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# 建業實業有限公司

## Chinney Investments, Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 216)

### 2008-09 ANNUAL RESULTS ANNOUNCEMENT

#### HIGHLIGHTS

##### 1. PROPERTY PROJECTS AND HOTELS (through 54.37% owned Hon Kwok Group)

- In Guangzhou, pre-sale of Botanica Phase 1 launched in November 2008 and No. 5 Residence on Beijing Road in April 2009. Over 95% and 94% of the respective residential units pre-sold up to mid July 2009. Total proceeds exceeding RMB504 million (approximately HK\$573 million) and completion of these two projects is expected to be around the end of 2009. Pre-sale of about 400 residential units in Botanica Phase 2 is planned to commence in late 2009.
- Disposal of Yien Yieh Commercial Building site and sale of 9 ground floor shops at Kensington Plaza in Jordan completed in July 2008. Together with sale of the Toronto Phase 2 project site (50% share) in March 2009 and other property stocks in Hong Kong, total proceeds of over HK\$526 million received during the 2008-09 financial year.
- Construction works for the 108,000 sq.m. twin-tower commercial/residential complex in Chongqing completed in March 2009, now known as "Chongqing Hon Kwok Centre". Interior fitting-out works scheduled for completion by the third quarter of 2009 and leasing plan in progress.
- Acquired from a joint venture partner the remaining 50% interest in another Chongqing vacant site at a consideration of HK\$40 million in January 2009.
- Construction and renovation works for 2 boutique hotels in Hong Kong, 1 in Shenzhen and 1 in Guangzhou in progress. All scheduled for completion in late 2009 or early 2010. Coupled with existing serviced apartments in Hong Kong and in Shenzhen, Hon Kwok will be operating over 660 guest rooms which will strengthen its future recurrent income base.

##### 2. GARMENT (through wholly-owned J.L. Group)

- Moderately affected by the global economic downturn, turnover dropped by 13% to HK\$296 million (2008: HK\$340 million). Net profit amounted to HK\$17 million (2008: HK\$28 million).

##### 3. CONSTRUCTION & TRADING (through 29.10% owned Chinney Alliance Group)

- Benefiting from new infrastructure projects launched by Hong Kong Government, the Group's 29.10% share in the net profit of Chinney Alliance Group increased to HK\$13 million (2007: HK\$8 million).

For the year ended 31 March	2009	2008	Increase / Decrease	
	HK\$'M	HK\$'M	HK\$'M	+ / -
1. Turnover	491	1,591	(1,100)	- 69%
2. Profit attributable to shareholders after revaluation on properties (note 1)	74	234	(160)	- 68%
3. Basic earnings per share (in HK cents)	13.34	42.50	(29.16)	- 69%
4. Proposed final dividend per share (in HK cents)	4.00	4.00		No change
At 31 March	HK\$'M	HK\$'M		
5. Bank borrowings less bank balances	1,028	1,052	(24)	- 2%
6. Shareholders' funds	1,828	1,758	70	+ 4%
7. Gearing ratio (note 2)	39%	40%		- 1% points
8. Net assets per share attributable to shareholders (in HK\$)	3.31	3.19	0.12	+ 4%

#### Notes:

1. Drop in profit mainly attributable to Hon Kwok's reduction in net revaluation gains on investment properties and decrease in property sales. Details shown in the financial statements below.
2. Representing ratio of "bank borrowings + convertible bonds - bank balances" to "shareholders' funds + minority interests".

## FINANCIAL RESULTS

For the year ended 31 March 2009, the Group's consolidated turnover and net profit attributable to shareholders amounted to HK\$491 million (2008: HK\$1,591 million) and HK\$74 million (2008: HK\$234 million), respectively. Basic earnings per share were 13.34 Hong Kong cents (2008: 42.50 Hong Kong cents). The shareholders' equity amounted to HK\$1,828 million (2008: HK\$1,758 million). Net assets per share attributable to shareholders were HK\$3.31 (2008: HK\$3.19).

## DIVIDEND

The Directors recommend the payment of a final dividend of 4 Hong Kong cents per ordinary share for the year ended 31 March 2009 (2008: 4 Hong Kong cents) to shareholders whose names appear on the Company's register of members on 10 September 2009. Subject to the approval by the shareholders at the forthcoming annual general meeting, the dividend cheques are expected to be despatched to shareholders on or before 9 October 2009.

## CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from 7 September 2009 to 10 September 2009 (both days inclusive), during which period no share transfers will be registered. In order to qualify for the final dividend, all transfer forms accompanied by relevant share certificates must be lodged with Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on 4 September 2009.

## BUSINESS REVIEW

### 1. Property Development, Investment and Hotel Operations

The Group's property business is conducted through its 54.37% owned subsidiary, Hon Kwok Land Investment Company, Limited ("Hon Kwok"). Hon Kwok reported a turnover of HK\$195 million (2008: HK\$1,251 million) and a net profit of HK\$77 million (2008: HK\$400 million) for the financial year 2008-09.

#### (a) Property Development and Sales

##### *Guangzhou, PRC*

Situated in a greenery zone of Guangzhou with exceptional refreshing and pleasant environment and coupled with the benefits from economic and property stimulus measures of Central and Municipal Governments since late 2008, the pre-sale of **Botanica Phase 1** (寶翠園一期) in the northern part of Tian He District launched in November 2008 has been satisfactory. Of the 311 residential units offered to the market, over 95% have been pre-sold with total proceeds exceeding RMB306 million. Renovation works of these eight mid-rise blocks and construction of a club house are in progress. Delivery of the residential units to purchasers will commence in the last quarter of 2009. Building plans of **Botanica Phase 2** (寶翠園二期), which also comprises eight blocks of approximately 400 residential units, have been approved. Construction works are in progress and scheduled for completion in mid 2010. Subject to market conditions, pre-sale is expected to be commenced in late 2009.

Hon Kwok saw the latent demand and an encouraging property market sentiment for residential flats since March this year. Pre-sale of 143 residential units of **No. 5 Residence** (北京路 5 號公館) at Beijing Road in the heart of Yue Xiu District has been well received. In the proximity of Pearl River, certain mid to upper floor residence can enjoy a delightful river view. Almost 80% of the units were pre-sold within one month of pre-sale since mid April 2009. Up to mid July 2009, over 94% pre-sold with total sales proceeds of approximately RMB198 million. Building plans for an **adjacent development project** of a residential tower atop a retail podium with a total gross floor area of about 27,180 sq.m. are being finalized.

The pre-sale of the above two projects has generated total sales proceeds of over RMB504 million (approximately HK\$573 million) for Hon Kwok.

#### *Chongqing, PRC*

In January 2009, Hon Kwok acquired the remaining 50% interest in the **Phase 2 project** in Bei Bu Xin Qu from its joint venture partner at a consideration of HK\$40 million. Plans have been submitted to local authorities for development of a grade A office tower and a 5-star hotel and serviced apartments with a total gross floor area of about 134,000 sq.m.

#### *Shenzhen, PRC*

Detailed construction plans of the 128,000 sq.m. development project "**Hon Kwok City Commercial Centre** 漢國城市商業中心" on Shen Nan Zhong Road, Fu Tian District, are expected to be finalized by the end of 2009. Facing the Shenzhen Central Park and adjacent to Hua Qiang Bei Commercial/Retail Zone, this signature building will comprise 75 floors of grade A offices, commercial apartments and luxury serviced apartments atop a 5 level retail and carpark podium.

#### *Toronto, Canada*

The site for Hon Kwok's **Phase 2** project was disposed of in March 2009. Its 50% share of the sales proceeds of approximately CAD9 million (currently about HK\$61 million) plus its 75% share of the proceeds from sale of several remaining **Phase 1** residential units of about CAD2 million (currently about HK\$14 million) are retained in Canada for other investment opportunities.

## *Development Land Bank*

Including jointly-owned entities and after the completion of the 108,000 sq.m. Chongqing Phase 1 project during the financial year, Hon Kwok has nine projects under development in the Mainland China with a total gross floor area of approximately 1,124,110 sq.m., details as follows:

<u>Projects as of 31 March 2009</u>	Approximate Gross Floor Area sq.m.
1. Shenzhen, Hon Kwok City Commercial Centre	128,000
2. Guangzhou, Botanica	228,650
3. Guangzhou, No. 5 Residence	20,340
4. Guangzhou, 45-65 Beijing Nan Road	27,180
5. Guangzhou, 67-107 Beijing Nan Road	38,570
6. Guangzhou, Liwan project	40,410
7. Guangzhou, Dong Guan Zhuan project	234,670
8. Nanhai, Yayao Oasis	272,790
9. Chongqing, Phase 2 project	133,500
	<hr/>
	1,124,110

### **(b) Investment Properties in the PRC**

In addition to the investment property portfolio in Hong Kong, Hon Kwok is strategically retaining properties in the PRC at prime locations and with immense potential for capital appreciation. These properties, currently with approximate gross floor area of 135,000 sq.m., are to be held for long term investment purposes.

#### *Chongqing, PRC*

Construction works for our 108,000 sq.m. twin-tower commercial/residential complex, now known as “**Chongqing Hon Kwok Centre 重慶漢國中心**”, were completed in March 2009. Interior fitting-out works are scheduled for completion by the third quarter of this year and leasing of the office, commercial apartment and retail areas is in good progress.

#### *Shenzhen, PRC*

To leverage on the market and business opportunities associated with opening of a new luxury shopping mall located opposite to our **City Square (城市天地廣場)** with hotel, serviced apartments and office facilities early next year, the Group is converting levels 3 to 5 of podium floors at **City Square** to a 176 room hotel to be named as “**City Square Hotel 深圳寶軒酒店**”. Same as the tenants of our 64 serviced apartments at “**City Suites 寶軒公寓**”, hotel guests will be entitled to use the club house facilities at **City Square**. To further facilitate our apartment and hotel guests, the entire level 2 at **City Square** has been leased to a restaurant operator and leasing for retail shops on level 1 is in progress. The hotel is planned for soft opening in late 2009. Total gross floor area of the serviced apartments, hotel and retail podium at **City Square** to be retained for long term rental investment is approximately 27,000 sq.m.

*Guangzhou, PRC*

Hon Kwok also intends to hold for long term investment purposes the retail podium floors at **No. 5 Residence** on Beijing Road and the two adjoining projects under development. Total retail gross floor area is planned to be exceeding 22,000 sq.m.

**(c) “The Bauhinia” Hotels and Serviced Apartments**

Based on the expertise gained in running successfully the serviced apartments at **The Bauhinia (寶軒)** on Des Voeux Road Central, Hong Kong and **City Suites (寶軒公寓)** in Luo Hu, Shenzhen, Hon Kwok is expanding the “**The Bauhinia 寶軒**” brand to cover hotel accommodation for short stay tourists and business travelers in Hong Kong, Shenzhen and Guangzhou. Its additional investment and operating costs for the hotel operations will be relatively low as the new hotels share the benefits of synergy and economy of scale from Hon Kwok’s existing management, logistics and club facilities in addition to nearby entertainment and shopping arcades.

*Hong Kong*

Alteration and renovation works to convert four office podium floors at **The Bauhinia/Honwell Commercial Centre (寶軒及漢貿商業中心)** on Des Voeux Road Central to a 42 room up-market boutique hotel and nine upper office floors at **Hon Kwok TST Centre (漢國尖沙咀中心)**, to be renamed as “**Knutsford Place**”, in Tsimshatsui to a 44 room stylish boutique hotel are in good progress. The two new hotels are to be renamed as “**The Bauhinia (Central) Hotel 寶軒(中環)酒店**” and “**The Bauhinia (TST) Hotel 寶軒(尖沙咀)酒店**”. Their soft openings are respectively scheduled for the first quarter of 2010 and late 2009.

*Shenzhen, PRC*

As mentioned under “Investment Properties in the PRC” above, the soft opening of our 176 room **City Square Hotel** is expected to be around late 2009.

*Guangzhou, PRC*

Hon Kwok has acquired management rights to operate a hotel on Jie Fang Road, Yue Xiu District. Upon completion of its upgrade and refurbishment program, a new hotel to be renamed “**The Bauhinia Guangzhou 廣州寶軒酒店**” with 166 guest rooms is planned for soft opening in the fourth quarter of 2009.

In summary, excluding the 5-star hotel and serviced apartments to be developed in Chongqing, Hon Kwok will be operating a total of 663 guest rooms in Hong Kong and the Mainland China.

	Serviced Apartment Rooms	Hotel Rooms	Total
Hong Kong	171	86	257
Shenzhen	64	176	240
Guangzhou	-	166	166
	<u>235</u>	<u>428</u>	<u>663</u>

#### (d) Disposal of Investment Property and Property Stocks

As reported in our Interim Report, the disposal of our investment property **Yien Yieh Commercial Building (鹽業商業大廈)** (“**Yien Yieh**”) as a vacant site and the remaining stock of 9 ground floor shops at **Kensington Plaza (金威廣場)** in Jordan were completed in July 2008. Together with sale of other property stocks in Hong Kong during the financial year under review, total cash proceeds amounted to over HK\$459 million for Hon Kwok.

Though **Yien Yieh** was a fairly old commercial/office building, it was very well located right opposite to Hon Kwok’s serviced apartments at **The Bauhinia/Honwell Commercial Centre** at the junction of Des Voeux Road Central and Man Wah Lane. **Yien Yieh** was acquired by Hon Kwok through public tender for HK\$68 million in 2002 when the building was mostly tenanted except the portion originally occupied by a bank. Through efforts of leasing agents, the occupancy rate of initially 34% was increased to over 80% within months after its acquisition. **Yien Yieh** was sold for HK\$335 million in 2008. Its valuation amounted to HK\$310 million as of the previous financial year end on 31 March 2008. Intention of Hon Kwok to acquire **Yien Yieh** was to hold it as long term investment for recurrent rental income. This was in line with its corporate strategy as specified in Hon Kwok’s 2005-06 Annual Report that it has decided not to engage in further property development in Hong Kong but only intended to enlarge its investment property portfolio to enhance recurrent rental income and concentrate management efforts for all property development activities in the Mainland China.

## 2. Garment

J.L. Group reported turnover of HK\$296 million (2008: HK\$340 million) with a net profit of HK\$17 million (2008: HK\$28 million) for the year under review.

The global economic environment was deteriorating during the second half of the year as caused by the financial crisis in the US. J.L. Group, which produces fashionable garment in Mainland China for export to the European markets, was inevitably affected with reduced turnover and profit. Their customers, mainly in Germany and Italy, cut down orders or delayed purchases for stock replenishment in order to reduce the inventory level as retail demand is expected to remain weak under the current global economic downturn. In addition, the gross margin was also dropped due to appreciation of Renminbi in Mainland China.

Under the sluggish economic environment, J.L. Group continued to implement cost control measures strategically, including restructuring its factory operations in the Mainland China and streamlining the work processes to improve productivity. New product development processes have also been implemented to cater for the customers' specific needs to maintain our competitive advantages.

### **3. Construction and Trading**

Chinney Alliance Group Limited ("Chinney Alliance"), a 29.1% owned associate recorded turnover and net profit for the year ended 31 December 2008 of HK\$2,547 million (2007: HK\$1,547 million) and HK\$46 million (2007: HK\$66 million) respectively.

The profit for the year included the deficit arising from the downward revaluation of the properties and fair value loss on equity investments totaling HK\$21 million (2007: gain HK\$11 million). The results of last year also included the recognition of HK\$40 million of excess over the cost of business combinations on acquisition of Victory Leap Limited (now known as Chinney Construction Group Limited). Should these non-recurring items be excluded for both years, the net profit for the year ended 31 December 2008 for Chinney Alliance would be about HK\$67 million (2007: HK\$15 million). The increase in profit was mainly attributable to Victory Leap Limited which was acquired by Chinney Alliance in October 2007, thus reflecting its full year turnover of HK\$1,191 million (2007: HK\$107 million) and operating profit of HK\$57 million (2007: HK\$5 million).

Chinney Alliance's building construction and foundation piling services business benefited from projects of the local property market and public works with a satisfactory turnover and operating profit. In view of the supportive measures implemented by the Hong Kong government, more infrastructure projects are expected in the coming year.

The trading of plastics and chemicals remained profitable but recorded a drop in turnover and operating profit. The industry suffered from the surge in oil prices and the turbulent fluctuations of petrochemical resin price during the year, diluting its gross profit margin and reducing its profitability. Overheads and trade receivables remain under tight control to ensure profitability and liquidity.

## OUTLOOK

The bubble gradually created in the US in the past few years from over-lending to sub-prime property market and dealing with excessive leverage derivatives by investment banks eventually burst last year. This resulted in a collapse of the financial systems, credit crunch and agonized economic recession globally. One facet of this financial tsunami on the banking operations has been stabilized after extensive cash injection into banking systems coupled with monetary support by world-wide central banks. However, trends of economic data show the recovery of the general economy in many countries remains doubtful despite economic stimulus measures already implemented by various governments. Many economists and analysts believe the US and Eurozone still have a bumpy road ahead in coming year or so.

In both Hong Kong and the Mainland China, though economic fundamentals (including unemployment rates, exports, retail sales and GDP) reflect no positive sign of economic recovery amid the financial crisis, the stock and property markets continue to grow steadily since March this year. For the first five months, property sales volumes doubled in Beijing, soared 61.9% in Shanghai and grew 52.5% in Guangdong from a year earlier. In Hong Kong, property prices also jumped generally over 15% since January 2009. This freakish phenomenon is perhaps due to an influx of liquidity and hot money from abroad.

These funds seem partly to be spilled over indirectly from the massive bank lending in past few months and from overseas countries whose taxation policy are being tightened by governments to compensate their huge fiscal deficits. Also, investors tend to convert cash to income generating assets when facing low interest rate, fear of deflation of Hong Kong dollars (pegged with the US dollars) and possible future inflation when certain governments start their money printing machines. It appears that speculators, investors and end users of real estate properties are all contributing to the property rally. This liquidity-driven upsurge in the property and stock markets will inevitably be vulnerable to downward adjustments in some future times as and when the hot money retrieves. Hopefully, the Hong Kong and PRC economy by that time will have recovered further and the effect of adjustments will not be too drastic.

The Group is conservatively optimistic on the upcoming economic development in the Hong Kong-Pearl River Delta. Shenzhen policy research office recently confirmed to extend greater economic collaboration with Hong Kong. The two cities will jointly develop into a mega-metropolis and global centre for finance, trade, logistics, innovation and cultural industries. In addition, plans for a mega bridge linking Hong Kong and Shenzhen are being implemented. Despite the loss of exports and foreign investments in the short to medium terms, the Central Government shows a strong determination to maintain steady economic growth through stimulation in internal markets and further investment in infrastructure projects.



Hon Kwok's development and investment projects will share the benefits from the above economic boosts from the Central Government and its continuing support to Hong Kong. All its hotels in Hong Kong, Shenzhen and Guangzhou as well as the Chongqing Hon Kwok Centre will commence operations around late 2009. They will enable Hon Kwok to strengthen its recurrent income base in future years. Since April 2008, total proceeds of over HK\$1,113 million have been generated from the pre-sale of the two Guangzhou development projects and the disposal of the Hong Kong properties and the two Toronto projects. Hon Kwok intends to apply the proceeds to replenish its development and investment land bank, both in the Mainland China and Hong Kong.

Like other garment manufacturers, our J.L. Group has been inevitably affected the financial tsunami on its turnover and profit margin. Fortunately, its major customers are from Germany and Italy whose economic downturns are relatively moderate when compared to the US and other Eurozone countries. Also, J.L. Group is in niche high fashion markets which focus on small made-to-order quantities without burdening high and fixed set-up costs for mass production lines. Hence, the profit margin has been able to cover its fixed costs and to maintain a profitable operation in the year under review. Management will continue to make its best endeavors to overcome the challenge in the coming difficult year.

For our foundation, construction and building related business, we are quite confident on the trading performance for next year as the Hong Kong Government has launched a series of infrastructure projects and the property market has been growing steadily, both of which create more business opportunities for new contracts.

Finally, I wish to extend my sincere thanks to the management and all supporting staff for their contributions and dedication to the Group during this difficult year.

**James Sai-Wing Wong**  
*Chairman*

Hong Kong, 16 July 2009

## CONSOLIDATED INCOME STATEMENT

		<b>For the year ended 31 March</b>	
		<b>2009</b>	<b>2008</b>
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>CONTINUING OPERATIONS</b>			
Revenue	2	<b>491,232</b>	1,590,667
Cost of sales		<u><b>(385,850)</b></u>	<u>(1,261,813)</u>
Gross profit		<b>105,382</b>	328,854
Other income and gains		<b>21,902</b>	60,367
Fair value gains/(losses) on investment properties, net		<b>(250,639)</b>	381,304
Fair value gains on properties held for sale transferred to investment properties		<b>38,188</b>	-
Fair value gain on a completed property transferred to investment property		<b>315,625</b>	-
Gain on disposal of investment properties		<b>22,252</b>	15,550
Gain on disposal of subsidiaries		<b>1,044</b>	16,802
Excess over the cost of business combinations on acquisition of minority interests in subsidiaries		<b>31,740</b>	4,979
Fair value loss on equity investments at fair value through profit or loss, net		<b>(24,430)</b>	(3,810)
Selling and distribution costs		<b>(29,234)</b>	(38,929)
Administrative and other operating expenses		<b>(89,078)</b>	(130,429)
Finance costs	3	<b>(33,159)</b>	(91,478)
Share of profits of:			
Associates		<b>13,250</b>	7,789
Jointly-controlled entities		<u><b>25,239</b></u>	<u>493</u>
Profit before tax	4	<b>148,082</b>	551,492
Tax	6	<u><b>(43,684)</b></u>	<u>(83,519)</u>
Profit for the year from continuing operations		<b>104,398</b>	467,973
<b>DISCONTINUED OPERATION</b>			
Loss for the year from a discontinued operation	5	<u>-</u>	<u>(7,239)</u>
<b>PROFIT FOR THE YEAR</b>		<u><b>104,398</b></u>	<u>460,734</u>
Attributable to:			
Equity holders of the Company		<b>73,533</b>	234,305
Minority interests		<u><b>30,865</b></u>	<u>226,429</u>
		<u><b>104,398</b></u>	<u>460,734</u>
Dividend – proposed final		<u><b>22,055</b></u>	<u>22,055</u>

## CONSOLIDATED INCOME STATEMENT *(Continued)*

		For the year ended 31 March	
		2009	2008
	Note	HK\$'000	HK\$'000
Earnings per share attributable to ordinary equity holders of the Company	7		
Basic			
– For profit for the year		<u>HK13.34 cents</u>	<u>HK42.50 cents</u>
– For profit from continuing operations		<u>HK13.34 cents</u>	<u>HK43.62 cents</u>
Diluted			
– For profit for the year		<u>HK12.88 cents</u>	<u>HK39.51 cents</u>
– For profit from continuing operations		<u>HK12.88 cents</u>	<u>HK40.64 cents</u>

## CONSOLIDATED BALANCE SHEET

	At 31 March	
	2009	2008
Notes	HK\$'000	HK\$'000
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	95,919	99,005
Properties under development	1,712,258	1,699,408
Prepaid land lease payments	16,190	16,319
Investment properties	2,563,615	2,378,828
Investments in associates	93,084	67,157
Interests in jointly-controlled entities	39,423	70,455
Promissory note receivable from an associate	40,113	38,975
Deferred tax assets	170	159
Loan receivables	3,283	3,014
	<u>4,564,055</u>	<u>4,373,320</u>
Total non-current assets		
<b>CURRENT ASSETS</b>		
Inventories	15,718	17,815
Properties held for sale	533,608	526,103
Prepaid land lease payments	471	436
Equity investments at fair value through profit or loss	17,109	41,539
Trade and bills receivables	24,489	35,805
Prepayments, deposits and other receivables	34,393	44,853
Amounts due from related companies	345	1,407
Amounts due from jointly-controlled entities	178,837	159,417
Amounts due from associates	-	13,106
Tax recoverable	191	464
Cash and cash equivalents	366,151	579,487
	<u>1,171,312</u>	<u>1,420,432</u>
Total current assets		
<b>CURRENT LIABILITIES</b>		
Trade payables and accrued liabilities	192,575	204,498
Customer deposits	76,191	38,528
Amount due to a related company	-	44
Amounts due to the immediate holding company	40,000	-
Amounts due to minority shareholders	-	17,155
Tax payable	64,756	63,599
Interest-bearing bank borrowings	522,091	780,199
	<u>895,613</u>	<u>1,104,023</u>
Total current liabilities		

**CONSOLIDATED BALANCE SHEET** *(Continued)*

	<b>At 31 March</b>	
	<b>2009</b>	<b>2008</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
NET CURRENT ASSETS	<u>275,699</u>	<u>316,409</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>4,839,754</u>	<u>4,689,729</u>
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	872,227	851,267
Promissory note payable	20,000	-
Convertible bonds	299,475	279,980
Deferred tax liabilities	<u>232,276</u>	<u>193,062</u>
Total non-current liabilities	<u>1,423,978</u>	<u>1,324,309</u>
Net assets	<u><u>3,415,776</u></u>	<u><u>3,365,420</u></u>
EQUITY		
Equity attributable to equity holders of the Company		
Issued capital	137,842	137,842
Reserves	1,667,701	1,598,110
Proposed final dividend	<u>22,055</u>	<u>22,055</u>
	<u>1,827,598</u>	<u>1,758,007</u>
Minority interests	<u>1,588,178</u>	<u>1,607,413</u>
Total equity	<u><u>3,415,776</u></u>	<u><u>3,365,420</u></u>

Notes:

**1. BASIS OF PREPARATION AND IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS**

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

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

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

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

## 2. SEGMENT INFORMATION

The Group is principally engaged in garment manufacturing and trading, property development and property investment activities. In October 2007, the Group discontinued the construction business engaged in superstructure construction work and foundation piling.

### (a) Business segments

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

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

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

## 2. SEGMENT INFORMATION (Continued)

### (a) Business segments (Continued)

	At 31 March 2009						Discontinued operation	Consolidated
	Continuing operations					Total		
	Garment	Property development	Property investment	Others	Eliminations			
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	Construction	HK\$'000	
<b>Assets</b>								
Segment assets	150,060	2,284,854	2,802,859	2,228,194	(2,465,717)	5,000,250	-	5,000,250
Interests in associates	-	-	-	133,197	-	133,197	-	133,197
Interests in jointly-controlled entities	-	39,423	-	-	-	39,423	-	39,423
Unallocated assets								562,497
Total assets								<u>5,735,367</u>
<b>Liabilities</b>								
Segment liabilities	33,796	1,350,348	956,462	333,374	(2,345,253)	328,727	-	328,727
Unallocated liabilities								1,990,864
Total liabilities								<u>2,319,591</u>

	For the year ended 31 March 2009						Discontinued operation	Consolidated
	Continuing operations					Total		
	Garment	Property development	Property investment	Others	Eliminations			
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	Construction	HK\$'000	
<b>Other Segment Information:</b>								
Capital expenditure	70	1,804	2	846	-	2,722	-	2,722
Fair value gains/(losses) on investment properties, net	550	-	(251,189)	-	-	(250,639)	-	(250,639)
Fair value gains on properties held for sale transferred to investment properties	-	-	38,188	-	-	38,188	-	38,188
Fair value gain on a completed property transferred to investment property	-	-	315,625	-	-	315,625	-	315,625
Depreciation of property, plant and equipment	3,774	2,023	136	935	-	6,868	-	6,868
Amortisation of prepaid land lease payments	471	-	-	-	-	471	-	471
Gain on disposal of items of property, plant and equipment	45	124	-	-	-	169	-	169
Impairment of trade receivables	815	-	-	-	-	815	-	815



## 2. SEGMENT INFORMATION (Continued)

### (a) Business segments (Continued)

	At 31 March 2008						Discontinued operation	Consolidated
	Continuing operations					Total		
	Garment HK\$'000	Property development HK\$'000	Property investment HK\$'000	Others HK\$'000	Eliminations HK\$'000			
<b>Assets</b>								
Segment assets	151,140	2,275,028	2,435,050	2,636,528	(2,666,648)	4,831,098	-	4,831,098
Interests in associates	-	-	-	106,132	-	106,132	-	106,132
Interests in jointly- controlled entities	-	70,455	-	-	-	70,455	-	70,455
Unallocated assets								<u>786,067</u>
Total assets								<u>5,793,752</u>
<b>Liabilities</b>								
Segment liabilities	43,340	1,317,561	1,134,520	158,074	(2,410,425)	243,070	-	243,070
Unallocated liabilities								<u>2,185,262</u>
Total liabilities								<u>2,428,332</u>

	For the year ended 31 March 2008						Discontinued operation	Consolidated
	Continuing operations					Total		
	Garment HK\$'000	Property development HK\$'000	Property investment HK\$'000	Others HK\$'000	Eliminations HK\$'000			
<b>Other Segment Information:</b>								
Capital expenditure	3,566	1,195	22	478	-	5,261	21,935	27,196
Fair value gains on investment properties, net	300	-	381,004	-	-	381,304	3,500	384,804
Release of exchange fluctuation reserve upon return of investment of a foreign subsidiary	-	(28,515)	-	-	-	(28,515)	-	(28,515)
Depreciation of property, plant and equipment	3,646	1,961	116	916	-	6,639	15,978	22,617
Amortisation of prepaid land lease payments	436	-	-	-	-	436	-	436
Gain on disposal of items of property, plant and equipment	-	-	-	-	-	-	(3,960)	(3,960)
Impairment of trade receivables	1,088	-	-	-	-	1,088	6,207	7,295

## 2. SEGMENT INFORMATION *(Continued)*

### (b) Geographical segments

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

	For the year ended 31 March 2009						Consolidated HK\$'000
	Hong Kong HK\$'000	Mainland China HK\$'000	Macau HK\$'000	Europe HK\$'000	North America HK\$'000	Others HK\$'000	
<b>Segment revenue:</b>							
Sales to external customers	<u>186,193</u>	<u>4,456</u>	<u>-</u>	<u>242,992</u>	<u>54,717</u>	<u>2,874</u>	<u>491,232</u>
<b>Other segment information:</b>							
Segment assets	<u>1,808,971</u>	<u>3,815,234</u>	<u>-</u>	<u>333</u>	<u>109,109</u>	<u>1,720</u>	<u>5,735,367</u>
Capital expenditure	<u>331</u>	<u>2,391</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,722</u>

	For the year ended 31 March 2008						Consolidated HK\$'000
	Hong Kong HK\$'000	Mainland China HK\$'000	Macau HK\$'000	Europe HK\$'000	North America HK\$'000	Others HK\$'000	
<b>Segment revenue:</b>							
Sales to external customers	557,012	3,857	110,510	275,977	988,107	5,384	1,940,847
Attributable to a discontinued operation	<u>(239,670)</u>	<u>-</u>	<u>(110,510)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(350,180)</u>
Revenue from continuing operations	<u>317,342</u>	<u>3,857</u>	<u>-</u>	<u>275,977</u>	<u>988,107</u>	<u>5,384</u>	<u>1,590,667</u>
<b>Other segment information:</b>							
Segment assets	2,571,179	3,081,659	-	500	137,695	2,719	5,793,752
Capital expenditure	<u>23,008</u>	<u>3,632</u>	<u>-</u>	<u>556</u>	<u>-</u>	<u>-</u>	<u>27,196</u>

### 3. FINANCE COSTS

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

#### 4. PROFIT BEFORE TAX

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

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Cost of properties sold	110,129	964,744
Cost of inventories sold	230,070	247,364
Depreciation	6,868	22,617
Less: Amount capitalised in contract costs	-	(725)
	<u>6,868</u>	<u>21,892</u>
Amortisation of prepaid land lease payments	471	436
Minimum lease payments under operating leases on land and buildings	20,200	18,701
Auditors' remuneration	2,782	3,714
Employee benefits expense (including directors' remuneration):		
Wages, salaries, allowances and benefits in kind	76,719	139,930
Pension scheme contributions	2,473	3,159
	<u>79,192</u>	<u>143,089</u>
Less: Amount capitalised in contract costs	-	(33,184)
Amount capitalised under property development projects	(8,179)	-
	<u>71,013</u>	<u>109,905</u>
Gross rental income included in the following categories:		
- Rental income	(82,374)	(91,580)
- Other income	(411)	(375)
	<u>(82,785)</u>	<u>(91,955)</u>
Less: Outgoing expenses	45,651	44,493
	<u>(37,134)</u>	<u>(47,462)</u>
Provision for/(write back of provision for) a claim	(5,426)	9,111
Impairment of trade receivables	815	7,295
Impairment of other receivables	-	10,524
Write-off of negative minority interests	-	3,000
Release of exchange fluctuation reserve upon return of investment of a foreign subsidiary	-	(28,515)
Gain on disposal of items of property, plant and equipment	(169)	(3,960)
Interest income	(5,910)	(13,967)

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

## 5. DISCONTINUED OPERATION

The Group discontinued the construction business in October 2007. The results attributable to the discontinued operation for that year were as follows:

	Period from 1 April 2007 to the date of disposal <i>HK\$'000</i>
Revenue	350,180
Cost of sales	<u>(299,215)</u>
	50,965
Other income	5,964
Administrative expenses	(62,716)
Fair value gains on investment properties	3,500
Finance costs	<u>(3,872)</u>
Loss before tax	(6,159)
Tax	<u>(1,080)</u>
Loss for the period	<u><u>(7,239)</u></u>
Attributable to:	
Equity holders of the Company	(6,229)
Minority interests	<u>(1,010)</u>
	<u><u>(7,239)</u></u>
Loss per share:	
Basic, from the discontinued operation	<u><u>1.13 cents</u></u>
Diluted, from the discontinued operation	<u><u>N/A</u></u>
The calculation of basic loss per share from the discontinued operation is based on:	
	2008
Loss attributable to ordinary equity holders of the Company from the discontinued operation	HK\$6,229,000
Ordinary shares in issue during the year used in the basic earnings per share calculation	<u>551,368,153</u>

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

## 6. TAX

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

Land appreciation tax has been provided in conformity with the prevailing rules and practices on the Group's completed projects in Mainland China at progressive rates ranging from 30% to 60% on the appreciation of land value, net of deductibles.

	<b>2009</b> <b>HK\$'000</b>	2008 <i>HK\$'000</i>
Group:		
Current – Hong Kong		
Charge for the year	<b>3,804</b>	4,713
Underprovision/(overprovision) in prior years	<b>319</b>	(10)
Current – Elsewhere		
Charge for the year	<b>3,278</b>	47,021
Underprovision/(overprovision) in prior years	<b>(381)</b>	1,052
Deferred	<b>36,664</b>	31,823
Total tax charge for the year	<b>43,684</b>	84,599
Represented by:		
Tax charge attributable to a discontinued operation	-	1,080
Tax charge attributable to continuing operations reported in the consolidated income statement	<b>43,684</b>	83,519
	<b>43,684</b>	84,599

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

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

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

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

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

## 8. TRADE AND BILLS RECEIVABLES

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

	<b>2009</b> <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Within 30 days	<b>9,350</b>	24,822
31 to 60 days	<b>904</b>	2,469
61 to 90 days	<b>1,669</b>	8,514
Over 90 days	<b>12,566</b>	-
Total	<b>24,489</b>	35,805

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

## 9. TRADE PAYABLES AND ACCRUED LIABILITIES

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

	<b>2009</b> <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Within 30 days	<b>15,164</b>	16,715
31 to 60 days	<b>8,377</b>	5,318
61 to 90 days	<b>2,152</b>	524
Over 90 days	<b>719</b>	1,622
Total	<b>26,412</b>	24,179

## FINANCIAL REVIEW

### Liquidity and financial resources

The total interest-bearing debts of the Group amounted to approximately HK\$1,694 million as at 31 March 2009 (2008: HK\$1,911 million), of which approximately 31% (2008: 41%) of the debts were due and repayable within one year. Total cash and bank balances including time deposits were approximately HK\$366 million (2008: HK\$579 million).

Total shareholders' funds as at 31 March 2009 was approximately HK\$1,828 million (2008: HK\$1,758 million).



The gearing ratio of the Group, as measured by the consolidated net borrowings of approximately HK\$1,328 million (2008: HK\$1,332 million) over the shareholders' funds plus minority interests totalling HK\$3,416 million (2008: HK\$3,365 million), was 39% at 31 March 2009 (2008: 40%). The Group's apparent high gearing ratio is primarily due to consolidating all debts of Hon Kwok, a 54.37% owned but separately listed subsidiary of the Group. Hon Kwok obtains financing on its own without financial assistance from the Company. Had Hon Kwok been equity accounted for as an associate in previous years, the pro forma gearing of the Group at year end would have been 6% (2008: 8%).

The Group had a total of HK\$240 million (2008: HK\$989 million) committed but undrawn banking facilities at year end available for its working capital purpose.

### **Funding and treasury policy**

The Group adopts a prudent funding and treasury policy. Surplus funds are maintained in the form of cash deposits with leading banks. Borrowings are mainly denominated in Hong Kong dollars and Renminbi and bear interest at floating rates, except for the convertible bonds.

### **Pledge of assets**

Certain properties and investments with an aggregate book value of HK\$2,601 million as at 31 March 2009 and shares in a subsidiary were pledged to secure certain banking facilities of the Group.

### **Employees and remuneration policies**

The Group, not including its associates and jointly-controlled entities, employed approximately 1,200 employees as at 31 March 2009. Remuneration is determined by reference to market terms and the qualifications and experience of the staff concerned. Salaries are reviewed annually with discretionary bonuses being paid depending on individual performance. The Group also provides other benefits including medical cover, provident fund, personal accident insurance and educational subsidies to all eligible staff.

### **Audit committee**

Regular meetings have been held by the Audit Committee of the Company since its establishment and it meets at least twice each year to review and supervise the Group's financial reporting process and internal control. The Audit Committee has reviewed with management the annual results of the Group for the year ended 31 March 2009.

### **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

There were no purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries during the year ended 31 March 2009.

## **CORPORATE GOVERNANCE**

### **Compliance with Model Code for Securities Transactions by Directors**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) as its own code of conduct for directors’ securities transactions. Having made specific enquiry, all the directors have confirmed that they have complied with the required standard as set out in the Model Code throughout the year ended 31 March 2009.

### **Compliance with the Code on Corporate Governance Practices**

In the opinion of the Directors, the Company has complied with the applicable code provisions of the Code on Corporate Governance Practices (the “CG Code”) as set out in Appendix 14 of the Listing Rules for the year ended 31 March 2009, except for the following deviations:

1. CG Code provision A.1.1 stipulates that the board of directors (the “Board”) should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals.

During the year ended 31 March 2009, the Board met twice for approving the annual results of the Company for the year ended 31 March 2008 and the interim results for the period ended 30 September 2008. As business operations were under the management and supervision of the executive directors of the Company, who had from time to time held meetings to resolve all material business or management issues, only two regular board meetings were held for the year ended 31 March 2009.

2. CG Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election and CG Code provision A.4.2 stipulates that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The non-executive directors of the Company are not appointed for a specific term but are subject to retirement by rotation and re-election in accordance with the articles of association of the Company (the “Articles of Association”). The Articles of Association does not require the directors to retire by rotation at least once every three years. However, in accordance with article 104 of the Articles of Association, at each annual general meeting of the Company, one-third of the directors for the time being (or, if their number is not three or a multiple of three, then the number nearest one-third), other than the one who holds the office as executive chairman or managing director, shall retire from office by rotation. The Board will ensure the retirement of each director, other than the one who holds the office as executive chairman or managing director, by rotation at least once every three years in order to comply with the CG Code provisions.

The Chairman and Managing Director will not be subject to retirement by rotation as stipulated in CG Code provision A.4.2 as the Board considered that the continuity of office of the Chairman and Managing Director provide the Group with a strong and consistent leadership and is of great importance to the smooth operations of the Group.

All directors appointed to fill a casual vacancy is subject to re-election by shareholders at the next following annual general meeting of the Company instead of at the first general meeting after their appointment as stipulated in CG Code provision A.4.2.

3. CG Code provision B.1.3 stipulates that the terms of reference of the remuneration committee should include, as a minimum, those specific duties as set out in the CG Code provisions. The Company adopted the terms of reference of the remuneration committee on 16 December 2005 with certain deviations from the CG Code provisions. Pursuant to the terms of reference, the remuneration committee should review (as opposed to determine) and make recommendations to the Board on the remuneration of directors (as opposed to directors and senior management).
4. The terms of reference of the remuneration committee and audit committee of the Company are available from the Company Secretary on request and not yet ready on the Company's website as stipulated in CG Code provisions B.1.4 and C.3.4.

**James Sai-Wing Wong**  
*Chairman*

Hong Kong, 16 July 2009

*At the date hereof, the directors of the Company are Mr. James Sai-Wing Wong, Ms. Madeline May-Lung Wong, Mr. William Chung-Yue Fan and Mr. Herman Man-Hei Fung and the independent non-executive directors are Dr. Clement Kwok-Hung Young, Mr. Peter Man-Kong Wong and Mr. James C. Chen.*