	324

	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Pension scheme contributions HK$'000	Total HK$'000
Year ended 31 March 2009				
Mr. Jia Changtao	–	365	47	412
Mr. Wu Xin	–	–	–	–
Mr. Xin Xiangdong	–	–	–	–
Mr. Cai Shaobin	–	–	–	–
Mr. Chen Xin	–	–	–	–
Mr. Leung Wilson T.	–	–	–	–
Mr. Wekselblatt Joseph R.	–	–	–	–
Mr. Barket Keith F.	–	–	–	–
Mr. Ng Kit Nang	–	–	–	–
Mr. Tang Wai	–	–	–	–
	–	365	47	412

	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Pension scheme contributions HK$'000	Total HK$'000
Six months ended 30 September 2008 (unaudited)				
Mr. Jia Changtao	–	172	23	195
Mr. Wu Xin	–	–	–	–
Mr. Xin Xiangdong	–	–	–	–
Mr. Cai Shaobin	–	–	–	–
Mr. Chen Xin	–	–	–	–
Mr. Leung Wilson T.	–	–	–	–
Mr. Wekselblatt Joseph R.	–	–	–	–
Mr. Barket Keith F.	–	–	–	–
	–	172	23	195

	Directors' fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Six months ended 30 September 2009				
Mr. Jia Changtao	–	225	25	250
Mr. Wu Xin	–	–	–	–
Mr. Chen Xin	–	–	–	–
Mr. Leung Wilson T.	–	–	–	–
Mr. Ng Kit Nang	–	–	–	–
Mr. Tang Wai	–	–	–	–
	–	225	25	250

None of the directors of Super Investment has waived any remuneration during the Relevant Periods.

11. FIVE HIGHEST PAID INDIVIDUALS

The five highest paid individuals during each of year/period over the Relevant Periods include one director of Super Investment. The emoluments of the remaining four highest paid individuals were as follows:

	For the period from 11 April 2006 (date of incorporation) to 31 March	Year ended 31 March		Six months ended 30 September	
	2007	**2008**	**2009**	**2008**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Salaries, allowance and benefits in kind	622	577	694	346	371
Pension scheme contributions	106	118	157	73	79
	728	695	851	419	450

During the Relevant Periods, no emoluments were paid by Super Investment Group to the five highest paid individuals as an inducement to join or upon joining Super Investment Group.

12. PROPERTY, PLANT AND EQUIPMENT

	Furniture, fixtures and office equipment *HK$'000*	**Motor vehicles** *HK$'000*	**Total** *HK$'000*
COST			
Additions	568	276	844
Acquired on acquisition of a property based subsidiary *(note 24)*	47	–	47
Exchange realignment	17	7	24
At 31 March 2007	632	283	915
Additions	70	–	70
Disposals	(183)	–	(183)
Exchange realignment	62	27	89
At 31 March 2008	581	310	891
Additions	81	–	81
Exchange realignment	13	8	21
At 31 March 2009	675	318	993
Additions	33	103	136
Disposals	(5)	–	(5)
Exchange realignment	1	–	1
At 30 September 2009	704	421	1,125
DEPRECIATION			
Provided for the period	105	39	144
Exchange realignment	3	1	4
At 31 March 2007	108	40	148
Provided for the year	141	33	174
Eliminated on disposals	(141)	–	(141)
Exchange realignment	19	6	25
At 31 March 2008	127	79	206
Provided for the year	137	27	164
Exchange realignment	3	2	5
At 31 March 2009	267	108	375
Provided for the period	71	13	84
Eliminated on disposals	(1)	–	(1)
Exchange realignment	1	–	1
At 30 September 2009	338	121	459
CARRYING VALUES			
At 31 March 2007	524	243	767
At 31 March 2008	454	231	685
At 31 March 2009	408	210	618
At 30 September 2009	366	300	666

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

Furniture, fixtures and office equipment	20%
Motor vehicles	20%

13. INVESTMENT IN SUBSIDIARY

		As at 31 March		**As at 30 September**
	2007	**2008**	**2009**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Super Investment				
Unlisted investment, at cost	479,286	526,066	537,936	538,461

14. DEFERRED TAX ASSETS

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

	Elimination of intercompany transaction *(Note (i))* *HK$'000*
Credited to the profit or loss during the period	658
Exchange realignment	17
At 31 March 2007	675
Credited to the profit or loss during the year	2,803
Exchange realignment	237
At 31 March 2008	3,715
Credited to the profit or loss during the year	2,885
Exchange realignment	88
At 31 March 2009	6,688
Credited to the profit or loss during the period	119
Exchange realignment	7
At 30 September 2009	6,814

Notes:

(i) This represents the tax effect of the temporary differences arising from the elimination of inter-company interest charges originally capitalised as cost of properties under development.

(ii) At 31 March 2007, 31 March 2008, 31 March 2009 and 30 September 2009, Super Investment Group has unused tax losses of HK$33,536,000, HK$33,104,000, HK$51,316,000 and HK$74,488,000 respectively available for offset against future profits. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams. All losses will gradually expire until 2013.

15. PROPERTIES UNDER DEVELOPMENT

	As at 31 March			As at 30 September
	2007	2008	2009	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
COST				
At beginning of period/year	–	846,382	980,324	1,281,950
Acquisition of a property based subsidiary *(note 24)*	675,350	–	–	–
Additions	144,260	51,331	279,507	283,756
Exchange realignment	26,772	82,611	22,119	1,251
At end of period/year	846,382	980,324	1,281,950	1,566,957

The properties under development of Super Investment Group are situated in the PRC and on land which are held under long lease.

Included in the properties under developments as at 31 March 2007, 31 March 2008, 31 March 2009 and 30 September 2009 are carrying values of HK$846,382,000, HK$980,324,000, HK$1,281,950,000 and HK$347,919,000 which represent the carrying value of the properties expected to be completed and available for sale after more than twelve months from the end of the reporting period respectively.

At 31 March 2007, 31 March 2008, 31 March 2009 and 30 September 2009, certain properties under development with an aggregate carrying value of approximately nil, HK$640,414,000, HK$934,370,000 and HK$1,219,038,000 respectively have been pledged to banks to secure banking facilities granted to Super Investment Group.

16. AMOUNTS DUE FROM (TO) A SUBSIDIARY/HOLDING COMPANIES/FELLOW SUBSIDIARIES

Super Investment Group and Super Investment

The amounts due from (to) holding companies and fellow subsidiaries are unsecured, interest-free and repayable on demand.

Super Investment

The amount due from a subsidiary is unsecured and repayable on demand. Included in the amount due from a subsidiary as at 31 March 2007, 31 March 2008, 31 March 2009 and 30 September 2009 are the amounts of HK$144,538,000, HK$143,975,000, HK$143,383,000 and nil which bear fixed interest at 7%, 8%, 8% and nil respectively. The remaining amounts are interest-free.

17. PLEDGED BANK DEPOSITS/CASH AND BANK BALANCES

Pledged bank deposits represent deposits pledged to banks in respect of mortgage loan facilities granted to the buyers of certain properties developed by Super Investment Group. The pledged bank deposits will be released upon the issuance of title deeds to the buyers of properties.

Pledged bank deposits and bank balances carry interest at prevailing deposit rates which approximate at 0.72%, range from 0.72% to 0.81%, from 0.36% to 0.72% and approximate 0.36% per annum for the period from 11 April 2006 (date of incorporation) to 31 March 2007, each of the two years ended 31 March 2009 and the six months ended 30 September 2009 respectively.

18. TRADE PAYABLES

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

	As at 31 March			As at 30 September
	2007	**2008**	**2009**	**2009**
	HK\$'000	*HK\$'000*	*HK\$'000*	*HK\$'000*
0 – 30 days	–	–	54,734	65,912
31 – 60 days	–	–	57	–
61 – 90 days	–	–	–	1,687
Over 90 days	9,071	–	–	–
	9,071	–	54,791	67,599

19. DEPOSITS RECEIVED FROM PRE-SALES OF PROPERTIES

The amounts of HK\$450,992,000 as at 31 March 2009 which are expected to be realised in more than twelve months after the end of the reporting period are classified under current liabilities as it is within the Super Investment Group's normal operating cycle.

20. OTHER PAYABLES AND ACCRUALS

Included in other payables and accruals as at 31 March 2007, 31 March 2008, 31 March 2009 and 30 September 2009 are amounts of HK\$132,682,000, HK\$137,403,000, HK\$84,125,000 and HK\$84,207,000 respectively which Super Investment Group is required to settle for financial guarantee contracts issued by the subsidiary. The financial guarantee contracts had been fully crystallised.

21. INTEREST-BEARING BANK BORROWINGS

	As at 31 March			As at 30 September
	2007	**2008**	**2009**	**2009**
	HK\$'000	*HK\$'000*	*HK\$'000*	*HK\$'000*
Secured bank borrowings	–	332,631	340,136	907,915
Analysis into:				
Bank borrowings repayable:				
Within one year	–	–	–	340,468
In the second year	–	–	340,136	–
In the third to fifth years inclusive	–	332,631	–	567,447
	–	332,631	340,136	907,915

At 31 March 2008, 31 March 2009 and 30 September 2009, the bank borrowings are secured by certain properties under development with an aggregate value of approximately HK\$640,414,000, HK\$934,370,000 and HK\$1,219,038,000 respectively.

At 31 March 2008, 31 March 2009 and 30 September 2009, all bank borrowings are denominated in RMB and are variable-rate borrowings which the effective interest rates are 8.0%, 5.8% and 5.8% per annum respectively.

22. SHARE CAPITAL

	Super Investment Group and Super Investment							
	Number of ordinary shares				Nominal value			
	As at 31 March			As at 30 September	As at 31 March			As at 30 September
	2007	2008	2009	2009	2007	2008	2009	2009
					HK$	*HK$*	*HK$*	*HK$*
Authorised:								
Ordinary shares of HK$1 each	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Issued and fully paid:								
Ordinary shares of HK$1 each	2	2	2	2	2	2	2	2

Super Investment was incorporated with an authorised share capital of HK$10,000, divided into 10,000 ordinary shares of HK$1 each. On the date of incorporation, 1 ordinary share of HK$1 was issued, for cash at HK$1, to the subscriber to provide the initial share capital for Super Investment. On 24 January 2007, 1 additional ordinary share of HK$1 was issued at par for cash.

23. RESERVES

	Capital reserve	Exchange fluctuation reserve	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Super Investment				
Exchange differences arising on translation to presentation currency	–	19,761	–	19,761
Loss for the period	–	–	(11,671)	(11,671)
Capital contribution from holding company *(note)*	785,454	–	–	785,454
At 31 March 2007	785,454	19,761	(11,671)	793,544
Exchange differences arising on translation to presentation currency	–	77,164	–	77,164
Loss for the year	–	–	(5,001)	(5,001)
At 31 March 2008	785,454	96,925	(16,672)	865,707
Exchange differences arising on translation to presentation currency	–	19,546	–	19,546
Profit for the year	–	–	5,605	5,605
At 31 March 2009	785,454	116,471	(11,067)	890,858
Exchange differences arising on translation to presentation currency	–	1,159	–	1,159
Profit for the period	–	–	1,417	1,417
At 30 September 2009	785,454	117,630	(9,650)	893,434

Note: During the period ended 31 March 2007, the holding company of Super Investment increased its capital contribution in Super Investment for an amount of HK$785,454,000 by capitalisation of amount due from Super Investment of HK$620,403,000. The remaining amount of HK$165,051,000 was settled through current account and partially offset with the interest receivable from Super Investment of HK$55,607,000.

24. ACQUISITION OF A PROPERTY BASED SUBSIDIARY

During the period from 11 April 2006 (date of incorporation) to 31 March 2007, Super Investment had acquired properties under development in the PRC and their related assets and liabilities at the consideration of HK$462,661,000 from third parties. The purchase was made by way of acquisition of the entire equity interest in Liaoning Baocheng. This transaction has been reflected as purchase of assets and liabilities rather than as business combination as the subsidiary acquired is a property holding company and does not constitute a business.

The net assets acquired in this transaction are as follows:

	For the period from 11 April 2006 (date of incorporation) to 31 March 2007 *HK$'000*
Net assets acquired:	
Property, plant and equipment *(note 12)*	47
Properties under development *(note 15)*	675,350
Prepayments, deposits and other receivables	285
Cash and bank balances	2
Other payables and accruals	(213,023)
	462,661
Satisfied by:	
Cash	462,661

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of a property based subsidiary is as follows:

	For the period from 11 April 2006 (date of incorporation) to 31 March 2007 *HK$'000*
Cash consideration paid	462,661
Cash and bank balances acquired	(2)
Net outflow of cash and cash equivalents in respect of the acquisition of a property based subsidiary	462,659

25. CONTINGENT LIABILITIES

At 31 March 2007, 31 March 2008, 31 March 2009 and 30 September 2009, Super Investment Group has given guarantees to the extent of approximately nil, nil, HK$115,179,000 and HK$309,642,000 respectively to banks in connection with mortgage loans granted to the property purchasers.

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

26. OPERATING LEASE COMMITMENTS

Operating lease payments represent rentals payable by Super Investment Group for certain of its office properties. Leases are negotiated for terms ranging from 1 to 2 years.

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

	As at 31 March			As at 30 September
	2007	2008	2009	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	443	1,253	1,294	596
In the second to fifth years inclusive	81	1,164	–	–
	524	2,417	1,294	596

27. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in the notes to the Financial Information, Super Investment Group had the following significant transactions and balances with related parties:

(a) Outstanding balances with related parties

Included in prepayments, deposits and other receivables as at 31 March 2007, 31 March 2008, 31 March 2009 and 30 September 2009 are the amounts of nil, nil, nil and HK$82,927,000 respectively due from a minority shareholder which are unsecured, interest-free and repayable on demand.

(b) Compensation of key management personnel of Super Investment Group

	For the period from 11 April 2006 (date of incorporation) to 31 March	Year ended 31 March		Six months ended 30 September	
	2007	2008	2009	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Short term benefits	615	787	944	461	515
Post-employment benefits	148	155	169	83	89
Total compensation to key management personnel	763	942	1,113	544	604

Further details of directors' emoluments are included in note 10.

28. LOSS PER SHARE

Loss per share is not presented herein as such information is not considered meaningful for the purpose of this report.

B. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by Super Investment or its subsidiary comprising Super Investment Group in respect of any period subsequent to 30 September 2009.

Yours faithfully,
Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

1. ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is the text of a report, prepared for the purpose of incorporation in this circular, received from the independent reporting accountants, Deloitte Touche Tohmatsu.

Deloitte.
德勤

ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION TO THE DIRECTORS OF COASTAL GREENLAND LIMITED

We report on the unaudited pro forma financial information of Coastal Greenland Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), which has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the proposed acquisition of additional 50% of the entire issued share capital of Super Investment Development Limited (the Group upon completion of the acquisition hereinafter referred to as the "Enlarged Group") might have affected the financial information presented, for inclusion in Appendix IV to the circular dated 25 February 2010 (the "Circular"). The basis of preparation of the unaudited pro forma financial information is set out on page 138 to the Circular.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND REPORTING ACCOUNTANTS

It is the responsibility solely of the directors of the Company to prepare the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to the Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants.

It is our responsibility to form an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

BASIS OF OPINION

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

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purpose of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

The unaudited pro forma financial information is for illustrative purpose only, based on the judgments and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in future and may not be indicative of the financial position of the Enlarged Group as at 30 September 2009, or any future date.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group so far as such policies relate to the proposed transaction; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

25 February 2010

2. UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP

The following is the unaudited pro forma statement of assets and liabilities of the Enlarged Group immediately after completion of the Acquisition, which has been prepared to illustrate the effect of the Acquisition on the assets and liabilities of the Group, as if the Acquisition had taken place on 30 September 2009, and is based on the unaudited consolidated statement of financial position of the Group with further adjustments explained in the note below.

The unaudited pro forma statement of assets and liabilities has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the financial position of the Group on 30 September 2009 or any future date after the Completion of the Acquisition.

The unaudited consolidated statement of financial position of the Group as at 30 September 2009 has been extracted from the published interim report of the Company for the six months ended 30 September 2009.

	The Group	Pro forma adjustment	The Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*
		(Note 1)	
Non-current Assets			
Property, plant and equipment	786,341	–	786,341
Investment properties	1,174,615	–	1,174,615
Prepaid land lease payments	95,701	–	95,701
Goodwill	82,941	–	82,941
Interests in associates	222,288	–	222,288
Available-for-sale investments	2,960	–	2,960
Pledged bank deposits	61,389	–	61,389
Total non-current assets	2,426,235	–	2,426,235

	The Group	Pro forma adjustment	The Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*
		(Note 1)	
Current Assets			
Properties under development	6,021,986	318,735	6,340,721
Completed properties for sale	2,428,860	–	2,428,860
Trade receivables	79,975	–	79,975
Prepayments, deposits and other receivables	2,014,024	(82,927)	1,931,097
Amounts due from associates	91,777	–	91,777
Tax recoverable	41,974	–	41,974
Pledged bank deposits	249,519	–	249,519
Cash and bank balances	2,130,100	(655,668)	1,474,432
Total current assets	13,058,215	(419,860)	12,638,355
Current Liabilities			
Trade payables	215,952	–	215,952
Deposits received and deferred revenue	3,549,413	–	3,549,413
Other payables and accruals	1,365,452	–	1,365,452
Amount due to a substantial shareholder of the Company	34,146	–	34,146
Amount due to a jointly controlled entity	6,451	–	6,451
Tax payable	674,603	–	674,603
Interest-bearing bank and other borrowings	1,838,907	–	1,838,907
Derivative financial liability – warrants	23,575	–	23,575
Total current liabilities	7,708,499	–	7,708,499
Net current assets	5,349,716	(419,860)	4,929,856
Total assets less current liabilities	7,775,951	(419,860)	7,356,091

	The Group	Pro forma adjustment	The Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*
		(Note 1)	
Capital and Reserves			
Share capital	279,058	–	279,058
Reserves	2,946,582	–	2,946,582
Equity attributable to owners of the Company	3,225,640	–	3,225,640
Non-controlling interests	526,017	(419,860)	106,157
Total equity	3,751,657	(419,860)	3,331,797
Non-current Liabilities			
Interest-bearing bank and other borrowings	3,423,784	–	3,423,784
Deferred tax liabilities	600,510	–	600,510
Total non-current liabilities	4,024,294	–	4,024,294
	7,775,951	(419,860)	7,356,091

Note:

1. Super Investment is a 50% indirect non-wholly owned subsidiary of the Group as at 30 September 2009 and the assets and liabilities of the Super Investment Group have already been consolidated into the unaudited consolidated statement of financial position of the Group at 30 September 2009 with part of the total equity attributable to the non-controlling interests.

   The consideration of the Acquisition is to be satisfied by (i) offsetting the advance from Super Investment Group to AG Coastal Dalian, the vendor under the Agreement, of US$10,669,524 (equivalent to approximately HK$82,927,000) and (ii) the cash payment of RMB577,020,459 (equivalent to approximately HK$655,668,000). The acquisition of additional interests in a subsidiary which is not a business is accounted for as an acquisition of additional interests in assets and liabilities. Therefore, the excess of the consideration of the Acquisition over the carrying amount of non-controlling interests attributable to the acquired interest amounting to HK$318,735,000 is allocated to the value of the underlying assets acquired. No goodwill or discount on acquisition is recognised from the Acquisition.

	HK$'000
Total consideration	738,595
Carrying amount of 50% interest in net identifiable assets of the Super Investment Group attributable to the vendor prior to the Acquisition	(419,860)
	318,735

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

Directors' interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, were as follows:

Name of Director	Number or attributable number of Shares held or short positions	Number or attributable number of underlying shares held or short positions	Nature of interests: Interest of controlled corporation	Nature of interests: Beneficial owner	Approximate percentage or attributable percentage of shareholding (%)
Chan Boon Teong	1,027,241,319 (L)	10,000,000 (L)	1,020,841,319 (L)	16,400,000 (L)	37.17
(Notes 1, 2, 3, 4 & 5)	102,666,667 (S)	–	102,666,667 (S)	–	3.68
Jiang Ming	1,020,841,319 (L)	10,000,000 (L)	1,020,841,319 (L)	10,000,000 (L)	36.94
(Notes 1, 2, 3, 4 & 6)	102,666,667 (S)	–	102,666,667 (S)	–	3.68
Tao Lin	1,020,841,319 (L)	10,000,000 (L)	1,020,841,319 (L)	10,000,000 (L)	36.94
(Notes 1, 2, 3, 4 & 7)	102,666,667 (S)	–	102,666,667 (S)	–	3.68
Cheng Wing Bor	1,027,241,319 (L)	10,000,000 (L)	1,020,841,319 (L)	16,400,000 (L)	37.17
(Notes 1, 2, 3, 4 & 8)	102,666,667 (S)	–	102,666,667 (S)	–	3.68

Name of Director	Number or attributable number of Shares held or short positions	Number or attributable number of underlying shares held or short positions	Nature of interests: Interest of controlled corporation	Nature of interests: Beneficial owner	Approximate percentage or attributable percentage of shareholding *(%)*
Lin Chen Hsin	1,022,921,319 (L)	2,500,000 (L)	1,020,841,319 (L)	4,580,000 (L)	36.75
(Notes 1, 2, 3, 4 & 9)	102,666,667 (S)	–	102,666,667 (S)	–	3.68
Wu Xin *(Note 10)*	–	6,000,000 (L)	–	6,000,000 (L)	0.22
Tang Lap Yan *(Note 10)*	–	2,500,000 (L)	–	2,500,000 (L)	0.09
Law Kin Ho *(Note 10)*	–	2,000,000 (L)	–	2,000,000 (L)	0.07
Wong Kai Cheong *(Note 10)*	–	2,000,000 (L)	–	2,000,000 (L)	0.07

L: Long Position
S: Short Position

Notes:

1. 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 Chan Boon Teong, 35% by Jiang Ming, 12% by Tao Lin, 5% by Cheng Wing Bor, 3% by Lin Chen Hsin and 25% by Great Scope Investments Limited (the entire issued voting share capital of which is held by Jiang Ming). These 484,280,792 Shares represent an aggregate of approximately 17.35% of the issued share capital of the Company.

2. 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.

3. 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 1. These 52,350,000 Shares represent an aggregate of approximately 1.88% of the issued share capital of the Company.

4. 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 1. These 484,210,527 Shares represent an aggregate of approximately 17.35% of the issued share capital of the Company.

5. The interests in 16,400,000 Shares represent 6,400,000 Shares beneficially owned by Chan Boon Teong and 10,000,000 Shares to be allotted and issued upon the exercise of the share options granted to Chan Boon Teong under the Share Option Scheme.

6. The interests in 10,000,000 Shares represent 10,000,000 Shares to be allotted and issued upon the exercise of the share options granted to Jiang Ming under the Share Option Scheme.

7. The interests in 10,000,000 Shares represent 10,000,000 Shares to be allotted and issued upon the exercise of the share options granted to Tao Lin under the Share Option Scheme.

8. The interests in 16,400,000 Shares represent 6,400,000 Shares beneficially owned by Cheng Wing Bor and 10,000,000 Shares to be allotted and issued upon the exercise of the share options granted to Cheng Wing Bor under the Share Option Scheme.

9. The interests in 4,580,000 Shares represent 2,080,000 Shares beneficially owned by Lin Chen Hsin and 2,500,000 Shares to be allotted and issued upon the exercise of the share options granted to Lin Chen Hsin under the Share Option Scheme.

10. The interests in underlying shares represent the Shares to be alloted and issued upon the exercise of the share options granted under the Share Option Scheme.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

3. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by the members of the Enlarged Group within the two years immediately preceding the date of this circular and are or may be material:

(i) The framework agreement dated 8 April 2008 signed between Coastal Realty Investment and Shanghai Fenghwa Group Co., Ltd. ("Shanghai Fenghwa") on the proposed transaction involving the possible sale by Coastal Realty Investment to Shanghai Fenghwa of all its interests in certain subsidiaries and the intellectual property rights to use the mark "沿海綠色家園" in exchange for the issue by Shanghai Fenghwa of up to 600 million new A shares at the subscription price of RMB17.40 per new A share (equivalent to approximately HK$19.33 per new A share), capping the maximum consideration at RMB10,440 million (equivalent to approximately HK$11,600 million);

(ii) the amendment agreement dated 26 February 2008 entered into among Coastal Realty Development, AG Shenyang II (BVI) Limited ("AG Shenyang II") and the Company to amend certain terms of the sale and purchase agreement dated 29 June 2007 which was entered into among AG Shenyang II, Coastal Realty Development and the Company for the sale and purchase of 20% of the entire issued share capital of Kenco Group Limited; and

(iii) the Agreement.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

5. EXPERTS

The following are the qualification of the experts who have given opinion or advice which are contained in this circular:

Name	Qualification
Deloitte	Certified Public Accountants
DTZ	Professional valuer
Optima Capital	A licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

Each of Deloitte, DTZ and Optima Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and report and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, each of Deloitte, DTZ and Optima Capital does not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

6. LITIGATION

No member of the Group is engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened against any member of the Group as at the Latest Practicable Date.

7. MATERIAL ADVERSE CHANGE

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

8. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors nor their respective associates had any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

9. MISCELLANEOUS

(a) There is no contract or arrangement entered into by any member of the Group subsisting at the date of this circular in which any Director is materially interested and which is significant to the business of the Enlarged Group.

(b) As at the Latest Practicable Date, neither Deloitte, DTZ, Optima Capital nor any Directors had any direct or indirect interest in any assets which had been acquired, disposed of by or leased to, or which were proposed to be acquired, disposed of by or leased to, any member of the Enlarged Group since 31 March 2009, the date to which the latest published audited consolidated financial statements of the Group were made up.

(c) Tricor Tengis Limited, the share registrar and transfer office of the Company, is located at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

(d) The company secretary of the Company is Mr. Cheng Wing Bor, who is a member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants, United Kingdom.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection during normal business hours on Business Days at the office of the Company at Suite 1708, 17th Floor, One Exchange Square, 8 Connaught Place, Central, Hong Kong from the date of this circular up to and including 22 March 2010 and at the SGM:

(a) the bye-laws and memorandum of association of the Company;

(b) the valuation report on the property, the text of which is set out in Appendix I to this circular;

(c) the accountants' report on the Super Investment Group, the text of which is set out in Appendix III to this circular;

(d) the accountants' report on the unaudited pro forma financial information of the Enlarged Group, the text of which is set out in Appendix IV to this circular;

(e) the annual reports of the Company for each of the two financial years ended 31 March 2009;

(f) the material contracts referred to in the paragraph headed "Material contracts" in this Appendix;

(g) the written consents referred to in the paragraph headed "Experts" in this Appendix;

(h) the letter of advice from Optima Capital to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 18 to 27 in this circular; and

(i) this circular.

COASTAL GREENLAND LIMITED
沿海綠色家園有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 01124)

NOTICE IS HEREBY GIVEN that a special general meeting (the "**SGM**") of Coastal Greenland Limited (the "**Company**") will be held at Suite 1708, 17th Floor, One Exchange Square, 8 Connaught Place, Central, Hong Kong on Monday, 22 March 2010 at 10:30 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

"**THAT**

(a) the agreement (the "**Agreement**") (a copy of which has been produced to the SGM marked "A" and signed by the chairman of the SGM for the purpose of identification) dated 4 January 2010 and entered into between AG Coastal Dalian Ltd. ("**AG Coastal Dalian**"), Coastal Realty Investment (China) Limited ("**Coastal Realty Investment**"), Coastal Riviera Garden (Anshan) Development Co., Ltd., Super Investment Development Limited ("**Super Investment**") and the Company pursuant to which, among other matters, Coastal Realty Investment has agreed to purchase and AG Coastal Dalian has agreed to sell one share of HK$1.00 in the share capital of 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) and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified;

(b) the deed of novation ("**Novation Deed**") (a copy of which has been produced to the SGM marked "B" and signed by the chairman of the SGM for the purpose of identification) to be entered into between AG Coastal Dalian, Super Investment and Coastal Realty Development Co. Limited ("**Coastal Realty Development**") in respect of the transfer by AG Coastal Dalian to Coastal Realty Development of its obligation to repay an advance in the sum of US$10,669,524 to Super Investment and the transactions contemplated thereunder, be and hereby approved; and

* *For identification purpose only*

(c) any one or more of the directors of the Company be and is/are hereby authorised to take all steps he/they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Agreement, the Novation Deed and the transactions respectively contemplated thereunder."

By order of the Board
Coastal Greenland Limited
Chan Boon Teong
Chairman

Hong Kong, 25 February 2010

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head office and principal place of business in Hong Kong:
Suite 1708, 17th Floor
One Exchange Square
8 Connaught Place
Central
Hong Kong

Notes:

1. A member entitled to attend and vote at the SGM is entitled to appoint one or more than one proxy to attend and, subject to the provisions of the bye-laws of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the SGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.

2. A form of proxy for use at the SGM is enclosed. Whether or not you intend to attend the SGM in person, you are encouraged to complete and return the enclosed form of proxy in accordance with the instructions printed thereon. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the SGM or any adjournment thereof, should he so wish.

3. In order to be valid, the form of proxy, together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority must be deposited at the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof.

4. In the case of joint holders of shares, any one of such holders may vote at the SGM, either personally or by proxy, in respect of such share as if he was solely entitled thereto, but if more than one of such joint holders are present at the SGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.

5. The voting on the resolution at the SGM will be conducted by way of poll.