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 securities in ITC Properties Group Limited, you should at once hand this circular and the accompanying 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.

德祥地產集團有限公司*

ITC PROPERTIES GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code : 199)

(1) VERY SUBSTANTIAL ACQUISITION IN RELATION TO THE ACQUISITION OF NEWSKILL INVESTMENTS LIMITED AND (2) CONNECTED TRANSACTION

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

第一上海 FIRST SHANGHAI GROUP

First Shanghai Capital Limited

A notice convening a special general meeting of ITC Properties Group Limited to be held at Shop B27, Basement, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong at 11:00 a.m. on Thursday, 17th June, 2010 is set out on pages SGM-1 to SGM-3 of this circular. A form of proxy for use at the special general meeting is also enclosed.

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 branch share registrar and transfer office of the Company in Hong Kong, Tricor Secretaries 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 meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting or any adjournment thereof if you so wish.

* *For identification purpose only*

31st May, 2010

CONTENTS

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

"Acquisition Agreements"	collectively the BSP Acquisition Agreement and the CTL Acquisition Agreement
"Acquisitions"	collectively the BSP Acquisition and the CTL Acquisition
"associates"	has the same meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"BSP"	Bright Sino Profits Limited, a company incorporated in the BVI with limited liability
"BSP Acquisition"	acquisition of the BSP Sale Shares and (if any) the BSP Sale Loan by the Purchaser pursuant to the BSP Acquisition Agreement
"BSP Acquisition Agreement"	the agreement dated 15th December, 2009 entered into between the Purchaser, BSP, Mr. Tang and the Company in relation to the BSP Acquisition
"BSP Completion"	completion of the BSP Acquisition
"BSP Completion Date"	the date on which BSP Completion takes place
"BSP Consideration"	the aggregate consideration for the BSP Sale Shares and (if any) the BSP Sale Loan under the BSP Acquisition Agreement
"BSP Sale Loan"	the shareholder's loan owing by the Newskill Group to BSP upon BSP Completion
"BSP Sale Shares"	the 92 shares of US$1 each in the issued share capital of Newskill held by BSP, representing 92% of its issued share capital as at the date of the BSP Acquisition Agreement and BSP Completion Date

"Business Day"	a day (other than Saturday and other general holidays in Hong Kong and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a "black" rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which the licensed banks in Hong Kong are generally open for business
"BVI"	the British Virgin Islands
"Cooperation Agreement"	a cooperation agreement relating to the Project Company entered into between Guangzhou Metro and Keep Mount (Holdings) Limited (協望（集團）有限公司) dated 18th August, 1993 as supplemented by (i) a supplemental agreement entered into between Keep Mount (Holdings) Limited (協望（集團）有限公司), Joyful Honour and Guangzhou Metro dated 2nd March, 1998; (ii) a supplemental agreement relating to the Project Company entered into between Joyful Honour and Guangzhou Metro dated 9th June, 2006; (iii) a supplemental agreement entered into between Joyful Honour and Guangzhou Metro dated 22nd September, 2006; (iv) a supplemental agreement entered into between Joyful Honour and Guangzhou Metro dated 30th January, 2007; (v) a supplemental agreement entered into between Joyful Honour and Guangzhou Metro dated 28th September, 2009; and (vi) a supplemental articles of association of the Project Company signed by Joyful Honour and Guangzhou Metro dated 28th September, 2009
"Company"	ITC Properties Group Limited, a company incorporated in Bermuda with limited liability, the issued Shares (Stock Code : 199) of which are listed on the Main Board of the Stock Exchange
"Completion"	completion of the Acquisition(s)
"connected person(s)"	has the same meaning ascribed to it under the Listing Rules

"Considerations"	collectively the BSP Consideration and the CTL Consideration
"CTL"	Cango Trading Limited, a company incorporated in the BVI and a wholly-owned subsidiary of Hanny
"CTL Acquisition"	acquisition of the CTL Sale Shares and (if any) the CTL Sale Loan by the Purchaser pursuant to the CTL Acquisition Agreement
"CTL Acquisition Agreement"	the agreement dated 15th December, 2009 entered into between the Purchaser and CTL in relation to the CTL Acquisition
"CTL Completion"	completion of the CTL Acquisition
"CTL Completion Date"	the date on which CTL Completion takes place
"CTL Consideration"	the aggregate consideration for the CTL Sale Shares and (if any) the CTL Sale Loan under the CTL Acquisition Agreement
"CTL Sale Loan"	the shareholder's loan owing by the Newskill Group to CTL upon CTL Completion
"CTL Sale Shares"	the 8 shares of US$1 each in the issued share capital of Newskill held by CTL, representing 8% of its issued share capital as at the date of the CTL Acquisition Agreement and CTL Completion Date
"Demolition and Resettlement"	demolition of all structures on the Land and resettlement of all occupiers (拆遷安置) thereon in compliance with Permit for Demolition and Removal Chai Xu Zi (2006) No. 27 (拆許字(2006)第27號房屋拆遷許可證) and the relevant laws and regulations and requirements of all relevant PRC authorities and all contractual obligations of the Project Company
"Development Plan"	the development of the Land with an aggregate floor area of not less than 60,000 m^2, of which not less than 45,000 m^2 shall be for commercial use and not less than 15,000 m^2 shall be for car parking space and the building to be erected thereon shall have entrance(s) directly connected to the underground train station
"Director(s)"	director(s) of the Company

"Enlarged Group"	the Group immediately after BSP completion and/or CTL completion (as the case may be)
"First Shanghai"	First Shanghai Capital Limited, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the CTL Acquisition Agreement
"Foreclosure Order"	the (2003) Sui Zhong Fa Min Er Chu Zi No. 460 civil action judgments ((2003)穗中法民二初字第460號民事裁定書) and (2005) Sui Zhong Fa Zhi Zi No. 1905 civil action judgments ((2005)穗中法執字第1905號民事裁定書) issued by Intermediate People's Court of Guangzhou (廣州市中級人民法院) relating to the foreclosure of the Land
"Group"	the Company and its subsidiaries
"Guangzhou Company"	廣州宏峰投資諮詢有限公司 (Guangzhou Hongfeng Investment Consultancy Limited)
"Guangzhou Metro"	廣州市地下鐵道總公司 (Guangzhou Metro Corporation)
"Hanny"	Hanny Holdings Limited, a company incorporated in Bermuda with limited liability, the issued shares (Stock Code : 275) and warrants (Warrant Code : 749) of which are listed on the Main Board of the Stock Exchange
"HK" or "Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HK GAAP"	generally accepted accounting principles applicable in Hong Kong
"Independent Board Committee"	independent committee of the Board, comprising Mr. Wong Chi Keung, Alvin and Mr. Qiao Xiaodong, both being independent non-executive Directors
"Independent Shareholders"	Shareholders other than Hanny and its associates
"Independent Third Party(ies)"	third party(ies) and its/their ultimate beneficial owner(s) who are independent of and not connected with the Company or any of its connected persons, nor are connected persons of the Company

"Joyful Honour"	Joyful Honour Investment Limited, a company incorporated in Hong Kong with limited liability
"Land"	the parcel of land situated at the junction of Zhongshan Wu Road and Education Road, Yuexiu District, Guangzhou, the PRC which is owned by the Project Company
"Latest Practicable Date"	27th May, 2010, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date"	the day falling on the expiry of six months from the date of the Acquisition Agreements or such later date as the Purchaser and the respective Vendors may agree in writing
"Macau"	the Macau Special Administrative Region of the PRC
"Mr. Tang"	Mr. Tang Chi Ming, the sole shareholder of BSP
"Newskill"	Newskill Investments Limited, a company incorporated in the BVI with limited liability
"Newskill Group"	Newskill and its subsidiaries, and for the purpose of the Acquisition Agreements, including the Project Company
"PRC"	the People's Republic of China, and for the purpose of this circular, excluding Hong Kong, Macau and Taiwan
"Project Company"	廣州捷榮房地產開發有限公司 (Guangzhou Jierong Real Estate Development Co., Ltd.), a company incorporated in the PRC with limited liability
"Property Development Project"	the property development project named "JY-1 Project" to be carried out by the Project Company on the Land
"Purchaser"	Macau Prime Property (China) Limited, an indirect wholly-owned subsidiary of the Company, which was incorporated in the BVI with limited liability

"Responsibility Agreement"	an agreement relating to the responsibilities and technical requirements of protection of the underground train (保護地下鐵道的責任及技術規定) entered into between Guangzhou Metro and Keep Mount (Holdings) Limited (協望(集團)有限公司) dated 18th August, 1993
"Sale Shares"	collectively the BSP Sale Shares and the CTL Sale Shares
"SFO"	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
"SGM"	the special general meeting of the Company to be convened and held for the Shareholders/Independent Shareholders (as the case may be) to consider and, if thought fit, approve the BSP Acquisition Agreement, the CTL Acquisition Agreement and the transactions respectively contemplated thereunder
"Share(s)"	share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Vendors"	collectively BSP and CTL
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"US$"	United States dollars, the lawful currency of the United States of America
"m^2"	square meter(s)
"%"	per cent.

In this circular, save as otherwise provided, RMB are converted into HK$ on the basis of HK$1 = RMB0.8815 and US$ are converted into HK$ on the basis of US$1 = HK$7.80 for illustration purpose.

For ease of reference, the names of companies and entities established in the PRC have been included in this circular in both Chinese and English languages and the English names of these companies and entities are either English translation of their respective official Chinese names or English tradenames used by them. In the event of any inconsistency between the English names and their respective official Chinese names, the Chinese names shall prevail.

德祥地產集團有限公司*

ITC PROPERTIES GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code : 199)

Executive Directors:
Mr. Cheung Hon Kit *(Chairman)*
Mr. Chan Fut Yan *(Managing Director)*
Mr. Cheung Chi Kit
Mr. Lai Tsan Tung, David
Mr. Chan Yiu Lun, Alan

Non-executive Director:
Mr. Ma Chi Kong, Karl

Independent non-executive Directors:
Mr. Qiao Xiaodong *(Vice Chairman)*
Mr. Wong Chi Keung, Alvin
Mr. Kwok Ka Lap, Alva

Registered office:
Clarendon House
Church Street
Hamilton HM 11
Bermuda

Principal place of business in Hong Kong:
Unit 3102, 31st Floor
Bank of America Tower
12 Harcourt Road
Central
Hong Kong

31st May, 2010

To the Shareholders and, for information only,
the holders of convertible notes of the Company

Dear Sir or Madam,

(1) VERY SUBSTANTIAL ACQUISITION IN RELATION TO THE ACQUISITION OF NEWSKILL INVESTMENTS LIMITED AND (2) CONNECTED TRANSACTION

INTRODUCTION

The Board announced on 23rd December, 2009 that after trading hours of the Stock Exchange on 15th December, 2009, the Purchaser, an indirect wholly-owned subsidiary of the Company, and BSP entered into the BSP Acquisition Agreement pursuant to which the Purchaser has conditionally agreed to purchase and BSP has conditionally agreed to sell the BSP Sale Shares and (if any) the BSP Sale Loan at an aggregate cash consideration of approximately HK$883.2 million.

* *For identification purpose only*

Separately, the Purchaser and CTL entered into the CTL Acquisition Agreement pursuant to which the Purchaser has conditionally agreed to purchase and CTL has conditionally agreed to sell the CTL Sale Shares and (if any) the CTL Sale Loan at an aggregate cash consideration of approximately HK$76.8 million.

The Sale Shares represent the entire issued share capital of Newskill. As at the Latest Practicable Date, Newskill owned the entire issued share capital of Joyful Honour which together with Guangzhou Metro, an Independent Third Party, are the joint venture partners of the Project Company. The principal asset of the Project Company is the Property Development Project named "JY-1 Project" in Guangzhou, the PRC.

The purpose of this circular is to provide you with, among other things, details of the Acquisition Agreements, the respective valuation reports on the property interests of the Group and the Newskill Group, the unaudited pro forma financial information of the Enlarged Group, information of the Newskill Group and the Property Development Project, a letter of advice from First Shanghai to the Independent Board Committee and the Independent Shareholders on the terms of the CTL Acquisition Agreement, the recommendation from the Independent Board Committee to the Independent Shareholders and the notice of the SGM together with the proxy form and other information as required under the Listing Rules.

THE ACQUISITIONS

THE BSP ACQUISITION AGREEMENT DATED 15TH DECEMBER, 2009

1. Parties

Vendor:	Bright Sino Profits Limited, a company incorporated in the BVI with limited liability holding 92 shares in Newskill, which is engaged in investment holding. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, BSP and its ultimate beneficial owner are Independent Third Parties;
Purchaser:	Macau Prime Property (China) Limited, an indirect wholly-owned subsidiary of the Company, which is incorporated in the BVI with limited liability;
Vendor's guarantor:	Mr. Tang, the sole shareholder of BSP, as guarantor to guarantee the obligations and liabilities of BSP under the BSP Acquisition Agreement; and
Purchaser's guarantor:	the Company, the ultimate holding company of the Purchaser, as guarantor to guarantee the obligations and liabilities of the Purchaser under the BSP Acquisition Agreement.

To the best of the Directors' knowledge, information and belief and after making due and careful enquiries, Mr. Tang (i) is an executive director of Trasy Gold Ex Limited (a company whose shares are listed on the Growth Enterprise Market of the Stock Exchange) and a merchant with investments in properties; and (ii) currently does not hold any shares in the Company or Hanny. Mr. Tang was acquainted by the Group through some business associates of the Group. Apart from the BSP Acquisition, Mr. Tang does not have any other business relationship with the Group.

2. Interests to be acquired

The assets to be acquired comprise (i) the BSP Sale Shares, being 92 shares in Newskill, representing 92% of the issued share capital of Newskill; and (ii) (if any) the BSP Sale Loan. As at the date of the BSP Acquisition Agreement and the Latest Practicable Date, there was no BSP Sale Loan outstanding.

Newskill owns the entire issued share capital of Joyful Honour which is an investment holding company incorporated in Hong Kong with limited liability. Joyful Honour together with Guangzhou Metro, an Independent Third Party, are the joint venture partners of the Project Company. For details of Joyful Honour and the Project Company, please refer to the section headed "Information of the Newskill Group".

The principal asset of the Project Company is the Property Development Project with a gross site area of approximately 9,710 m^2. The Property Development Project is intended to be the development of a high class shopping arcade in Yuexiu District which is one of the prime shopping and commercial districts in Guangzhou, the PRC.

3. Consideration and payment terms

The aggregate consideration for the BSP Sale Shares and (if any) the BSP Sale Loan is approximately HK$883.2 million (subject to downward adjustment(s) as described below), which shall be apportioned as follows:

(i) the portion of the BSP Consideration attributable to the BSP Sale Loan (if any) shall be equal to the face value of the BSP Sale Loan; and

(ii) the balance of the BSP Consideration shall be attributable to the BSP Sale Shares.

There shall not be any upward adjustment to the said aggregate consideration for the BSP Sale Shares and (if any) the BSP Sale Loan.

The BSP Consideration has been/shall be paid in cash in the following manner:

(i) a deposit (the "Deposit") of approximately HK$362.2 million has been paid to BSP upon the signing of the BSP Acquisition Agreement;

(ii) a further payment of HK$371.0 million (the "Further Payment") shall be made to BSP (subject to a reduction of an amount equal to 92% of the excess of the consolidated liabilities (other than the BSP Sale Loan (if any) and any amount owing by the Newskill Group to the Guangzhou Company) of the Newskill Group over RMB300.0 million as shown in the completion accounts of the Newskill Group prepared for the purpose of BSP Completion) at BSP Completion; and

(iii) the balance of the BSP Consideration of HK$150.0 million (the "Retention Money") shall be payable to BSP within 14 days of the date on which all the conditions set out in the paragraph headed "Conditions subsequent" below in this section are fulfilled or the expiry of 18 months after the BSP Completion Date, whichever is the earlier, subject to adjustment(s) as described below.

The BSP Consideration shall be adjusted in the following circumstances:

(a) on account of the conditions subsequent as described in the paragraph headed "Conditions subsequent" below:

  (i) the Retention Money shall be reduced by an amount (which is not subject to any cap) equivalent to the costs and expenses incurred by the Project Company in connection with the Demolition and Resettlement since the BSP Completion Date;

  (ii) the BSP Consideration shall be reduced by HK$50.0 million if a current and valid Permit for Demolition and Removal (房屋拆遷許可證) relating to the Land has not been obtained by the Project Company and the Demolition and Resettlement is not completed by the Project Company by the end of 1 year and 6 months after the BSP Completion Date;

  (iii) the Retention Money shall be reduced by an amount (which is not subject to any cap) equivalent to the costs and expenses incurred by the Project Company in connection with the obtaining of all relevant approvals, permits and consents from the relevant PRC authorities for the Development Plan (including the corresponding amendment (if any) to the Responsibility Agreement and the obtaining of the State-owned Land Use Certificate (國有土地使用證), Construction Land Planning Permit (建設用地規劃許可證), Planning Permit for Construction Project (建設工程規劃許可證), Commencement Permit for Construction Work (建設工程施工許可證) and Approval for the Construction Use of Land (建設用地批准書) relating to the Land pursuant to the BSP Acquisition Agreement) after the BSP Completion Date; and

(iv) the BSP Consideration shall be reduced by HK$50.0 million if relevant approvals, permits, consents and amendments referred to in (iii) above have not been duly obtained or amended by the end of 1 year and 6 months after the BSP Completion Date;

(b) on account of the consolidated liabilities of the Newskill Group:

(i) it shall be reduced by an amount equal to 92% of the excess of the consolidated liabilities (other than the BSP Sale Loan (if any) and any amount owing by the Newskill Group to the Guangzhou Company) of the Newskill Group in the audited completion accounts prepared for the purpose of BSP Completion over those appearing in the unaudited completion accounts. For the avoidance of doubt, any amount already been deducted from the BSP Consideration from the Further Payment as described above shall not be counted towards the amount of deduction under this paragraph.

The Retention Money, representing approximately 17% of the BSP consideration, is determined after arm's length negotiations with BSP having regard to, among other things, the estimated costs of the Demolition and Resettlement of around HK$165.9 million and further cost for obtaining all relevant approvals in relation to the Land of approximately HK$4.9 million as set out in items (a) (i) and (iii) above. Given the Retention Money represents approximately 88% of aggregate amount of the said potential outlay of about HK$170.8 million under these two items, it is considered to be a sufficient security since other than setting off from the Retention Money, the Purchaser still have the right to claim for shortfall and there is further adjustment mechanism for item (b)(i) above.

4. Conditions precedent

Completion of the BSP Acquisition is conditional upon fulfillment of the following conditions:

(a) the warranties given by BSP remaining true and accurate, and not misleading, in all material respects as at BSP Completion and at all times between the date of the BSP Acquisition Agreement and BSP Completion;

(b) the passing of the requisite resolution by the Shareholders (other than those, if any, who are required to abstain from voting under the Listing Rules or the applicable laws, rules and regulations) approving the BSP Acquisition Agreement and the transactions contemplated thereunder at the SGM in compliance with the requirements of the Listing Rules;

(c) all other relevant requirements under the Listing Rules and/or all necessary approvals and processes of the relevant authorities for the entry into and the implementation of the BSP Acquisition Agreement and the transactions contemplated thereunder having been fulfilled, obtained and/or complied with by the Purchaser and/or the Company;

(d) the Purchaser being satisfied with the results of the due diligence review on the Newskill Group;

(e) issue of a legal opinion by a PRC firm of lawyers acceptable to the Purchaser in respect of the Project Company and its business and assets in such form and substance to the satisfaction of the Purchaser, including: (i) (if requested by the Purchaser) the due and valid release of the Foreclosure Order; and (ii) the rights of the Project Company to the Land;

(f) issue of a legal opinion by a BVI law firm acceptable to the Purchaser and addressed to the Purchaser on the due execution of the BSP Acquisition Agreement, the deed of assignment of loan and the deed of tax indemnity by BSP, their validity and enforceability, such legal opinion to be in form and substance to the satisfaction of the Purchaser and to be dated not more than 10 Business Days prior to the BSP Completion Date;

(g) the delivery by BSP to the Purchaser of certificates of good standing and certificates of incumbency of Newskill and BSP to be dated not more than 10 Business Days prior to the BSP Completion Date;

(h) a confirmation (in such form and substance acceptable to the Purchaser) from Guangzhou Metro (the "Confirmation") confirming that (i) it has received full payment pursuant to the Cooperation Agreement; (ii) it has no claims against any company in the Newskill Group whatsoever; (iii) it would (at such time appointed by Joyful Honour) transfer its interest in the Project Company to a company nominated by Joyful Honour and direct the director(s) nominated by it in the Project Company to resign from his(their) directorship(s); and (iv) it no longer has any interest in the Land and the building to be erected thereon;

(i) (if requested by the Purchaser) documentary evidence in such form and substance to the satisfaction of the Purchaser that (i) the Foreclosure Order has been duly discharged; and (ii) the Guangzhou Company has agreed to assign and transfer to the Purchaser (or its nominee) all amounts owing by the Newskill Group to the Guangzhou Company at a consideration of RMB10; and

(j) no event or circumstance having occurred which would reasonably be expected to result in material adverse change to the Newskill Group taken as a whole.

BSP shall use its best endeavours to procure the fulfillment of all the above conditions precedent (other than conditions precedent (b) and (c)) and the Purchaser shall use its reasonable endeavours to procure the fulfillment of conditions precedent (b) and (c). Save for conditions precedent (b) and (c), all the above conditions precedent may be waived by the Purchaser at its absolute discretion.

If any of the above conditions precedent has not been fulfilled or waived by the Purchaser (as the case may be) by notice in writing to BSP (save for conditions precedent (b) and (c) which cannot be waived) on or before 5:00 p.m. on the Long Stop Date and/or the conditions precedent (a) and (j) above do not remain fulfilled (and are not waived by the Purchaser) on the BSP

Completion Date, the rights and obligations of the parties under the BSP Acquisition Agreement shall determine, and neither party shall have any claim against the other save for antecedent breach and the Deposit shall be returned by BSP to the Purchaser forthwith without interest.

If after fulfillment or waiver (as the case may be) of the above conditions precedent, BSP Completion does not take place due to the default of the Purchaser, BSP shall be entitled to forfeit HK$50.0 million of the Deposit as liquidated damages and BSP shall not have any other claims against the Purchaser and shall refund the remaining Deposit to the Purchaser within 14 days.

If after fulfillment or waiver (as the case may be) of the above conditions precedent, BSP Completion does not take place due to any reason other than the Purchaser's default, BSP shall within 14 days refund the Deposit to the Purchaser as full and final settlement of all claims in connection with the BSP Acquisition Agreement whatsoever. If, however, such non-completion is due to the default of BSP, BSP shall, in addition to the refund of the Deposit as set out above and within 14 days, pay an amount of HK$50.0 million to the Purchaser as liquidated damages as full and final settlement of all claims that the Purchaser may have in connection with the BSP Acquisition Agreement whatsoever.

5. Conditions subsequent

BSP undertakes to the Purchaser that:

(a) it will procure completion of the Demolition and Resettlement such that the Demolition and Resettlement be duly completed by the Project Company by the end of 1 year and 6 months after the BSP Completion Date and that BSP shall be responsible for all costs and expenses for the Demolition and Resettlement;

(b) it will procure that all relevant approvals, permits and consents from the relevant PRC authorities for the Development Plan, including the corresponding amendment (if any) to the Responsibility Agreement and the obtaining of the State-owned Land Use Certificate (國有土地使用證), Construction Land Planning Permit (建設用地規劃許可證), Planning Permit for Construction Project (建設工程規劃許可證), Commencement Permit for Construction Work (建設工程施工許可證) and Approval for the Construction Use of Land (建設用地批准書) in relation to the Land such that the said approvals, permits, consents and amendments are duly obtained by the Project Company by the end of 1 year and 6 months after the BSP Completion Date and that BSP shall be responsible for all costs and expenses thereof;

(c) notwithstanding BSP Completion, it will indemnify and keep indemnified the Purchaser and the Newskill Group from and against all claims, liabilities, losses, costs and expenses (including legal expenses on a full indemnity basis) incurred by the Newskill Group arising from the Foreclosure Order and the settlement thereof;

(d) it will demolish the temporary shop outlets and structure constructed on the Land for the Asian Games 2010 and related structures at its own costs and expenses and deliver vacant possession of the Land to the Project Company within 3 months after the issue of the Permit for Commencement of Construction Work (施工許可證) of the Land. BSP undertakes to indemnify the Purchaser and the Newskill Group against and from all claims, liabilities, costs and expenses (including legal expenses on a full indemnity basis) which the Purchaser or any company in the Newskill Group may suffer or incur or which may be made against the Purchaser or any company in the Newskill Group arising from or in connection with these temporary shop outlets (including but not limited to construction, management and/or demolishment of such temporary shop outlets and any claims from third parties relating to such temporary shop outlets);

(e) after fulfillment of the condition subsequent (b) above and upon receipt of full amount of the BSP Consideration (subject to any adjustment(s) to be made pursuant to the BSP Acquisition Agreement), BSP shall use its best endeavours to provide all necessary and reasonable assistance to the Purchaser in obtaining further approvals regarding development of the Land; and

(f) it will indemnify and keep indemnified the Purchaser and the Newskill Group from and against all claims, liabilities, losses, costs and expenses (including legal expenses on a full indemnity basis) incurred by the Newskill Group arising from or in connection with (i) a civil action judgment and the settlement thereof; and (ii) the properties held by the Project Company other than the Land.

6. Completion

BSP Completion shall take place on the fifth Business Day after the last outstanding conditions precedent (save and except that conditions precedent (a) and (j) which shall remain fulfilled up to BSP Completion) having been fulfilled (or waived, as the case may be) or such later date as the parties thereto shall agree in writing.

BSP Completion is not conditional on CTL Completion.

THE CTL ACQUISITION AGREEMENT DATED 15TH DECEMBER, 2009

1. Parties

Vendor: CTL, a company incorporated in the BVI and an indirect wholly-owned subsidiary of Hanny, holding 8 shares in Newskill. CTL is an investment holding company. As at the Latest Practicable Date, Hanny is indirectly holding approximately 16.22% of the total issued share capital of the Company and CTL is therefore a connected person of the Company; and

Purchaser: Macau Prime Property (China) Limited.

2. Interests to be acquired

The assets to be acquired comprise (i) the CTL Sale Shares, being 8 shares in Newskill, representing 8% of the issued share capital of Newskill; and (ii) (if any) the CTL Sale Loan. As at the date of the CTL Acquisition Agreement and the Latest Practicable Date, there was/is no CTL Sale Loan outstanding.

Both the original purchase cost and the carrying value of the above shares in Newskill to CTL as at 31st March, 2009 was approximately HK$75.0 million.

3. Consideration and payment terms

The aggregate consideration for the CTL Sale Shares and (if any) the CTL Sale Loan is approximately HK$76.8 million (subject to any downward adjustment as described below), payable by the Company to CTL in cash at CTL Completion, which shall be apportioned as follows:

(i) the portion of the CTL Consideration attributable to the CTL Sale Loan (if any) shall be equal to the face value of the CTL Sale Loan; and

(ii) the balance of the CTL Consideration shall be attributable to the CTL Sale Shares.

If the consolidated liabilities as shown in the audited completion accounts of the Newskill Group prepared for the purpose of CTL Completion (other than the CTL Sale Loan (if any) and any amount due by the Newskill Group to the Guangzhou Company) exceeds RMB300.0 million, the CTL Consideration shall be reduced by an amount equal to 8% of such excess.

There shall not be any upward adjustment to the said aggregate consideration for the CTL Sale Shares and (if any) the CTL Sale Loan.

4. Conditions precedent

Completion of the CTL Acquisition is conditional upon fulfillment of the following conditions:

(a) the warranties given by CTL remaining true and accurate, and not misleading, in all material respects as at CTL Completion and at all times between the date of the CTL Acquisition Agreement and CTL Completion;

(b) the passing of the requisite resolution by the Shareholders (other than those, if any, who are required to abstain from voting under the Listing Rules or the applicable laws, rules and regulations) approving the CTL Acquisition Agreement and the transactions contemplated thereunder at the SGM to be convened for such purpose in compliance with the requirements of the Listing Rules;

(c) (if applicable) the passing of the requisite resolution by the shareholders of Hanny (other than those, if any, who are required to abstain from voting under the Listing Rules or the applicable laws, rules and regulations) approving the CTL Acquisition Agreement and the transactions contemplated thereunder at a general meeting of Hanny to be convened for such purpose in compliance with the requirements of the Listing Rules;

(d) all other relevant requirements under the Listing Rules and/or all necessary approvals and processes of the relevant authorities for the entry into and the implementation of the CTL Acquisition Agreement and the transactions contemplated thereunder having been fulfilled, obtained and/or complied with by the Purchaser and/or CTL and/or the Company and/or Hanny;

(e) the Purchaser being satisfied with the results of the due diligence review on the Newskill Group;

(f) the Purchaser having obtained a legal opinion issued by a PRC firm of lawyers acceptable to the Purchaser and addressed to the Purchaser in respect of the Project Company and its business and assets in such form and substance to the satisfaction of the Purchaser, including: (i) (if requested by the Purchaser) the due and valid release of the Foreclosure Order; and (ii) the rights of the Project Company to the Land;

(g) the Purchaser having obtained a certificate of good standing and a certificate of incumbency of Newskill to be dated not more than 10 Business Days prior to the CTL Completion Date;

(h) the Confirmation from Guangzhou Metro;

(i) (if requested by the Purchaser) documentary evidence in such form and substance to the satisfaction of the Purchaser that (i) the Foreclosure Order has been duly discharged; and (ii) the Guangzhou Company has agreed to assign and transfer to the Purchaser (or its nominee) all amounts owing by the Newskill Group to the Guangzhou Company at a consideration of RMB10; and

(j) no event or circumstance having occurred which would reasonably be expected to result in material adverse change to the Newskill Group taken as a whole.

CTL shall use its best endeavours to procure the fulfillment of all the above conditions (other than conditions (b) and (d)) and the Purchaser shall use its reasonable endeavours to procure the fulfillment of conditions (b) and (d). Save for conditions (b), (c) and (d), all the above conditions may be waived by the Purchaser at its absolute discretion.

If any of the above conditions has not been fulfilled or waived by the Purchaser (as the case may be) by notice in writing to CTL on or before 5:00 p.m. on the Long Stop Date and/or the conditions (a) and (j) above do not remain fulfilled (and are not waived by the Purchaser) on the CTL Completion Date, the rights and obligations of the parties under the CTL Acquisition Agreement shall cease and terminate and no party shall have any claim against the other save for any antecedent breach.

If after fulfillment or waiver (as the case may be) of the above conditions, CTL Completion does not take place due to the default of either party thereto, the non-defaulting party shall have the right to terminate or rescind the CTL Acquisition Agreement without prejudice to any of its other rights or remedies arising from such default of the defaulting party.

5. Completion

CTL Completion shall take place on the fifth Business Day after the last outstanding conditions shall have been fulfilled (or waived, as the case may be) or such later date as the parties thereto shall agree in writing.

CTL Completion is not conditional on BSP Completion.

INFORMATION OF THE NEWSKILL GROUP

1. Newskill and Joyful Honour

Newskill is a company incorporated in the BVI with limited liability. The principal activity of Newskill is investment holding and its only asset is the investment in the entire issued share capital of Joyful Honour which is a company incorporated in Hong Kong with limited liability. Joyful Honour and Guangzhou Metro, a large-scaled state-owned enterprise under Guangzhou government which is principally engaged in the operation and management of Guangzhou city track traffic system, are the only joint venture partners of the Project Company, a cooperative joint venture company established in the PRC. The Cooperation Agreement did not provide for the percentage interests of the joint venture partners in the

Project Company but provided that upon completion of the Property Development Project, Guangzhou Metro would be entitled to a gross floor area of 1,420 m^2 of the developed property (the "Entitlement"). Save for the Entitlement, Guangzhou Metro is not entitled to any profit nor will it bear any risk in the Project Company. Furthermore, Guangzhou Metro has no obligation to contribute any capital or financing to the Project Company.

In view of the Entitlement of Guangzhou Metro under the Cooperation Agreement, it is a condition precedent to both the BSP Completion and the CTL Completion that Guangzhou Metro will provide the Confirmation to the satisfaction of the Purchaser that (i) it has received full payment pursuant to the Cooperation Agreement; (ii) it has no claims against any company in the Newskill Group whatsoever; (iii) it would (at such time appointed by Joyful Honour) transfer its interest in the Project Company to Joyful Honour or a company nominated by Joyful Honour and direct the director(s) nominated by it in the Project Company to resign from his(their) directorship(s); and (iv) it no longer has any interest in the Land and the building to be erected thereon. Based on the Directors' best knowledge, information and belief and after making due and careful enquiries, an amount of approximately HK$108.6 million will be required to be paid by Joyful Honour, which will be funded by a shareholder's loan by BSP, as full payment under the Cooperation Agreement to Guangzhou Metro for Guangzhou Metro to give up all its rights, including but not limited to the Entitlement, under the Cooperation Agreement. Upon execution of the Confirmation and transfer of interest in the Project Company by Guangzhou Metro to Joyful Honour or a company nominated by Joyful Honour (which shall be a subsidiary of Joyful Honour) as provided under the Acquisition Agreements, Joyful Honour will be entitled to 100% economic interests in the Project Company.

Set out below is the audited consolidated financial information of the Newskill Group for the two years ended 31st December, 2009 and 31st December, 2008 respectively prepared in accordance with the HK GAAP:

	For the year ended 31st December, 2009	**For the year ended 31st December, 2008**
	HK$'000	*HK$'000*
Turnover	–	–
Profit before taxation	2,597	1,670
Profit after taxation	2,597	1,670

	As at 31st December, 2009	**As at 31st December, 2008**
	HK$'000	*HK$'000*
Total assets	422,221	427,611
Net assets	45,664	44,355

2. Project Company

The Project Company is a company incorporated in the PRC with limited liability with a registered and paid-up capital of approximately HK$324.1 million. The principal asset of the Project Company is the Property Development Project which is situated at the junction of Zhongshan Wu Road (中山五路) and Education Road (教育路), Yuexiu District (越秀區), one of the prime shopping and commercial districts in Guangzhou, the PRC.

According to the land use right certificate dated 4th November, 1994, the Land has a site area of 7,594 m^2. The site area is subsequently increased to 9,710 m^2 pursuant to a supplemental land grant contract entered into between Bureau of Land Resources and Housing Management of Guangzhou (廣州市國土資源和房屋管理局) and the Project Company dated 1st August, 2006. Based on the Directors' best knowledge, information and belief and after making due and careful enquiries, there are currently certain buildings (primarily residential buildings) owned or used by less than 50 individuals or entities remaining on the Land pending demolition and resettlement. Pursuant to the terms of the BSP Acquisition Agreement, BSP undertakes to complete the Demolition and Resettlement within 1 year and 6 months after the BSP Completion. Otherwise, the BSP Consideration will be reduced by HK$50.0 million. The Project Company is still in negotiation with the aforesaid occupants remaining on the Land in relation to the terms of their relocations. Based on the negotiation so far, it is expected that the Demolition and Resettlement can be completed within 1 year and 6 months after the BSP Completion. The Company will closely monitor the progress of the Demolition and Resettlement.

The gross site area of the Land is 9,710 m^2, which is planned to be developed into a high-class shopping arcade with 4 basement floors and 7-storeys above ground with gross floor area of about 64,514 m^2. The Property Development Project is expected to comprise shops, food and beverage outlets, cinema and carpark with corridors directly connecting to the Gongyuanqian Subway Station, one of the busiest interchange stations in Guangzhou, the PRC. Construction is targeted to commence in late 2010 with a construction period of approximately three years. It is the present intention of the Company to hold the Property Development Project for rental/resale purpose after its completion.

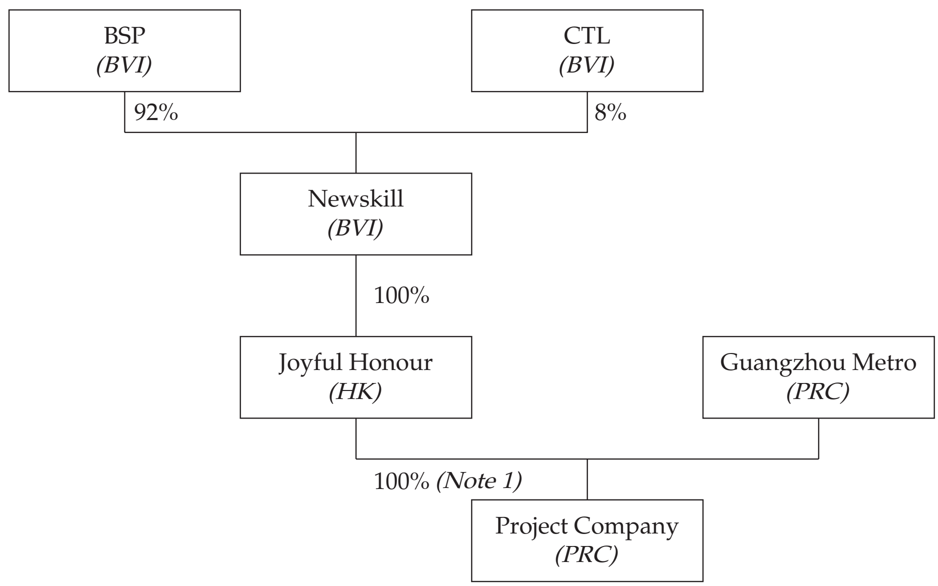
The Approval for the Construction Use of Land in respect of the Land has lapsed and the permitted resettlement period has expired on 8th October, 2008. As mentioned in the section headed as "Conditions subsequent" above, that if all relevant approvals, permits and consents for the Development Plan have not been duly obtained within 1 year and 6 months after the BSP Completion Date, the BSP Consideration shall be reduced by HK$50 million. Based on the due diligence conducted by it so far, the Company's PRC legal adviser has opined that there is no material impediment to the extension of the demolition and settlement period and the Approval for the Construction Use of the Land by the Project Company.

According to the due diligence conducted by the Company's PRC legal adviser, the party entitled to enforce the Foreclosure Order is the Guangzhou Company and all the underlying liabilities of the Foreclosure Order are due by the Newskill Group to the Guangzhou Company. The discharge of the Foreclosure Order is a condition precedent to both BSP Completion and CTL Completion. It is therefore not expected that upon fulfillment of the said condition precedent there will be any liabilities arising from the Foreclosure Order and the costs for its discharge should be nominal only. To the best knowledge of the Directors' knowledge, information and belief having made all reasonable enquiries, Guangzhou Company is an Independent Third Party.

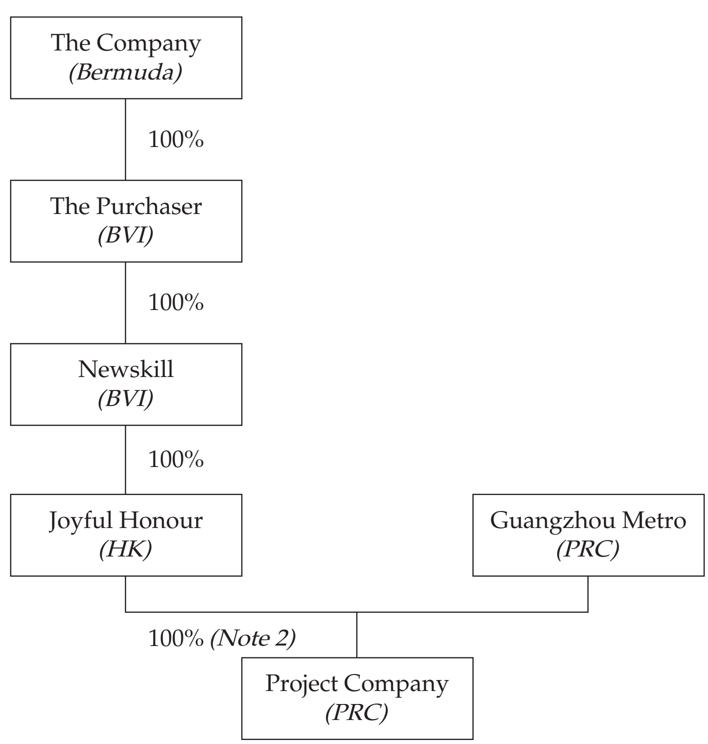
3. Structure of the Newskill Group

The following illustrates the structure of the Newskill Group:

Before BSP Completion and CTL Completion



Immediately after BSP Completion and CTL Completion



Notes:

1. Joyful Honour and Guangzhou Metro are joint venture partners of the Project Company, which together hold 100% interest in the Project Company.

2. It is a condition precedent to the BSP Completion and the CTL Completion that the Confirmation will be provided by Guangzhou Metro. Upon execution of the Confirmation and transfer of its interest in the Project Company by Guangzhou Metro to Joyful Honour or a company nominated by Joyful Honour (which shall be a wholly-owned subsidiary of Joyful Honour) so provided under the Acquisition Agreements, Joyful Honour will be entitled to 100% economic interests in the Project Company.

3. Places in parentheses represent places of incorporation.

Upon BSP Completion and CTL Completion, Newskill and Joyful Honour will become indirect wholly-owned subsidiaries of the Company; and upon transfer of the interests in the Project Company by Guangzhou Metro to Joyful Honour or a company nominated by Joyful Honour (which shall be a wholly-owned subsidiary of Joyful Honour) so provided under the Acquisition Agreements, the Company will be entitled to 100% economic interests in the Project Company. Accordingly, after Completion, the results, assets and liabilities of Newskill, Joyful Honour and the Project Company will be consolidated by the Group.

BASIS OF CONSIDERATION

The Purchaser negotiated the BSP Consideration and the CTL Consideration separately with BSP and CTL on an arm's length basis with reference to, among other things, the unaudited net deficit of the Newskill Group of approximately HK$44.9 million as at 30th September, 2009 and the valuation of the Property Development Project of approximately RMB1,100.0 million (equivalent to approximately HK$1,247.9 million) at its existing state as at 24th July, 2009 conducted by an independent professional valuer, as well as the future prospects of the Property Development Project. Given that the BSP Consideration and the CTL Consideration, amounting to approximately HK$960.0 million in aggregate, represents a discount of approximately 23.1% to the valuation of the Property Development Project of HK$1,247.9 million, the Directors consider that the BSP Consideration and the CTL Consideration are fair and reasonable.

The Deposit for the BSP Consideration has been settled by internal resources of the Group. It is intended that the balance of the BSP Consideration will be financed by internal resources of the Group and (if required) bank borrowings whilst the CTL Consideration will be financed by internal resources of the Group.

Having considered that the current assets (including cash and bank deposits of approximately HK$187.9 million) and net current assets of the Group amounted to approximately HK$2,116.0 million and HK$1,480.0 million respectively as at 30th September, 2009, the Board considers that the Group will have sufficient internal financial resources to satisfy the balance payment for the BSP Consideration and the payment for the CTL Consideration upon realisation of certain current assets such as, among other things, property held for sale and other loan receivables. In addition, the Group may seek bank financing for the Property Development Project, the proceeds of which may be utilised for partial settlements of the BSP Consideration and the CTL Consideration.

REASONS FOR AND BENEFITS OF THE ACQUISITIONS

The Company is an investment holding company and its subsidiaries are principally engaged in property development and investment in Macau, the PRC and Hong Kong. The Group is also engaged in golf resort and leisure operations in the PRC, securities investment and loan financing services.

Guangzhou is the largest commercial and trading centre in southern part of the PRC. After an administrative region reconstruction in Guangzhou, Yuexiu District has become the region with the highest population in Guangzhou. In particular, three of the four major commercial centres in Guangzhou are within Yuexiu District, with Zhongshan Wu Road being one of them. The Acquisitions represent an attractive opportunity to the Group to extend its footprints into one of the prime shopping and commercial districts in Guangzhou. In view of the economic prospects of Guangzhou, the Directors believe that the Property Development Project will bring benefits to the Group, both in terms of future recurring rental income and capital gain to the Group.

In view of the above, the Board considers that the entering into of the BSP Acquisition Agreement (including the transactions contemplated thereunder) is in the interests of the Company and the Shareholders as a whole and that the terms of the BSP Acquisition Agreement are fair and reasonable. The Directors (including the independent non-executive Directors after having considered the advice of First Shanghai) also consider that the entering into of the CTL Acquisition Agreement which enables the Group to consolidate 100% control over the Newskill Group is in the interests of the Company and the Shareholders as a whole, and the terms of the CTL Acquisition Agreement are fair and reasonable so far as the Independent Shareholders are concerned.

The Board would like to draw your attention to the opinions of the reporting accountants on the financial information of the Newskill Group set out in Appendix II to this circular which are summarised below:

1. The reporting accountants have not been provided with sufficient documentary evidence regarding the consideration in respect of the acquisition of Joyful Honour on 21st March, 2007 and cannot ascertain the consideration recorded by the Newskill Group in respect of its interest in the Project Company as at the date of acquisition was free from material misstatement.

2. The reporting accountants have not been provided with sufficient documentary evidence in relation to the interest in a jointly controlled entity in the following aspects:

   (a) The carrying amount of prepaid lease payments, other payables and exchange reserves as at 31st December, 2007 and 2008 and 2009; and

   (b) Valuation of other receivables (the "Other Receivable") as at 31st December, 2007 and 2008 and 2009, and their impairment losses for the said relevant periods.

3. In view of the fact that the Newskill Group had net current liabilities of approximately HK$377 million as at 31st December, 2009, the reporting accountants doubted about the Newskill Group's ability to continue as a going concern.

The Board has carefully evaluated the potential implications of the above opinions of the reporting accountants for the prior years and considered that there are no material adverse effects to the Acquisitions on the following grounds:

1. Insufficient audit evidence in relation to the acquisition of Joyful Honour

Newskill acquired Joyful Honour, which is company incorporated in Hong Kong with limited liability, on 21st March, 2007. The reporting accountants' qualification is in relation only to ascertaining the consideration paid in respect of the acquisition of Joyful Honour but not whether such acquisition has taken place. Based on the due diligence review conducted by the Group, among other things, the relevant instrument of transfer, bought and sold notes in relation to the transfer of the entire issued shares of Joyful Honour had been stamped. In addition, the relevant details in relation to the changes in the shareholders and directors of Joyful Honour, as a result of the acquisition by Newskill, had been filed with the Companies Registry. A search at the Hong Kong Companies Registry revealed that the sole shareholder of Joyful Honour is Newskill. There is no indication so far that Joyful Honour is not legally owned by Newskill. BSP has also confirmed with the Company that all considerations for the acquisition of Joyful Honour by Newskill had already been settled in full. Since the opinion of the reporting accountants in (1) above relates to the statement of financial position as at 31st December, 2007, the Board is of the view that such opinion has no implication to the Acquisitions.

2. Interest in a jointly controlled entity

(a) *The carrying amount of prepaid lease payments, other payables and exchange reserves as at 31st December, 2007, 2008 and 2009*

Prepaid lease payments of the jointly controlled entity (i.e. the Project Company) was stated at cost as at 31st December, 2007, 2008 and 2009. For the determination of the Consideration, the Group had not given consideration to the historical cost of the prepaid lease payments but taken into account the valuation of the investment property conducted by an independent professional valuer, whose report is annexed as Appendix III to this circular. In the opinion of the Board, the reporting accountants' opinion on the carrying amount of prepaid lease payments has no implication on the Acquisitions.

The reporting accountants opined that they do not find that there is satisfactory internal control procedure implemented by the Newskill Group to ensure all the liabilities and operating expenses have been properly recorded in the consolidated financial statements as at 31st December, 2007, 2008 and 2009 respectively, therefore they were unable to form an opinion as referred to in (2)(a) above whether all the liabilities and operating expenses were fairly stated in the accountants' report or not.

During the due diligence review of the financial records of the Newskill Group, the Group ascertained that there were only a few business transactions in the period under review of the accountants' report. The Group considered that the above finding is reasonable in view of the principal activity of the Newskill Group being holding of the Property Development Project which had no progress of development in prior years. The Group has identified the following significant obligations of the Newskill Group and stipulated corresponding protective terms and conditions in the Acquisition Agreements to hold BSP and/or CTL liable for such obligations:

(i) There are obligations of the Newskill Group and/or the Project Company to discharge the Entitlement of Guangzhou Metro under the Cooperation Agreement. It is a condition precedent to both the BSP Completion and CTL Completion that Guangzhou Metro will provide the Confirmation to the satisfaction of the Group, *inter alia*, that it has received full payment pursuant to the Cooperation Agreement and it no longer has any interest in the Land and the building to be erected thereon. Based on the best estimation of the directors of Newskill, a provision for discharging the Entitlement of HK$108.6 million has been included in the statement of financial position of the Project Company as at 31st December, 2009.

(ii) There is obligation of the Newskill Group and/or the Project Company to pay for any cost of the Demolition and Resettlement. It is a condition subsequent to the BSP Completion that BSP will procure the completion of the Demolition and Resettlement such that the Demolition and Resettlement be duly completed by the Project Company by the end of 1 year and 6 months after the BSP Completion Date and BSP shall be responsible for all costs and expenses of the Demolition and Resettlement. A provision for the Demolition and Resettlement of HK$165.9 million has been included in the statement of financial position of the Project Company as at 31st December, 2009 based on the best estimation of the directors of Newskill.

(iii) There are further costs to be incurred by the Newskill Group and/or the Project Company for obtaining relevant approvals, permits and consents from the relevant PRC authorities in relation to the Land. It is a condition subsequent to the BSP Completion that BSP will procure that all relevant approvals, permits and consents from the relevant PRC authorities in relation to the Land are duly obtained by the Project Company by the end of 1 year and 6 months after the BSP Completion Date and that BSP shall be responsible for all costs and expenses thereof. A provision in this respect of HK$4.9 million has been included in the consolidated statement of financial position of Newskill as at 31st December, 2009 based on the best estimation of the directors of Newskill.

(iv) There may be claims, liabilities, losses, costs and expenses incurred by the Newskill Group and/or the Project Company arising from the Foreclosure Order and settlement thereof. It is a condition precedent to both the BSP Completion and CTL Completion that, on demand of the Group, there shall be documentary evidence in such form and substance to the satisfaction of the Group that the Foreclosure Order has been duly discharged and the Guangzhou Company has agreed to assign and transfer to the Group all amounts owing by the Newskill Group and the Project Company to the Guangzhou Company at a consideration of RMB10. In addition, BSP shall indemnify the Purchaser against all claims, losses, costs and expenses incurred by the Newskill Group and the Project Company arising from the Foreclosure Order and settlement thereof.

An amount of HK$150 million has been retained from the BSP Consideration as retention money for the above protective terms and conditions which shall only be payable at the earlier of 18 months from the BSP Completion or fulfillments of all conditions subsequent including (ii) and (iii) above. As a result, in the opinion of the Board, the opinion of the reporting accountants on the completeness of liabilities and operating expenses of the Newskill Group has no implication on the Acquisitions. After Completion, the Group will implement appropriate internal control procedures such that all transactions, assets and liabilities shall be properly accounted for in the books and records of the Newskill Group as well as the Project Company.

(b) *Valuation and recoverability of the Other Receivable*

The reporting accountants have obtained independent confirmation from the relevant debtors for the validity of the Other Receivable balances. However, they have not been provided with sufficient audit evidence regarding the ability of the relevant debtors to repay the Other Receivable to the Newskill Group. In this respect, the reporting accountants were unable to form an opinion as referred to in (2)(b) above whether such Other Receivable was fully recoverable or not and fairly stated in the accountants' report. The balance of the Other Receivable of HK$425.3 million included an amount of approximately HK$334.1 million due from BSP to the Project Company. Upon Completion, this receivable amount shall be offset with the amount of HK$359.6 million due from Newskill to BSP and the remaining shareholder loan of HK$25.5 million due from the Newskill Group to BSP will be assigned to the Group in accordance with the terms of the BSP Acquisition Agreement. The remaining balance of the Other Receivable of HK$91.2 million was due to the Project Company by a third party. At the time of entering into the BSP Acquisition Agreement, BSP has disclosed to the Group that this receivable balance would be irrecoverable and no such provision has been made in the accounts of the Newskill Group. Accordingly, the Group has already taken into account this factor when determining the BSP Consideration.

As illustrated in the unaudited pro forma consolidated statement of financial position of the Enlarged Group as at 30th September, 2009 set out in paragraph B of Appendix IV to this circular, the Other Receivable balance is eliminated and/or excluded in the BSP Acquisition. As a result, in the opinion of the Board, the opinion of the reporting accountants on the Other Receivable has no implication on the Acquisitions.

3. Going concern

After Completion, Newskill will become a wholly-owned subsidiary of the Company, which will provide funding to finance the operations of the Newskill Group as and when appropriate. In this respect, in the opinion of the Board, the reporting accountants' opinion on going concern issue of the Newskill Group has no implication on the Acquisitions.

FINANCIAL EFFECTS OF THE ACQUISITIONS

Your attention is drawn to the unaudited pro forma financial information on the Enlarged Group set out in Appendix IV to this circular. Since the completion of the BSP Acquisition and the CTL Acquisition is not conditional on each other, such unaudited pro forma financial information is prepared based on two scenarios. Under scenario 1, the BSP Acquisition is firstly completed and followed by the completion of CTL Acquisition. Under scenario 2, the BSP Acquisition is not completed and only CTL Acquisition is completed.

Based on the unaudited pro forma financial information on the Enlarged Group set out in Appendix IV to this circular, the financial effects of the Acquisitions are summarised as below:

Earnings

As extracted from the annual report of the Company for the year ended 31st March, 2009, the loss before taxation from continuing operations was approximately HK$462.3 million.

Scenario 1

Assuming only BSP Completion had taken place on 1st April, 2008, the unaudited pro forma net loss before taxation from continuing operations of the Enlarged Group would be decreased by approximately HK$1.9 million. Assuming both BSP Completion and CTL Completion had taken place on 1st April, 2008, the unaudited pro forma net loss before taxation from continuing operations of the Enlarged Group would be decreased by approximately HK$2.6 million.

Scenario 2

Assuming only CTL Completion had taken place on 1st April, 2008, the unaudited pro forma net loss before taxation from continuing operations of the Enlarged Group would be increased by approximately HK$8.3 million.

Net Assets

As extracted from the interim report of the Company for the six months ended 30th September, 2009, the unaudited consolidated total assets and total liabilities of the Group were approximately HK$4,052.3 million and HK$1,910.1 million respectively. The unaudited net asset value attributable to Shareholders as at 30th September, 2009 was approximately HK$2,135.0 million.

Scenario 1

Assuming only BSP Completion had taken place on 30th September, 2009, the unaudited pro forma combined total assets and total liabilities of the Enlarged Group were approximately HK$4,468.3 million and HK$2,292.8 million respectively, whilst the unaudited pro forma net asset value attributable to Shareholders was approximately HK$2,134.3 million. Assuming both BSP Completion and CTL Completion had taken place on 30th September, 2009, the unaudited pro forma combined total assets and total liabilities of the Enlarged Group were approximately HK$4,435.0 million and HK$2,292.8 million, whilst the unaudited pro forma net asset value attributable to Shareholders was approximately HK$2,177.9 million.

Scenario 2

Assuming only CTL Completion had taken place on 30th September, 2009, the unaudited pro forma combined total assets and total liabilities of the Enlarged Group were approximately HK$4,044.1 million and HK$1,910.1 million, whilst the unaudited pro forma net asset value attributable to Shareholders was approximately HK$2,126.8 million.

Gearing

As extracted from the interim report of the Company for the six months ended 30th September, 2009, the gearing ratio of the Group, calculated with reference to the bank and other borrowings of HK$391.7 million and the fair value of the liability component of convertible note payables of HK$1,380.9 million, offsetting with the pledged bank deposits and the bank and cash balances of HK$187.9 million, and the Group's shareholders' funds of HK$2,135.0 million, was 0.74 as at 30th September, 2009.

Scenario 1

Assuming only BSP Completion had taken place on 30th September, 2009, the gearing ratio of the Enlarged Group, calculated with reference to bank and other borrowings of HK$623.1 million, the fair value of the liability component of convertible note payables of HK$1,380.9 million, offsetting with the pledged bank deposits of HK$42.2 million and shareholders' funds of the Enlarged Group of HK$2,134.3 million, was 0.92. Assuming both BSP Completion and CTL Completion had taken place on 30th September 2009, the gearing ratio of the Enlarged Group, calculated with reference to bank and other borrowings of HK$699.9 million, the fair value of the liability component of the convertible notes of HK$1,380.9 million, offsetting with the pledged bank deposits of HK$42.2 million and shareholders' funds of the Enlarged Group of HK$2,177.9 million, was 0.94.

Scenario 2

Assuming only CTL Completion had taken place on 30th September 2009, the gearing ratio of the Enlarged Group, calculated with reference to bank and other borrowings of HK$391.7 million, the fair value of the liability component of the convertible notes of HK$1,380.9 million, offsetting with the pledged bank deposits and the bank and cash balances of HK$102.1 million, and shareholders' funds of the Enlarged Group of HK$2,126.8 million, was 0.79.

SGM

The Acquisitions in aggregate constitute a very substantial acquisition for the Company under Chapter 14 of the Listing Rules. By virtue of the fact that CTL is an indirect wholly-owned subsidiary of Hanny, which in turn is a substantial shareholder of the Company indirectly holding approximately 16.22% of the total issued Shares as at the Latest Practicable Date and therefore a connected person of the Company, the CTL Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Accordingly, Hanny and its associates are required to abstain from voting for the ordinary resolution to approve the CTL Acquisition and the transactions contemplated thereunder at the SGM. The BSP Completion and the CTL Completion are not inter-conditional with each other. The BSP Acquisition is subject to the approval of the Shareholders and the CTL Acquisition is subject to the approval of the Independent Shareholders by way of poll at the SGM. The SGM will be convened and held to consider and, if thought fit, pass the ordinary resolutions to approve the BSP Acquisition Agreement, the CTL Acquisition Agreement and the transactions respectively contemplated thereunder.

An Independent Board Committee has been constituted by the Company to give a recommendation to the Independent Shareholders in relation to the CTL Acquisition, and First Shanghai has been appointed by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the CTL Acquisition Agreement.

RECOMMENDATION

The Directors consider that the terms of the Acquisition Agreements and the transactions contemplated thereunder are fair and reasonable and in the interests of the Group and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders and the Independent Shareholders (as the case may be) to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the Acquisition Agreements and the transactions contemplated thereunder.

Your attention is drawn to the recommendation of the Independent Board Committee (as set out on page 30 of this circular) and the advice of First Shanghai (as set out on pages 31 to 43 of this circular) regarding the terms of the CTL Acquisition Agreement.

The Independent Board Committee, having taken into account the advice of First Shanghai, considers that the terms of the CTL Acquisition Agreement are fair and reasonable so far as the Company and the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole; and recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the CTL Acquisition Agreement and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is drawn to the information set out in the appendices to this circular and the notice of the SGM.

Yours faithfully,
For and on behalf of the Board
ITC Properties Group Limited
Cheung Hon Kit
Chairman

德祥地產集團有限公司*

ITC PROPERTIES GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code : 199)

31st May, 2010

To the Independent Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTION

We refer to the circular of the Company dated 31st May, 2010 (the "Circular"), of which this letter forms part. Capitalised terms used herein have the same meanings as those defined in the Circular unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to consider the terms of the CTL Acquisition Agreement and to advise you as to whether, in our opinion, such terms are fair and reasonable so far as the Company and the Independent Shareholders are concerned and the entering into of the CTL Acquisition Agreement is in the interests of the Company and the Shareholders as a whole.

First Shanghai has been appointed as the independent financial adviser to advise us and you regarding the terms of the CTL Acquisition Agreement. Details of its advice, together with the principal factors and reasons it has taken into consideration in giving its advice, are contained in its letter set out on pages 31 to 43 of the Circular. Your attention is also drawn to the letter from the Board and the additional information set out in the appendices to the Circular.

Having considered the terms of the CTL Acquisition Agreement and the advice of First Shanghai, we consider that the terms of the CTL Acquisition Agreement are fair and reasonable so far as the Company and the Independent Shareholders are concerned and the entering into of the CTL Acquisition Agreement is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the CTL Acquisition Agreement and the transactions contemplated thereunder.

Yours faithfully,
Independent Board Committee

Wong Chi Keung, Alvin	**Qiao Xiaodong**
Independent	*Independent*
Non-executive Director	*Non-executive Director*

* *For identification purpose only*

The following is the full text of the letter of advice to the Independent Board Committee and the Independent Shareholders from First Shanghai dated 31st May, 2010 setting out their opinion regarding the proposed CTL Acquisition pursuant to the CTL Acquisition Agreement for the purpose of inclusion in this circular.

第一上海
FIRST SHANGHAI GROUP

FIRST SHANGHAI CAPITAL LIMITED
19th Floor
Wing On House
71 Des Voeux Road Central
Hong Kong

31st May, 2010

The Independent Board Committee and
the Independent Shareholders

ITC Properties Group Limited
Unit 3102, 31/F
Bank of America Tower
12 Harcourt Road
Central
Hong Kong

Dear Sirs,

CONNECTED TRANSACTION

INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the proposed acquisition of the CTL Sale Shares and (if any) the CTL Sale Loan at an aggregate cash consideration of approximately HK$76.8 million, details of which are set out in a circular dated 31st May, 2010 (the "**Circular**") to the Shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

On 15th December, 2009, the Purchaser and BSP entered into the BSP Acquisition Agreement in relation to the sale and purchase of the BSP Sale Shares and (if any) the BSP Sale Loan at an aggregate cash consideration of approximately HK$883.2 million. Separately, on the same date, the Purchaser and CTL entered into the CTL Acquisition Agreement in relation to the sale and purchase of the CTL Sale Shares and (if any) the CTL Sale Loan at an aggregate cash consideration of approximately HK$76.8 million.

The Sale Shares, comprising the BSP Sale Shares and the CTL Sale Shares, represent the respective 92% and 8% of the entire issued share capital of Newskill. As at the Latest Practicable Date, Newskill owns the entire issued share capital of Joyful Honour which together with Guangzhou Metro, an Independent Third Party, are the joint venture partners of the Project Company. The principal asset of the Project Company is the Property Development Project in the name of "JY-1 Project" in Guangzhou, Guangdong Province, the PRC.

The Acquisitions in aggregate constitute a very substantial acquisition for the Company under Chapter 14 of the Listing Rules. By virtue of the fact that CTL is an indirect wholly-owned subsidiary of Hanny, which in turn is a substantial shareholder of the Company indirectly holding approximately 16.22% of the total issued Shares as at the Latest Practicable Date and therefore a connected person of the Company, the CTL Acquisition itself constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. The BSP Completion and the CTL Completion are not inter-conditional with each other. The BSP Acquisition is subject to the approval of the Shareholders, while the CTL Acquisition is subject to the approval of the Independent Shareholders by way of poll at the SGM.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising Mr. Wong Chi Keung, Alvin and Mr. Qiao Xiaodong, being two independent non-executive Directors, has been established to consider the CTL Acquisition and the transactions contemplated under the CTL Acquisition Agreement, and to advise the Independent Shareholders on the fairness and reasonableness in relation to the terms of the CTL Acquisition and the transactions contemplated thereunder. As the independent financial adviser to the Independent Board Committee and the Independent Shareholders, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to (i) whether the transactions under the CTL Acquisition are conducted in the ordinary and usual course of business of the Group; (ii) whether the terms of the CTL Acquisition Agreement are on normal commercial terms; (iii) whether the entering into of the CTL Acquisition Agreement is in the interests of the Company and the Shareholders as a whole; (iv) whether the terms of the CTL Acquisition pursuant to the CTL Acquisition Agreement are fair and reasonable; and (v) how the Independent Shareholders should vote in relation to the ordinary resolution to be proposed at the SGM for approving the CTL Acquisition Agreement and the transactions contemplated thereunder at the SGM.

BASIS OF OUR OPINION

In putting forth our opinion and recommendations, we have relied on the information, facts and representations contained or referred to in the Circular and the information, facts and representations provided, and the opinions expressed, by the Directors, the Company and its management (the "**Management**"). We have assumed that all statements, information, facts, opinions and representations made or referred to in the Circular were true, accurate and complete at the time they were made and continued to be true, accurate and complete up to the date of the SGM.

We consider that we have (i) obtained all information and documents of the Group and the Newskill Group relevant to an assessment of the fairness and reasonableness of the terms of the CTL Acquisition; (ii) researched the relevant market and other conditions and trends relevant to the pricing of the CTL Acquisition; (iii) reviewed the fairness, reasonableness and completeness of any assumptions relevant to the CTL Acquisition; and (iv) reviewed the opinion and valuation relevant to the CTL Acquisition provided by the expert, being DTZ Debenham Tie Leung Limited (the "**Valuer**"), including reviewing the terms of engagement (having particular regard to the scope of work, whether the scope of work is appropriate to the opinion required to be given and any limitations on the scope of work which might adversely impact on the degree of assurance given by the expert's report (the "**Valuation Report**"), opinion or statement). Based on the foregoing, we confirm that we have taken all reasonable steps, which are applicable to the CTL Acquisition, as referred to in Rule 13.80 of the Listing Rules (including the notes thereto).

We consider that we have reviewed sufficient information, including financial information of the Newskill Group that is to be ultimately acquired by the Group, to reach an informed view and to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have no reason to doubt the truth, accuracy and completeness of the statements, information, facts, opinions and representations provided to us by the Directors, the Company and the Management. The Directors have confirmed to us that no material facts have been omitted from the information supplied and opinions expressed and we have no reason to doubt that any relevant material facts have been withheld or omitted from the information provided and referred to in the Circular, or the reasonableness of the opinions and representations provided to us by the Group. All the Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that, to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and that there are no other facts not contained in the Circular the omission of which would make any statement in the Circular misleading. We have relied on such information and opinions and have not however, conducted any independent investigation into the business, financial conditions and affairs or the future prospects of the Group and the Newskill Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation in relation to the CTL Acquisition, being part of the Acquisitions, we have considered the following principal factors and reasons:

1. Background of the Group

The Company is an investment holding company and its subsidiaries are principally engaged in property development and investment in Macau, the PRC and Hong Kong. The Group is also engaged in golf resort and leisure operations in the PRC, securities investment and loan financing services.

Based on the interim report of the Company for the six months ended 30th September, 2009 (the "**Interim Report**"), the Directors were of the view that the implementation of quantitative monetary easing policies by the governments of the PRC, the United States of America and most European countries since the outspread of financial tsunami in 2008 have aided the economic recovery globally. These policy-makers reiterate the need to maintain such stimulus and tightening of the monetary policy is not imminent. Given that the interest rate will remain at record low in the near future and public confidence in financial products need certain time to rebuild, investors in general prefer property as their core investments. The property markets in Hong Kong, Macau, and major cities of the PRC rebound in the second half of 2009 with significant improvements in both transaction volume and price. In the foreseeable future, there will only be limited new supply of properties in prime locations, it is expected that property price shall remain at a relative high level in spite of inevitable short-term market solidification. In view of the Group's properties in its portfolio were acquired at reasonable costs with superb intrinsic value, barring unforeseen circumstances, the Group is optimistic in capturing future capital gains from these investments.

Based on the Interim Report, the Group's business segment of property development and investments had been operating well and recorded an operating profit of approximately HK$120.0 million for the six months ended 30th September, 2009, representing a significant increase of approximately 8.8 times over that of approximately HK$12.3 million for the corresponding period in the previous year.

Leveraging on the Group's experience and successful track record in the property development and investments in Macau, Hong Kong and the PRC, the Group has been actively and cautiously looking for further investment opportunities in surrounding area in the PRC, with a view to expanding its investments in quality properties.

2. Reasons for and benefits of the Acquisitions including the CTL Acquisition

The Group has been diversifying into the PRC property market and developing luxurious residential properties in Guangzhou, Guangdong Province, the PRC, an affluent city with increasing demand for quality residential units over the past few years.

As mentioned in the "Letter from the Board" in the Circular, Guangzhou is the largest commercial and trading centre in the southern part of the PRC. After an administrative region reconstruction in Guangzhou, Yuexiu District has become the region with the highest population in Guangzhou. In particular, three of the four major commercial centres in Guangzhou are within Yuexiu District, with Zhongshan Wu Road being one of them. The Acquisitions represent an attractive opportunity for the Group to extend its footprints into one of the prime shopping and commercial districts in Guangzhou. In view of the economic prospects of Guangzhou, the Directors believe that the Property Development Project will bring benefits to the Group, both in terms of future recurring rental income and capital gain to the Group.

Based on our understanding, the upward trend in the China property markets is evidenced by the growth of revenues from the sale of properties in the PRC. According to the statistical information published by the Bureau of Statistics of Guangdong Province, Guangdong Province had a population of approximately 95.4 million as at 31st December, 2008 and had experienced a substantial economic growth in the past ten years. The real gross domestic products (the "**GDP**") growth rate of Guangdong Province exceeded the average national growth rate for each of the past ten years and the per capita GDP of Guangdong Province was significantly higher than the national average. Guangzhou is the largest city and commercial centre in the Southern China and the capital of Guangdong Province, and it serves as a transportation hub for the Southern China region. According to the same source of information, Guangzhou had a population of approximately 7.84 million as at 31st December, 2008. Guangzhou had experienced a high GDP growth rate for the five years from 2004 to 2008. In 2008, Guangzhou's GDP reached approximately RMB821.6 billion, representing (i) a per capita GDP of approximately RMB81,233 with a compound annual growth rate ("**CAGR**") of approximately 17.9% when compared to that of RMB25,626 in 2000; and (ii) a per capita disposable income of RMB25,317 with a CAGR of approximately 8.9% when compared to that of RMB13,967 in 2000. The Guangdong provincial government is also optimistic that the GDP of the Guangdong Province in the full year of 2009 and 2010 could attain and will attain an annual growth of approximately 9.5% and 9.0% respectively. Based on our discussion with the Management, we understand that the PRC government imposed a series of fiscal and monetary measures to combat the threat of the overheating property market. Because of these measures, the pace of growth in the PRC property market is expected to slow down in the short term. However, the Enlarged Group is optimistic about the prospects of the PRC property market in the medium to long term in view of the sustainable economic growth, ongoing urbanisation and rising affluence which will definitely drive the demand for quality properties. Having considered the continuous growth of the economy in Guangzhou as reflected by the growth of GDP and per capita disposable income as stated above, we share the Directors' view that future demand in the commercial and residential property markets in Guangzhou will continue to grow at a steady and healthy pace.

The CTL Acquisition, being part of the Acquisitions, also enables the Group to further expand its investment portfolio into commercial and residential property markets through the Property Development Project. It is the present intention of the Company to hold the Property Development Project for rental purpose after its completion, which will provide the Group with an additional growing source of revenue in the coming future.

In view of the above, the Board considers that the entering into of the Acquisition Agreements, comprising the CTL Acquisition Agreement together with the BSP Acquisition Agreement (including the transactions contemplated thereunder), is in the interests of the Company and the Shareholders as a whole and that the terms of the aforesaid agreements are fair and reasonable. In particular, the Directors also consider that the entering into of the CTL Acquisition Agreement which enables the Group to consolidate 100% control over the Newskill Group is in the interests of the Company and the Shareholders as a whole, and the terms of the CTL Acquisition Agreement are fair and reasonable so far as the Independent Shareholders are concerned.

Based on the above consideration, we are of the view that the CTL Acquisition is in line with the business development strategy of the Group, conducted in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole.

3. Background of the Newskill Group

Newskill

Newskill is a company incorporated in the BVI with limited liability. The principal activity of Newskill is investment holding and its only asset is the investment in the entire issued share capital of Joyful Honour which is a company incorporated in Hong Kong with limited liability.

Joyful Honour

Joyful Honour and Guangzhou Metro, a large-scaled state-owned enterprise under Guangzhou government which is principally engaged in the operation and management of Guangzhou city track traffic system, are the only joint venture partners of the Project Company, a cooperative joint venture company established in the PRC. The Cooperation Agreement did not provide for the percentage interests of the joint venture partners in the Project Company but provided that upon completion of the Property Development Project, Guangzhou Metro would be entitled to a gross floor area of 1,420 m^2 of the developed property (the "**Entitlement**"). Save for the Entitlement, Guangzhou Metro is not entitled to any profit nor will it bear any risk in the Project Company. Furthermore, Guangzhou Metro has no obligation to contribute any capital or financing to the Project Company.

In view of the Entitlement of Guangzhou Metro under the Cooperation Agreement, it is a condition precedent to both the BSP Completion and the CTL Completion that Guangzhou Metro will provide the Confirmation to the satisfaction of the Purchaser that (i) it has received full payment pursuant to the Cooperation Agreement; (ii) it has no claims against any company in the Newskill Group whatsoever; (iii) it would (at such time appointed by Joyful Honour) transfer its interest in the Project Company to Joyful Honour or a company nominated by Joyful Honour and direct the director(s) nominated by it in the Project Company to resign from his(their) directorship(s); and (iv) it no longer has any interest in the Land and the building to be erected thereon. Based on the Directors' best knowledge, information and belief and after making due and careful enquiries, an amount of approximately HK$108.6 million will be required to be paid by Joyful Honour, which will be funded by a shareholder's loan by BSP, as full payment under the Cooperation Agreement to Guangzhou Metro for Guangzhou Metro in giving up all its rights, including but not limited to the Entitlement, under the Cooperation Agreement. Upon execution of the Confirmation and transfer of interest in the Project Company by Guangzhou Metro to Joyful Honour or a company nominated by Joyful Honour (which shall be a subsidiary of Joyful Honour) so provided under the BSP Acquisition Agreement, Joyful Honour will be entitled to 100% economic interests in the Project Company.

Project Company

The Project Company is a company incorporated in the PRC with limited liability with a registered and paid-up capital of approximately HK$324.1 million. The principal asset of the Project Company is the Property Development Project which is situated at the junction of Zhongshan Wu Road (中山五路) and Education Road (教育路), Yuexiu District (越秀區), one of the prime shopping and commercial districts in Guangzhou, the PRC.

According to the land use right certificate dated 4th November, 1994, the Land has a site area of 7,594 m^2. The site area is subsequently increased to 9,710 m^2 pursuant to a supplemental land grant contract entered into between Bureau of Land Resources and Housing Management of Guangzhou (廣州市國土資源和房屋管理局) and the Project Company dated 1st August, 2006. Based on the Directors' best knowledge, information and belief and after making due and careful enquiries, there are currently certain buildings (primarily residential buildings) owned or used by less than 50 individuals or entities remaining on the Land pending demolition and resettlement. Pursuant to the terms of the BSP Acquisition Agreement, BSP undertakes to complete the Demolition and Resettlement within 1 year and 6 months after the BSP Completion. Otherwise, the BSP Consideration will be reduced by HK$50.0 million.

The gross site area of the Land is approximately 9,710 m^2, which is planned to be developed into a high-class shopping arcade with 4 basement floors and 7-storey above ground with gross floor area of about 64,514 m^2. The Property Development Project is expected to comprise shops, food and beverage outlets, cinema and carpark with corridors directly connecting to the Gongyuanqian Subway Station (公園前站), one of the busiest interchange stations in Guangzhou, the PRC. Construction is targeted to commence in late 2010 with a construction period of approximately three years. It is the present intention of the Company to hold the Property Development Project for rental/resale purpose after its completion.

Based on the audited consolidated financial information of the Newskill Group prepared in accordance with the HK GAAP, the Newskill Group has not commenced its ordinary and usual course of business operations so far and therefore recorded a (loss)/profit of approximately HK$(1.5) million, HK$1.7 million and HK$2.6 million for the three years ended 31st December, 2009 respectively, which were mainly generated from the share of (loss)/profit of a jointly controlled entity (i.e. the Project Company). As at 31st December, 2009, the Newskill Group had total assets and net asset value of approximately HK$422.2 million and HK$45.7 million respectively. Since the Property Development Project to be carried out by the Project Company is currently still pending development by end of 2010, the Newskill Group had not generated any concrete profit in its ordinary and usual course of business (other than the share of profit of a jointly controlled entity) over the past three years ended 31st December, 2009. However, the Board currently expects that there will be potential future gains and/or additional income sources to be generated from the Property Development Project in view of the general upward trend in the property market and the expected continuous economic growth in the PRC. Accordingly, we are of the view that the potential effect on earnings of the Group in the long-term would be positive.

4. Principal terms of the CTL Acquisition Agreement

Interests to be acquired

The assets to be acquired pursuant to the CTL Acquisition Agreement comprise (i) the CTL Sale Shares, being 8 shares in Newskill, representing 8% of the issued share capital of Newskill; and (ii) (if any) the CTL Sale Loan. As at the Latest Practicable Date, there was no CTL Sale Loan outstanding.

Both the original purchase cost and the carrying value of the above shares in Newskill to CTL as at 31st March, 2009 was approximately HK$75.0 million.

Basis for determination of the CTL Consideration

The aggregate consideration for the CTL Sale Shares and (if any) the CTL Sale Loan is approximately HK$76.8 million (subject to any downward adjustments as described below), payable by the Company to CTL in cash at CTL Completion, which shall be apportioned as follows:

(i) the portion of the CTL Consideration attributable to the CTL Sale Loan (if any) shall be equal to the face value of the CTL Sale Loan; and

(ii) the balance of the CTL Consideration shall be attributable to the CTL Sale Shares.

If the consolidated liabilities as shown in the completion accounts of the Newskill Group prepared for the purpose of CTL Completion (other than the CTL Sale Loan (if any) and any amount due by the Newskill Group to the Guangzhou Company) exceeds RMB300.0 million, the CTL Consideration shall be reduced by an amount equal to 8% of such excess.

There shall not be any upward adjustment to the said aggregate consideration for the CTL Sale Shares and (if any) the CTL Sale Loan.

The Purchaser negotiated the BSP Consideration and the CTL Consideration separately with BSP and CTL on an arm's length basis with reference to, among other things, the unaudited net deficit of the Newskill Group of approximately HK$44.9 million as at 30th September, 2009 and the valuation of the Property Development Project of approximately RMB1,100.0 million (equivalent to approximately HK$1,247.9 million) (the "**Valuation**") at its existing state as at 24th July, 2009 and up to 28th February, 2010 conducted by an independent professional valuer, as well as the future prospects of the Property Development Project. Given that the Considerations comprising the BSP Consideration and the CTL

Consideration amounting to approximately HK$960.0 million in aggregate, represent a discount of approximately 23.1% to the Valuation of approximately HK$1,247.9 million, the Directors consider that both the BSP Consideration and the CTL Consideration are fair and reasonable.

The deposit for the BSP Consideration has been settled by internal resources of the Group. It is intended that the balance of the BSP Consideration will be financed by internal resources of the Group and (if required) bank borrowings; whilst the CTL Consideration will be financed by internal resources of the Group. The Board considers that the CTL Consideration, together with its payment terms, is fair and reasonable.

In assessing the fairness and reasonableness of the basis for determining the CTL Consideration, we have compared it with the consideration payable by the Group to BSP (i.e. the independent vendor for the BSP Acquisition) under the BSP Acquisition; whereby the Group has to pay approximately HK$883.2 million (subject to downward adjustments thereunder, if any) for acquiring the 92% effective interest in the Newskill Group, representing approximately HK$9.6 million for each 1% effective interest thereof. As such, every 1% effective interest in the Newskill Group is HK$9.6 million, which is exactly the same between the BSP Consideration and the CTL Consideration.

Valuation of the Property Development Project

To assess the fairness and reasonableness of the CTL Consideration, we have reviewed the Valuation Report and enquired into the Valuer on the methodology adopted and the basis and assumptions used in arriving at the Valuation. In the course of our enquiry, we understand that the Valuer carried out a site inspection to the Property Development Project in July 2009 to research for the necessary information to determine the market value of the Property Development Project. The Valuer has further advised that it has adopted the direct comparison method for the Valuation. As confirmed by the Valuer, the direct comparison method is commonly adopted for valuation of properties in Hong Kong and the PRC and is also consistent with normal market practice. Further details of the basis and assumptions of the Valuation are included in the Valuation Report as contained in Appendix III to the Circular.

During the course of our discussions with the Valuer, we have not identified any major factors which cause us to doubt the fairness and reasonableness of the principal basis and assumptions adopted for the Valuation.

We further analysed the net asset value of the Newskill Group by adjusting the amount of the Valuation of approximately HK$1,247.9 million as mentioned above in order to fairly reflect the net asset value of the Newskill Group as at 31st December, 2009. Based on the audited consolidated financial statements of the Newskill Group for the year ended 31st December, 2009, the consolidated net asset value of the Newskill Group as at 31st December, 2009 was approximately HK$45.7

million. Taking into account (i) the Valuation of approximately HK$1,247.9 million; (ii) the net book value of the land and properties held by the Newskill Group of approximately HK$679.1 million as at 31st December, 2009, there would be a revaluation surplus of approximately HK$568.8 million. Further adjusting the assets and liabilities of approximately HK$425.3 million and HK$1,038.7 million respectively as at 31st December, 2009 that are currently estimated to be excluded from the balance sheet as conditions precedent/subsequent pursuant to the Acquisition Agreements, as a result, the adjusted net asset value of the Newskill Group would be approximately HK$1,227.9 million (the "**Adjusted NAV**"). The CTL Consideration to be paid for the CTL Sale Shares per 1% effective interest is approximately HK$9.6 million which represented a discount of approximately 21.8% to the Adjusted NAV of approximately HK$12.3 million for each 1% effective interest thereof. Based on our understanding from the Management, in addition to the acquisition of 92% effective interest in the Newskill Group pursuant to the BSP Acquisition, the Purchaser is going to further acquire the remaining 8% effective interest in the Newskill Group pursuant to the CTL Acquisition for the purpose of obtaining absolute control over the operating and financial policies of the Newskill Group, and as a consequence, the CTL Acquisition would bring to the Group much greater flexibility to deal with its investment in the Newskill Group and ultimately the Property Development Project. However, the BSP Completion and the CTL Completion are not inter-conditional with each other. Anyway, in view of the above consideration regarding the CTL Acquisition only, we concur with the Directors' view that the entering into of the CTL Acquisition Agreement as well as the determination of the CTL Consideration under the CTL Acquisition when compared with the BSP Acquisition are fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole.

We noted that the financial information on the Newskill Group as disclosed in Appendix II to the Circular has been qualified by the auditors of Newskill because of the significance of the possible effects of the limitation in the scope of their examination work and the effect of the other matters as referred therein, and they do not express an opinion as to whether the financial information, including the state of affairs, the results and cash flows, of the Newskill Group for the three years ended 31st December, 2009 gives a true and fair view. Based on the explanations as disclosed in the "Letter from the Board" in the Circular and our further discussion with the Management, since (i) the Group is, in substance, going to acquire the Land instead of the business operations/other assets of the Newskill Group; (ii) most of the matters being qualified by the auditors of Newskill had already been taken into account during the course of negotiation and prior to determining the Considerations and the entering into of the Acquisition Agreements between the Purchaser and the Vendors; and (iii) any claims, liabilities, losses, costs and expenses arising from the Acquisitions, including but not limited to the Foreclosure Order, will be indemnified by the Vendor(s), the Board is of the view that the matters being qualified in the financial information of the Newskill Group have no material adverse impact on the Acquisitions. After Completion, Newskill will become a wholly-owned subsidiary of the Company, the Group will provide adequate funding to finance the operations of the Newskill Group. As such, the Board considers that the going concern issue of the Newskill Group has no material adverse implication on the Acquisitions. On such basis, we concur with the Board's view in this regard.

Since the Newskill Group has not commenced its business operations and has not been generating any concrete operating profit in its ordinary and usual course of business (other than the share of profit of a jointly controlled entity) so far, comparison in terms of price-earnings ratio with other similar businesses is not practicable. As the Newskill Group's assets substantially consist of land and properties (i.e. the pre-construction costs) to be developed, we consider that it would be more meaningful for us to consider the net asset value rather than to make reference to the past financial and operating performance of the Newskill Group. As such, we consider that the Adjusted NAV is an appropriate valuation of the Newskill Group.

Since the CTL Consideration of approximately HK$76.8 million, being the 8% share of the Considerations in aggregate, represents considerable discounts of (i) approximately 23.1% to the Valuation of the Property Development Project attributable of CTL of approximately HK$99.8 million; and (ii) approximately 21.8% to the Adjusted NAV of the Newskill Group as at 31st December, 2009 attributable to CTL of approximately HK$98.2 million, we consider that the basis for determining the CTL Consideration is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole.

Payment terms of the CTL Consideration

No initial deposit has been paid to CTL (i.e. the vendor under the CTL Acquisition); while the CTL Consideration of approximately HK$76.8 million will include the consideration for the Sale Loan (if any) that would be based on the face value of the CTL Sale Loan advanced by CTL as at the CTL Completion Date subject to downward adjustments (if any), but which will not be subject to any upward adjustment and will only be settled in full and in cash at the CTL Completion. On the other hand, a deposit of approximately HK$362.2 million or 41.0% of the BSP Consideration has been paid by the Purchaser upon signing the BSP Acquisition Agreement. In view of the more favourable arrangement to the Purchaser under the CTL Acquisition when compared with that under the BSP Acquisition, we consider that the payment schedule thereof is fair and reasonable since the CTL Consideration in full will only be paid upon the date of CTL Completion.

Having considered the above factors, we are of the view that the CTL Consideration (including its payment terms) is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole.

5. Possible financial effects to the Group/Enlarged Group

Earnings

Upon the CTL Completion and assuming the BSP Acquisition could also be completed at the same time, there is no immediate material impact on earnings of the Group, while (i) the Enlarged Group will be entitled to 100% economic interests in the Project Company after the Acquisitions; and (ii) the full financial results of the Newskill Group are expected to be consolidated into the Enlarged Group after the Completion. The Directors consider that the Acquisitions, comprising the CTL Acquisition and the BSP Acquisition, will contribute to the earnings base of the Enlarged Group in the long run on the basis that the Company currently intends to hold the Property Development Project for rental/resale purpose after its completion so as to generate additional and stable source of revenue to the Enlarged Group, but the quantification of such impact will depend on the future performance of the Newskill Group since it had not yet recorded any concrete operating profit in its ordinary and usual course of business (other than the share of profit of a jointly controlled entity) during the past three years ended 31st December, 2009.

Working capital

The CTL Consideration will be fully financed by the internal resources of the Group. No debt-financing, equity financing or asset disposal arrangement is required solely for the CTL Acquisition. Therefore, there will be a net cash outflow of approximately HK$76.8 million upon the CTL Completion by assuming that there will be no downward adjustment. Based on the Interim Report, the working capital (i.e. current assets less current liabilities) and bank balances and cash (i.e. excluding pledged bank deposits) of the Group as at 30th September, 2009 amounted to approximately HK$1,479.7 million and HK$145.7 million respectively. As such, the payment of the CTL Consideration of approximately HK$76.8 million would not exert considerable pressure on the working capital of the Group. As referred to the financial information on the Group in the Appendix I to the Circular, the Directors are of the opinion that, after taking into account its presently available financial resources and the available banking facilities, the Enlarged Group will have sufficient working capital for its business for the next twelve months from the date of the Circular in the absence of unforeseen circumstances.

Net asset value

According to the Interim Report, the unaudited net asset value (excluding minority interests) of the Group was approximately HK$2,135.0 million as at 30th September, 2009. Since (i) the Company intends to finance the entire amount of the CTL Consideration in cash by internal resources and (ii) the BSP Completion is not conditional on CTL Completion, upon the CTL Completion, the assets of the Group immediately following the CTL Acquisition will be reduced by the payment of the CTL Consideration, which will be offset by the corresponding possible elimination of the Group's minority interests attributable to the 8% share of effective interest in the Newskill Group immediately following the CTL Completion as a result of the CTL Acquisition. As referred to the unaudited pro forma financial information on the Enlarged Group in the Appendix IV to the Circular, the unaudited pro forma net asset value (excluding minority interests) of the Enlarged Group would slightly increase to approximately HK$2,177.9 million immediately following the Completion.

In light of the foregoing effect of the CTL Acquisition on the earnings, working capital as well as assets and liabilities of the Group/Enlarged Group, we are of the view that the CTL Acquisition would have no significant adverse impact on the Group's financial position save and except for the reduction in working capital which is inevitable as the Group intends to finance the entire amount of the CTL Consideration by internal resources in cash. Therefore, we are of the view that while the Group's cash resources would be reduced, the CTL Acquisition, being part of the Acquisitions, is an effective utilisation of its cash resources which is aimed at positioning the Group for better growth in the future which, in the long run, is expected to benefit the Company and the Shareholders as a whole.

RECOMMENDATION

Having taken into account the above principal factors, in particular, (i) the long-term benefits of the CTL Acquisition, being part of the Acquisitions, to the Group; (ii) the basis for determination of the CTL Consideration; and (iii) the financial effects of the CTL Acquisition to the Group/Enlarged Group and that the terms of the CTL Acquisition Agreement are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned, we are of the view that the CTL Acquisition is conducted in the ordinary and usual course of business of the Group, in the interest of the Company and the Shareholders as a whole. We therefore recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolution to approve the CTL Acquisition and the transactions contemplated under or in connection with the CTL Acquisition Agreement at the SGM.

Yours faithfully,
For and on behalf of
First Shanghai Capital Limited

Helen Zee
Managing Director

Eric Lee
Deputy Managing Director

1. FINANCIAL SUMMARY

Set out below is a summary of the audited financial information on the Group for the three years ended 31st March, 2007, 2008 and 2009 extracted from the Company's relevant annual reports, and the unaudited financial information on the Group for the six months ended 30th September, 2008 and 2009 extracted from the Company's relevant interim reports, restated as appropriate:

RESULTS

	For the year ended 31st March,			For the six months ended 30th September,	
	2007	2008	2009	2008	2009
	HK$'000 *(note)*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Continuing operations					
Gross proceeds	411,676	600,844	145,121	100,213	92,396
Revenue	93,389	181,944	92,670	51,834	68,688
Property sale and rental income	5,251	81,792	25,751	21,878	4,317
Golf and leisure income	52,367	62,622	44,058	16,367	14,933
	57,618	144,414	69,809	38,245	19,250
Cost of sales	(14,073)	(67,511)	(25,726)	(18,907)	(4,751)
Gross profit	43,545	76,903	44,083	19,338	14,499
Income from loan financing	21,036	31,789	21,772	11,784	7,833
Net gain (loss) on financial instruments	28,623	76,382	(169,337)	(44,533)	96,553
Other income	105,616	73,206	33,995	16,802	10,936
Increase in fair value of investment properties	–	–	–	–	31,758
Reversal of write-down on properties held for sale	–	–	–	–	92,591
Impairment loss recognised on advance to a jointly controlled entity	–	–	–	–	(10,700)
Administrative expenses	(85,400)	(141,959)	(133,113)	(67,123)	(65,516)
Finance costs	(97,009)	(109,933)	(108,357)	(53,673)	(60,561)
Impairment losses on property interests	–	(45,000)	(146,712)	–	–
Loss on disposal of an associate	–	(39,486)	–	–	–
Loss on disposal of subsidiaries	–	(19,073)	–	–	–
Compensation for cancellation of call options for acquisition of additional interest in an associate	23,370	–	–	–	–
Share of results of associates	40,916	(25,047)	(4,404)	(1,507)	(2,894)
Share of result of a jointly controlled entity	–	–	(212)	(212)	–
Profit (loss) before taxation	80,697	(122,218)	(462,285)	(119,124)	114,499
Taxation	(10,004)	(3,475)	469	342	342

	For the year ended 31st March,			For the six months ended 30th September,	
	2007	2008	2009	2008	2009
	HK$'000 *(note)*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Profit (loss) for the year/period from continuing operations	70,693	(125,693)	(461,816)	(118,782)	114,841
Discontinued operations					
Profit (loss) for the year/period from discontinued operations	3,408	(18,665)	–	–	–
Profit (loss) for the year/period	74,101	(144,358)	(461,816)	(118,782)	114,841
Attributable to:					
Equity holders of the Company	79,091	(141,853)	(461,816)	(118,782)	114,841
Minority interests	(4,990)	(2,505)	–	–	–
	74,101	(144,358)	(461,816)	(118,782)	114,841
Earnings (loss) per share					
From continuing and discontinued operations:					
– Basic (HK cents)	3.7	(0.74)	(1.20)	(0.41)	0.24
– Diluted (HK cents)	3.6	(0.74)	(1.20)	(0.41)	0.23
From continuing operations:					
– Basic (HK cents)	3.6	(0.64)	(1.20)	(0.41)	0.24
– Diluted (HK cents)	3.5	(0.64)	(1.20)	(0.41)	0.23

Note: As stated in note 46 to the audited consolidated financial statements for the year ended 31st March, 2008 contained in the annual report of the Company, the Group disposed of its entire interests in Tung Fong Hung Investment Limited ("TFH") on 31st July, 2007 and King-Tech International Holdings Limited ("King-Tech") on 31st March, 2008. In this respect, comparative figures have been reclassified to conform with the current presentation that TFH and King-Tech are shown as discontinued operations. For the year ended 31st March, 2008, revenue includes net gain on disposal of investments held-for-trading and excludes interest on unsecured loan due from an associate whereas revenue for years ended 31st March, 2007 and 2006 as previously reported included gross proceeds from disposal of investments held-for-trading of HK$328.7 million and HK$502.9 million and interest on unsecured loan due from an associate of HK$56.2 million and HK$nil respectively.

ASSETS AND LIABILITIES

	As at 31st March,			As at 30th September,	
	2007	2008	2009	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets					
Property, plant and equipment	279,956	178,543	186,224	189,993	183,958
Prepaid lease payments of leasehold land	96,772	20,808	20,822	21,088	20,557
Premium on prepaid lease payments of leasehold land	131,527	114,294	111,558	112,926	110,190
Investment properties	–	–	–	–	221,000
Intangible assets	430	–	–	–	–
Available-for-sale investments	130,036	94,570	37,892	59,073	51,568
Interest in properties held for development	–	14,745	–	–	–
Interest in associates	93,879	135,503	134,809	135,376	212,210
Interest in joint ventures	–	–	44,759	34,035	51,771
Advance to a jointly controlled entity	–	–	–	–	1,300
Unsecured loans and interest due from associates	1,234,443	1,077,690	1,073,982	1,076,312	993,687
Debt portion of convertible bonds	–	51,120	36,320	33,947	38,984
Derivatives embedded in convertible bonds	–	4,865	–	–	–
Properties under development	–	240,853	189,000	242,261	–
Deposit and expenses paid for acquisition of a land use right	41,466	47,275	47,275	47,275	47,275
Deposit and expenses paid for acquisition of subsidiaries and an associate	90,675	–	47,244	–	–
Deposit and expenses paid for acquisition of properties	27,125	–	–	–	–
Other loan receivables	9,634	–	–	–	3,852
	2,135,943	1,980,266	1,929,885	1,952,286	1,936,352
Current assets					
Inventories	76,919	2,161	3,143	2,596	2,545
Properties held for sale	58,536	252,903	539,388	340,131	948,380
Properties under development	11,296	–	–	–	–
Financial assets at fair value through profit or loss	66,725	11,957	176,552	168,681	189,522
Deposits paid for acquisition of properties held for sale	–	–	–	20,477	–
Debt portion of convertible bonds	–	–	727	284	1,179
Debtors, deposits and prepayments	473,160	514,795	503,148	501,150	560,613
Other loan receivables	205,495	243,133	208,727	308,970	173,014
Prepaid lease payments of leasehold land	2,480	517	530	530	530
Amounts due from associates	68	2,154	2,172	2,097	2,426
Unsecured loans and interest due from related companies	54,567	58,251	48,437	60,105	49,841
Tax recoverable	1,506	–	–	–	–
Pledged bank deposits	40,783	51,818	44,626	46,689	42,200
Bank balances and cash	254,622	243,038	124,035	533,967	145,730
	1,246,157	1,380,727	1,651,485	1,985,677	2,115,980

	As at 31st March,			As at 30th September,	
	2007	2008	2009	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Current liabilities					
Creditors, deposits and accrued charges	158,947	70,392	72,047	111,549	97,769
Amounts due to minority shareholders of subsidiaries	1,884	890	395	921	256
Dividend payable to a minority shareholder of a subsidiary	2,354	–	–	–	–
Tax payable	12,340	13,252	11,856	13,552	11,626
Unsecured loans from minority shareholders of subsidiaries	4,515	–	–	–	–
Unsecured loan from a related company	1,616	–	–	–	–
Convertible note payables – due within one year	7,945	7,284	7,147	2,655	513,795
Obligations under finance leases – due within one year	24	49	90	62	83
Bank and other borrowings – due within one year	111,439	113,996	82,830	105,902	12,729
	301,064	205,863	174,392	234,641	636,258
Net current assets	945,093	1,174,864	1,477,093	1,751,036	1,479,722
Total assets less current liabilities	3,081,036	3,155,130	3,406,978	3,703,322	3,416,074
Non-current liabilities					
Convertible note payables – due after one year	1,360,455	1,236,559	1,328,913	1,281,993	867,097
Obligations under finance leases – due after one year	71	173	282	191	200
Bank and other borrowings – due after one year	8,081	39,647	40,658	33,583	378,999
Deferred tax liabilities	40,609	28,574	27,889	28,232	27,547
	1,409,216	1,304,953	1,397,742	1,343,999	1,273,843
	1,671,820	1,850,177	2,009,236	2,359,323	2,142,231
Capital and reserves					
Share capital	23,123	30,955	4,709	119,943	4,709
Reserves	1,598,516	1,812,043	1,997,342	2,232,201	2,130,337
Equity attributable to the equity holders of the Company	1,621,639	1,842,998	2,002,051	2,352,144	2,135,046
Minority interests	50,181	7,179	7,185	7,179	7,185
	1,671,820	1,850,177	2,009,236	2,359,323	2,142,231

2. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP

The following is a reproduction of the audited consolidated financial statements of the Group for the financial year ended 31st March, 2009 together with the relevant notes to the consolidated financial statements, contained on pages 46 to 154 of the annual report of the Company for the year ended 31st March, 2009. The auditor's reports as set out in the annual reports of the Company for the years ended 31st March, 2008 and 2009 were unqualified.

CONSOLIDATED INCOME STATEMENT

(for the year ended 31st March, 2009)

	NOTES	2009 HK$'000	2008 HK$'000
Continuing operations			
Turnover			
– Gross proceeds	50	145,121	600,844
Revenue	5	92,670	181,944
Property sale and rental income		25,751	81,792
Golf and leisure income		44,058	62,622
		69,809	144,414
Cost of sales		(25,726)	(67,511)
Gross profit		44,083	76,903
Income from loan financing		21,772	31,789
Net (loss) gain on financial instruments	6	(169,337)	76,382
Other income	7	33,995	73,206
Administrative expenses		(133,113)	(141,959)
Finance costs	8	(108,357)	(109,933)
Impairment losses on property interests	9	(146,712)	(45,000)
Loss on disposal of an associate	21	–	(39,486)
Loss on disposal of subsidiaries	42	–	(19,073)
Share of results of a jointly controlled entity	20	(212)	–
Share of results of associates	21	(4,404)	(25,047)
Loss before taxation		(462,285)	(122,218)
Taxation	10	469	(3,475)

	NOTES	2009 HK$'000	2008 HK$'000
Loss for the year from continuing operations		(461,816)	(125,693)
Discontinued operations			
Loss for the year from discontinued operations	11	–	(18,665)
Loss for the year	12	(461,816)	(144,358)
Attributable to:			
Equity holders of the Company		(461,816)	(141,853)
Minority interests		–	(2,505)
		(461,816)	(144,358)
Loss per share	14		
From continuing and discontinued operations:			
– Basic and diluted (HK dollar)		(1.20)	(0.74)
From continuing operations:			
– Basic and diluted (HK dollar)		(1.20)	(0.64)

CONSOLIDATED BALANCE SHEET

(at 31st March, 2009)

	NOTES	2009 HK$'000	2008 HK$'000
Non-current assets			
Property, plant and equipment	15	186,224	178,543
Prepaid lease payments of leasehold land	16	20,822	20,808
Premium on prepaid lease payments of leasehold land	17	111,558	114,294
Properties under development	18	189,000	240,853
Available-for-sale investments	19	37,892	94,570
Interest in a joint venture	20	44,759	14,745
Interests in associates	21	134,809	135,503
Unsecured loans and interest due from associates	21	1,073,982	1,077,690
Debt portion of convertible bonds	23	36,320	51,120
Derivatives embedded in convertible bonds	23	–	4,865
Deposits and expenses paid for acquisition of a land use right	24	47,275	47,275
Deposits and expenses paid for acquisition of subsidiaries	43	47,244	–
		1,929,885	1,980,266
Current assets			
Inventories	26	3,143	2,161
Properties held for sale		539,388	252,903
Debt portion of convertible bonds	23	727	–
Financial assets at fair value through profit or loss	27	176,552	11,957
Debtors, deposits and prepayments	28	503,148	514,795
Other loan receivables	25	208,727	243,133
Prepaid lease payments of leasehold land	16	530	517
Amounts due from associates	22	2,172	2,154
Unsecured loans and interest due from related companies	29	48,437	58,251
Pledged bank deposits	30	44,626	51,818
Bank balances and cash	30	124,035	243,038
		1,651,485	1,380,727

	NOTES	2009 HK$'000	2008 HK$'000
Current liabilities			
Creditors, deposits and accrued charges	31	72,047	70,392
Amounts due to minority shareholders of subsidiaries	32	395	890
Tax payable		11,856	13,252
Convertible note payables – due within one year	33	7,174	7,284
Obligations under finance leases – due within one year	34	90	49
Bank borrowings – due within one year	35	82,830	113,996
		174,392	205,863
Net current assets		1,477,093	1,174,864
Total assets less current liabilities		3,406,978	3,155,130
Non-current liabilities			
Convertible note payables – due after one year	33	1,328,913	1,236,559
Obligations under finance leases – due after one year	34	282	173
Bank borrowings – due after one year	35	40,658	39,647
Deferred tax liabilities	36	27,889	28,574
		1,397,742	1,304,953
		2,009,236	1,850,177
Capital and reserves			
Share capital	37	4,709	30,955
Reserves		1,997,342	1,812,043
Equity attributable to the equity holders of the Company		2,002,051	1,842,998
Minority interests		7,185	7,179
		2,009,236	1,850,177

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(for the year ended 31st March, 2009)

	Attributable to equity holders of the Company														
	Share capital	Share premium	Contributed surplus	Capital redemption reserve	Convertible loan notes equity reserve	Share-based payment reserve	Available-for-sale investments reserve	Special reserve	Revaluation reserve	Translation reserve	Warrant reserve	Retained profits/ (Accumulated losses)	Total	Minority interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* *(Note)*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1st April, 2007	23,123	1,066,055	-	1,124	368,304	3,296	3,481	(8,908)	1,795	10,364	-	153,005	1,621,639	50,181	1,671,820
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	-	-	-	18,580	-	-	18,580	3,478	22,058
Gain on fair value changes of available-for-sale investments	-	-	-	-	-	-	44,371	-	-	-	-	-	44,371	-	44,371
Net income recognised directly in equity	-	-	-	-	-	-	44,371	-	-	18,580	-	-	62,951	3,478	66,429
Released on disposal of subsidiaries *(note 42)*	-	-	-	-	-	-	-	-	(991)	(21,472)	-	-	(22,463)	(43,975)	(66,438)
Released on disposal of available-for-sale investments	-	-	-	-	-	-	(60,752)	-	-	-	-	-	(60,752)	-	(60,752)
Loss for the year	-	-	-	-	-	-	-	-	-	-	-	(141,853)	(141,853)	(2,505)	(144,358)
Total recognised expenses for the year	-	-	-	-	-	-	(16,381)	-	(991)	(2,892)	-	(141,853)	(162,117)	(43,002)	(205,119)
Conversion of convertible notes	4,832	268,001	-	-	(60,585)	-	-	-	-	-	-	-	212,248	-	212,248
Issue of shares	3,000	165,000	-	-	-	-	-	-	-	-	-	-	168,000	-	168,000
Expenses incurred in connection with issue of shares	-	(5,114)	-	-	-	-	-	-	-	-	-	-	(5,114)	-	(5,114)
Recognition of equity-settled share-based payments	-	-	-	-	-	8,342	-	-	-	-	-	-	8,342	-	8,342
At 31st March, 2008	30,955	1,493,942	-	1,124	307,719	11,638	(12,900)	(8,908)	804	7,472	-	11,152	1,842,998	7,179	1,850,177

	Attributable to equity holders of the Company														
	Share capital	Share premium	Contributed surplus	Capital redemption reserve	Convertible loan notes equity reserve	Share-based payment reserve	Available-for-sale investments reserve	Special reserve	Revaluation reserve	Translation reserve	Warrant reserve	Retained profits/ (Accumulated losses)	Total	Minority interests	Total
	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$'000*	*HK$'000*	*HK$'000*
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	-	-	-	2,202	-	-	2,202	-	2,202
Loss on fair value changes of available-for-sale investment	-	-	-	-	-	-	(44,413)	-	-	-	-	-	(44,413)	-	(44,413)
Net income and expenses recognised directly in equity	-	-	-	-	-	-	(44,413)	-	-	2,202	-	-	(42,211)	-	(42,211)
Impairment loss on available-for-sale investments	-	-	-	-	-	-	53,037	-	-	-	-	-	53,037	-	53,037
Released on disposal of available-for-sale investments	-	-	-	-	-	-	4,299	-	-	-	-	-	4,299	-	4,299
Loss for the year	-	-	-	-	-	-	-	-	-	-	-	(461,816)	(461,816)	-	(461,816)
Total recognised income and expenses for the year	-	-	-	-	-	-	12,923	-	-	2,202	-	(461,816)	(446,691)	-	(446,691)
Rights issue with warrants	92,866	522,622	-	-	-	-	-	-	-	-	34,571	-	650,059	-	650,059
Expenses incurred in connection with rights issue	-	(23,183)	-	-	-	-	-	-	-	-	-	-	(23,183)	-	(23,183)
Transfer on lapse of share options	-	-	-	-	-	(4,418)	-	-	-	-	-	4,418	-	-	-
Capital injection from minority shareholders on incorporation	-	-	-	-	-	-	-	-	-	-	-	-	-	6	6
Recognition of equity-settled share-based payments	-	-	-	-	-	5,547	-	-	-	-	-	-	5,547	-	5,547
Repurchase and cancellation of shares	(6,092)	(20,587)	-	6,092	-	-	-	-	-	-	-	(6,092)	(26,679)	-	(26,679)
Capital reorganisation *(note 37(e))*	(113,020)	-	113,020	-	-	-	-	-	-	-	-	-	-	-	-
At 31st March, 2009	4,709	1,972,794	113,020	7,216	307,719	12,767	23	(8,908)	804	9,674	34,571	(452,338)	2,002,051	7,185	2,009,236

Note: Special reserve of the Group represents the difference between the nominal value of the share capital of the subsidiaries acquired and the nominal amount of the share capital of the Company issued as consideration under the group reorganisation in 1994.

CONSOLIDATED CASH FLOW STATEMENT
(for the year ended 31st March, 2009)

	2009	2008
	HK$'000	*HK$'000*
OPERATING ACTIVITIES		
Loss before taxation	(462,285)	(140,325)
Adjustments for:		
Finance costs	108,357	110,546
Share of results of a jointly controlled entity	212	–
Share of results of associates	4,404	25,047
Bank interest income	(4,676)	(10,259)
Interest income on convertible bonds	(5,502)	(3,036)
Interest income on unsecured loan due from an associate	(14,417)	(51,618)
Depreciation of property, plant and equipment	11,507	17,569
Allowance for inventories	–	5,106
Allowance for bad and doubtful debts	5,313	1,801
Release of prepaid lease payments of leasehold land	525	2,293
Amortisation of premium on prepaid lease payments of leasehold land	2,736	2,914
Equity-settled share-based payments expense	5,547	8,342
Impairment losses on property interests	146,712	45,000
Loss on disposal of an associate	–	39,486
Loss on disposal of property, plant and equipment	171	127
Loss on disposal of subsidiaries	–	37,644
Net loss (gain) on financial instruments	169,456	(71,772)
Operating cash flows before movements in working capital	(31,940)	18,865
Decrease in other loan receivables	14,569	31,682
Increase in inventories	(932)	(27,652)
Increase in properties held for sale	(39,691)	(167,242)
Increase in properties under development	(2,268)	(244,128)
(Increase) decrease in financial assets at fair value through profit or loss	(279,072)	62,586
Decrease (increase) in debtors, deposits and prepayments	44,008	(43,677)
Decrease (increase) in unsecured loans and interest due from related companies	9,814	(3,684)
(Decrease) increase in creditors, deposits and accrued charges	(2,761)	48,562
Cash used in operations	(288,273)	(324,688)
Hong Kong Profits Tax paid	(1,498)	(1,568)
Overseas taxation paid	–	(203)
Interest paid	(16,113)	(22,855)
NET CASH USED IN OPERATING ACTIVITIES	(305,884)	(349,314)

	NOTES	2009 HK$'000	2008 HK'000
INVESTING ACTIVITIES			
Acquisition of subsidiaries (net of cash and cash equivalents acquired)	41	(200,837)	–
Loan advance to a jointly controlled entity		(58,811)	–
Deposits and expenses paid for acquisition of subsidiaries		(47,244)	–
Purchase of convertible bonds		(33,750)	–
Refundable earnest money paid		(32,670)	(25,600)
Loan advance to a joint venture		(29,629)	–
Purchase of property, plant and equipment		(15,635)	(39,151)
Purchase of available-for-sale investments		(5,631)	(63,258)
Advance to associates		(18)	(2,086)
Investment in associates		(2)	–
Proceeds from redemption/disposal of convertible bonds		57,000	44,975
Proceeds from disposal of available-for-sale investments		17,896	226,428
Refundable earnest money refunded		10,000	–
Decrease (increase) in pledged bank deposits		7,192	(11,035)
Interest received		5,722	9,331
Dividend received		2,501	1,131
Proceeds from disposal of property, plant and equipment		974	188
Net proceeds from disposal of associates		–	136,607
Advances to associates		–	(81,409)
Disposal of subsidiaries (net of cash and cash equivalents disposed)	42	–	(56,310)
Acquisition of associates		–	(45,507)
Deposit and expenses paid for acquisition of a land use right		–	(5,809)
NET CASH (USED IN) FROM INVESTING ACTIVITIES		(322,942)	88,495

	2009 *HK$'000*	2008 *HK'000*
FINANCING ACTIVITIES		
Proceeds from issue of shares	650,059	168,000
New bank and other borrowings raised	20,247	5,741,188
Repayment to a former shareholder of a subsidiary	(58,758)	–
Repayment of bank and other borrowings	(51,327)	(5,668,618)
Share repurchase and cancellation	(26,679)	–
Expenses paid in connection with issue of shares	(23,183)	(5,114)
(Repayment to) advance from minority shareholders of subsidiaries	(517)	13,493
Repayment of obligations under finance leases	(59)	(23)
NET CASH FROM FINANCING ACTIVITIES	509,783	248,926
NET DECREASE IN CASH AND CASH EQUIVALENTS	(119,043)	(11,893)
CASH AND CASH EQUIVALENTS AT 1ST APRIL	243,038	254,622
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	40	309
CASH AND CASH EQUIVALENTS AT 31ST MARCH, representing bank balances and cash	124,035	243,038

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(for the year ended 31st 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 address of the registered office of the Company is Clarendon House, Church Street, Hamilton HM 11, Bermuda and the principal place of business of the Company is Unit 3102, 31/F., Bank of America Tower, 12 Harcourt Road, Central, Hong Kong.

The consolidated financial statements are prepared in Hong Kong dollars, which is the same as the functional currency of the Company.

The Company is an investment holding company. The principal activities of the Group are property development and investment in Macau, the People's Republic of China (the "PRC") and Hong Kong, development and operation of golf resort and hotel in the PRC, securities trading and investment and loan financing services. In prior year, the Group discontinued trading of motorcycles and manufacture and trading of medicine and health products, details of which are set out in note 11. The activities of its principal subsidiaries are set out in note 49.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS")

In the current year, the Group has applied the following amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	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 the new HKFRSs had no material effect on how the results and financial position 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 applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs[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 15	Agreements for the Construction of Real Estate[3]
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 1st January, 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1st July, 2009

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

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

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

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

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

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

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

The adoption of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1st April, 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards 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 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 in 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 businesses is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 "Business Combinations" are recognised at their fair values at the acquisition date.

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

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

Property, plant and equipment

Property, plant and equipment, including building, held for use or supply of goods or services, or for administrative purposes (other than construction in progress) 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 other than construction in progress, 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. 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.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

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.

Prepaid lease payments of leasehold land

Prepaid lease payments of leasehold land, which represent up-front payments to acquire leasehold land interest, are stated at cost and released to profit or loss over the period of the lease on a straight-line basis.

Premium on prepaid lease payments of leasehold land

Premium on prepaid lease payments of leasehold land represents premium on acquisition of prepaid lease payments of land use rights as a result of acquisition of subsidiaries, which are stated at cost and released to profit or loss on the same basis as the related land use rights.

Properties under development

Properties under development for future sale in the ordinary course of business are stated at the lower of cost and net realisable value. It comprises the costs of land use right and development expenditure directly attributable to the development of the properties.

Joint ventures

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.

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 results and assets and liabilities of jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in jointly controlled entities 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 jointly controlled entities, less any identified impairment loss. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity), 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 jointly controlled entity.

When a group entity transacts with a jointly controlled entity of the Group, profits or losses are eliminated to the extent of the Group's interest in the jointly controlled entity.

Interests 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 (which includes any long-term interests that, in substance, form part of the Group's net investment in the 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 Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

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.

Inventories

Hotel inventories and other inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to professional valuations or directors' estimates based on prevailing market conditions.

Financial instruments

Financial assets and financial liabilities are recognised on the consolidated 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 ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into financial assets at FVTPL, loans and receivables or 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 market place.

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 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.

Income is recognised on an effective interest basis for debt instruments.

Financial assets at fair value through profit or loss

Financial assets at FVTPL has two subcategories, including financial assets held for trading and those designated as at FVTPL on initial recognition.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

At each balance sheet date subsequent to initial recognition, financial assets at FVTPL are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets.

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 debt portion of convertible bonds (see accounting policy below), debtors, other loan receivables, amounts due from associates, unsecured loans and interest due from related companies/associates, pledged bank deposits and bank balances and cash) 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).

Debt portion of convertible bonds

Convertible bonds held by the Group are separately recognised as a debt portion and derivatives embedded in convertible bonds. On initial recognition, the debt portion of the convertible bond and the embedded derivatives are recognised separately at fair value. The debt portion is subsequently measured at amortised cost using the effective interest method.

Available-for-sale financial assets

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

At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss (see accounting policy on impairment loss on financial assets below).

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 value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately.

Embedded derivatives

Derivatives embedded in non-derivative 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 profit or loss. In all other circumstances, derivatives embedded are not separated and are accounted for together with the host contracts in accordance with appropriate standards.

Impairment of financial assets

Financial assets, other than those at FVTPL, 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 affected.

For an available-for sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, 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 debtors and other loan 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 credit period of 90 days and the repayment date of other loan receivables respectively, and 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.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of debtors and other loan 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 debtor or an other loan 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 losses 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.

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in equity.

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.

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.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities including creditors, amounts due to minority shareholders of subsidiaries, and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Convertible note payables

Convertible note payables issued by the Company that contain both the liability and conversion option components are classified separately into respective items on initial recognition. Conversion option that will be settled 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 classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible note payables and the fair value assigned to the liability component, representing the conversion option for the holder to convert the loan notes into equity, is included in equity (convertible loan notes equity reserve).

In subsequent periods, the liability component of the convertible loan notes is carried at amortised cost using the effective interest method. The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in convertible loan notes equity reserve until the embedded option is exercised (in which case the balance stated in convertible loan notes equity reserve will be transferred to share premium. Where the option remains unexercised at the expiry date, the balance stated in convertible loan notes equity reserve will be released to the retained profits (accumulated losses)). No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

Transaction costs that relate to the issue of the convertible note payables are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. 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 note payables using the effective interest method.

Equity instruments

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

Upon repurchase of the Company's own shares, the respective shares are subsequently cancelled upon repurchase and accordingly, the issued share capital of the Company is diminished by the nominal value thereof. The premium paid on repurchase is charged against the Company's share premium account. An amount equal to the nominal value of the shares repurchased is transferred from retained profits (accumulated losses) to capital redemption reserve.

Warrants

Warrants issued by the Company that will be settled by the exchange of a fixed amount of cash for a fixed number of the Company's own equity instruments are classified as an equity instrument.

The fair value of warrants on the date of issue is recognised in equity (warrant reserve). The warrant reserve will be transferred to share capital and share premium upon exercise of the warrants. Where the warrants remain unexercised at the expiry date, the amount previously recognised in warrant reserve will be released to the retained profits (accumulated losses).

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 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.

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.

Sales of goods are recognised when goods are delivered and title has passed.

Revenue in relation to hotel and golf club operations are recognised when the services are provided.

Golf club annual subscription fees are recognised on a straight-line basis over the subscription period of one year.

Golf club membership transfer fees are recognised upon approval of the transfer by the management committee of the golf operations.

Building management fee income is recognised on a straight-line basis over the relevant period in which the services are rendered.

Sales of securities investments are recognised when the related bought and sold notes are executed.

Sales of completed properties are recognised on the execution of a binding sales agreement.

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.

Dividend income from investments is recognised when the Group's rights to receive payment have been established.

Leasing

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

The Group as lessor

Rental income from operating leases is recognised in 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

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss unless they are directly attributable to qualifying assets in which case they are capitalised in accordance with the Group's accounting policy on borrowing costs (see below).

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 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 was 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 retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which case, 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 foreign operations 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 translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees and others providing similar services after 1st April, 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-based payment 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-based payment reserve.

At the time when the share options are exercised, the amount previously recognised in share-based payment 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-based payment reserve will be transferred to retained profits (accumulated losses).

Share options granted to suppliers/consultants

Share options issued in exchange for goods or services are measured at the fair values of the goods or services received, unless that fair value cannot be reliably measured, in which case the goods or services received are measured by reference to the fair value of the share options granted. The fair values of the goods or services received are recognised as expenses immediately. Corresponding adjustment has been made to equity (share-based payment 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 profit or loss in the period in which they are incurred.

Impairment losses 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.

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.

Retirement benefit costs

Payments to the defined contribution retirement benefit plans are charged as expenses 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 year. Taxable profit differs from profit as reported in the consolidated 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 consolidated financial statements 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 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 profit 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 realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, 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 following are 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.

Allowance on other loan receivables

As at 31st March, 2009, the carrying amount of other loan receivables, was HK$208,727,000 (2008: HK$243,133,000). The Group performs ongoing credit evaluations of its borrowers and adjusts credit limits based on payment history and the borrowers' current credit-worthiness, as determined by the review of their current credit information. When there is objective evidence of impairment, impairment loss is determined based on the present value of the estimated future cash flows discounted at the original effective interest rate. If the financial conditions of the borrowers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be considered.

Estimated impairment of available-for-sale investments

As at 31st March, 2009, the carrying amount of the available-for-sale equity investments was HK$37,892,000 (2008: HK$94,570,000). The Group determines that available-for-sale equity securities are impaired when there has been a significant or prolonged decline in the fair value below original cost. The determination of when a decline in fair value below original cost is not recoverable within a reasonable time period is judgmental by nature, so profit and loss could be affected by differences in this judgment.

Estimated impairment on properties under development/properties held for sale

As at 31st March, 2009, the carrying amounts of properties under development and properties held for sale are HK$189,000,000 and HK$539,388,000 (2008: HK$240,853,000 and HK$252,903,000) respectively. In determining whether impairment on properties under development/properties held for sale is required, the Group takes into consideration the intention of the properties for use/sale, the current market environment, the estimated market value of the properties and/or the present value of future cash flow expected to receive. Impairment is recognised based on the higher of present value of estimated future cash flow and estimated market value. If the market environment/circumstances changes significantly, resulting in a decrease in the recoverable amount of these properties interest, impairment loss may be required.

Income taxes

As at 31st March, 2009, no deferred tax asset has been recognised on the tax losses of HK$700,389,000 (2008: HK$517,627,000) due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future.

5. REVENUE

Revenues include revenue from property development and investment, golf and leisure operations, loan financing income, dividend income from investments held-for-trading and net gain on disposal of investments held-for-trading.

Revenue represents the aggregate of the amounts received and receivable from third parties, net of discounts and sales related taxes for the year. An analysis of the Group's revenue for the year, for both continuing and discontinued operations, is as follows:

	2009	2008
	HK$'000	*HK$'000*
Continuing operations		
Loan interest income	21,772	31,789
Sales of properties	17,901	76,619
Hotel operations	14,563	18,852
Green fees, practice balls and car rental income	10,738	19,895
Food and beverage sales	10,639	12,698
Rental income	7,850	3,270
Golf club subscription fees and handling fees	5,993	8,174
Pro shop sales	2,125	3,198
Dividend income from financial instruments	970	1,131
Net gain on disposal of investments held-for-trading	119	4,610
Building management fee income	–	1,708
	92,670	181,944
Discontinued operations		
Sales of medicine and health products	–	115,741
Sales of motorcycles	–	17,567
	–	133,308
	92,670	315,252

6. NET (LOSS) GAIN ON FINANCIAL INSTRUMENTS

	Continuing operations	
	2009	2008
	HK$'000	*HK$'000*
(Decrease) increase in fair values of:		
– investments held-for-trading	(114,477)	9,608
– derivatives embedded in convertible bonds	(3,247)	1,944
– equity-linked notes	–	710
Impairment loss on available-for-sales investments	(53,037)	–
(Loss) gain on disposal of available-for-sale investments	(4,299)	60,752
Gain (loss) on disposal of convertible bonds	3,103	(2,373)
Dividend income on available-for-sales investments	1,531	426
Dividend income on investments held-for-trading	970	705
Net gain on disposal of investments held-for-trading	119	4,610
	(169,337)	76,382

7. OTHER INCOME

	Continuing operations		Discontinued operations		Consolidated	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Bank interest income	4,676	10,168	–	91	4,676	10,259
Exchange gain, net	2,841	2,732	–	–	2,841	2,732
Interest income on convertible bonds	5,502	3,036	–	–	5,502	3,036
Interest on unsecured loan due from an associate	–	27,942	–	–	–	27,942
Other interest income *(Note)*	14,417	23,676	–	–	14,417	23,676
Others	6,559	5,652	–	876	6,559	6,528
	33,995	73,206	–	967	33,995	74,173

Note: The interest income is receivable from a shareholder of an associate since HK$281,150,000 of unsecured loans due from an associate was advanced to the associate as the shareholder did not provide its portion of the loans. Details are set out in note 21.

8. FINANCE COSTS

	Continuing operations		Discontinued operations		Consolidated	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Effective interest on convertible note payables	101,414	97,681	–	–	101,414	97,681
Interest on bank borrowings wholly repayable within five years	6,919	11,416	–	613	6,919	12,029
Interest on obligations under finance leases	24	8	–	–	24	8
Interest on unsecured loans from:						
Minority shareholders of subsidiaries	–	734	–	–	–	734
Related companies	–	94	–	–	–	94
	108,357	109,933	–	613	108,357	110,546

9. IMPAIRMENT LOSSES ON PROPERTY INTERESTS

	Continuing operations	
	2009	**2008**
	HK$'000	*HK$'000*
Impairment losses on:		
– prepaid lease payments of leasehold land and premium on prepaid lease payments of leasehold land *(note 16)*	–	45,000
– properties under development *(note 18)*	54,121	–
– properties held for sale *(Note)*	92,591	–
	146,712	45,000

Note: During the year, the directors conducted a review of the Group's properties held for sale and determined that certain of the assets were impaired, due to decrease of open market values based on the valuation report conducted by RHL Appraisal Limited, an independent valuer. Accordingly, impairment losses of HK$92,591,000 have been recognised.

10. TAXATION

	Continuing operations		Discontinued operations		Consolidated	
	2009	2008	2009	2008	2009	2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Current tax:						
Hong Kong Profits Tax	–	1,509	–	–	–	1,509
PRC Enterprise Income Tax	229	833	–	558	229	1,391
	229	2,342	–	558	229	2,900
Overprovision in prior years:						
Hong Kong Profits Tax	(13)	–	–	–	(13)	–
Deferred tax *(note 36)*:						
Current year	(685)	1,133	–	–	(685)	1,133
	(469)	3,475	–	558	(469)	4,033

On 26th June, 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. Therefore, Hong Kong Profits Tax is calculated at 16.5% (2008: 17.5%) of the estimated assessable profits for the year.

No tax is payable on the profit for the year for some of the subsidiaries arising in Hong Kong since the assessable profit is wholly absorbed by tax losses brought forward. Hong Kong tax losses carried forward amount to approximately HK$677,940,000 (2008: HK$511,706,000).

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The newly promulgated Enterprise Income Tax Law (the "New Law") of the People's Republic of China (the "PRC") are effective on 1st January, 2008. In February 2008, the Ministry of Finance and the State Administration of Taxation issued several important tax circular which clarify the implementation of the New Law and have an impact on certain of the Company's PRC subsidiaries. Under the New Law, the Enterprise Income Tax rate of the Group's subsidiaries in the PRC was either reduced from 33% to 25% or increased from 15% to 25% progressively from 1st January, 2008 onwards. The relevant tax rates for the Group's subsidiaries in the PRC ranged from 18% to 25% (2008: 15% to 33%).

The tax (credit) charge for the year can be reconciled to the loss per the consolidated income statement as follows:

	2009	**2008**
	HK$'000	*HK$'000*
Loss before taxation:		
Continuing operations	(462,285)	(122,218)
Discontinued operations	–	(18,107)
	(462,285)	(140,325)
Tax at the Hong Kong Profits Tax rate of 16.5% (2008: 17.5%)	(76,277)	(24,557)
Tax effect of expenses not deductible for tax purpose	51,472	47,703
Tax effect of income not taxable for tax purpose	(7,107)	(18,601)
Tax effect of deductible temporary differences not recognised	32,622	7,768
Utilisation of deductible temporary differences previously not recognised	(158)	(9,887)
Tax effect of share of results of a jointly controlled entity and associates	762	4,383
Effect of different tax rates of subsidiaries operating in other jurisdictions	(1,770)	(2,776)
Overprovision in previous year	(13)	–
Tax (credit) charge for the year	(469)	4,033

11. DISCONTINUED OPERATIONS

On 27th February, 2007, the Group entered into a sale and purchase agreement to dispose of its entire 100% equity interest in Tung Fong Hung Investment Limited ("TFH") (together with its subsidiaries, the "TFH Group"), which carried out all of the Group's business of manufacturing and trading of medicine and health products, together with an assignment of the outstanding loan owing by TFH amounting to HK$99,728,000 to the acquirer. The disposal was completed on 31st July, 2007, on which date the control of the TFH Group was passed to the acquirer.

On 31st March, 2008, the Group disposed of its entire interest in King-Tech International Holdings Limited (together with its subsidiary, the "King-Tech Group"), which carried out all of the Group's business of trading of motorcycles to the acquirer. The disposal was completed on 31st March, 2008, on which date the control of the King-Tech Group was passed to the acquirer.

The loss for the year ended 31st March, 2008 from the discontinued operations is analysed as follows:

	2008
	HK$'000
Loss from discontinued operations:	
Profit from manufacturing and trading of medicine and health products operation	1,266
Loss from trading of motorcycles operation	(1,360)
	(94)
Loss on disposal of discontinued operations:	
Loss on disposal of the business of manufacturing and trading of medicine and health products	(18,577)
Gain on disposal of business of trading of motorcycles	6
	(18,571)
	(18,665)
Attributable to:	
Equity holders of the Company	(18,596)
Minority interests	(69)
	(18,665)

The results of businesses of manufacturing and trading of medicine and health products, and trading of motorcycles for the period from 1st April, 2007 to the respective dates of disposals, which have been included in the consolidated income statement, were as follows:

	Medicine and Health Products 1.4.2007 to 31.7.2007 *HK$'000*	**Motorcycles 1.4.2007 to 31.3.2008** *HK$'000*	**Total 1.4.2007 to 31.3.2008** *HK$'000*
Revenue	115,741	17,567	133,308
Cost of sales	(77,496)	(16,518)	(94,014)
Gross profit	38,245	1,049	39,294
Other income	967	–	967
Distribution and selling expenses	(25,580)	–	(25,580)
Administrative expenses	(10,833)	(2,408)	(13,241)
Other expenses	(363)	–	(363)
Finance costs	(612)	(1)	(613)
Profit (loss) before taxation	1,824	(1,360)	464
Taxation	(558)	–	(558)
Profit (loss) for the period/year	1,266	(1,360)	(94)

The cash flows of the discontinued operations contributed to the Group were as follows:

	2008 *HK$'000*
Net cash from operating activities	29,777
Net cash used in investing activities	(822)
Net cash from financing activities	846
	29,801

The carrying amounts of the assets and liabilities of the TFH Group and the King-Tech Group at the dates of disposals are disclosed in note 42.

12. LOSS FOR THE YEAR

	Continuing operations		Discontinued operations		Consolidated	
	2009	2008	2009	2008	2009	2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Loss for the year has been arrived at after charging (crediting):						
Auditors' remuneration						
– current year	3,265	3,391	–	262	3,265	3,653
– underprovision in previous years	666	138	–	–	666	138
	3,931	3,529	–	262	3,931	3,791
Directors' emoluments *(note 13a)*	18,222	25,212	–	–	18,222	25,212
Other staff costs:						
Salaries and other benefits	35,037	39,754	–	16,338	35,037	56,092
Equity-settled share-based payments expense to employees	1,465	2,498	–	–	1,465	2,498
Retirement benefits scheme contributions, net of forfeited contributions of HK$253,000 (2008: Nil)	1,699	875	–	893	1,699	1,768
Total staff costs	56,423	68,339	–	17,231	56,423	85,570
Less: Amount capitalised in intangible assets	–	–	–	(17)	–	(17)
	56,423	68,339	–	17,214	56,423	85,553
Cost of inventories recognised as an expense, including impairment loss on properties held for sale of HK$92,591,000 (2008: Nil)	107,416	55,690	–	90,121	107,416	145,811
Depreciation of property, plant and equipment	11,507	15,688	–	1,881	11,507	17,569
Release of prepaid lease payments of leasehold land	525	2,283	–	10	525	2,293
Amortisation of premium on prepaid lease payments of leasehold land	2,736	2,914	–	–	2,736	2,914
Total depreciation and amortisation	14,768	20,885	–	1,891	14,768	22,776
Allowance for inventories	–	–	–	5,106	–	5,106
Loss on disposal of property, plant and equipment	171	110	–	17	171	127
Net exchange (gain) loss	(2,841)	(2,732)	–	25	(2,841)	(2,707)
Allowance for bad and doubtful debts	5,313	1,441	–	360	5,313	1,801

13. DIRECTORS' EMOLUMENTS AND HIGHEST PAID INDIVIDUALS

(a) Directors' emoluments

The emoluments paid or payable to each of the nine (2008: twelve) directors were as follows:

			Other emoluments			
	Fees	Salaries and other benefits	Discretionary and performance related incentive payments	Equity-settled share-based payments expense	Contributions to retirement benefits schemes	Total emoluments
	HK$'000	*HK$'000*	*HK$'000* *(Note)*	*HK$'000*	*HK$'000*	*HK$'000*
2009						
Cheung Hon Kit	10	2,880	–	1,198	12	4,100
Chan Fut Yan	10	2,640	–	699	264	3,613
Wong Kam Cheong, Stanley	4	1,019	–	188	5	1,216
Cheung Chi Kit	10	1,800	–	499	90	2,399
Lai Tsan Tung, David ("Mr. Lai")	240	1,762	–	299	12	2,313
Ma Chi Kong, Karl	10	3,000	–	899	12	3,921
Wong Chi Keung, Alvin	120	–	–	150	–	270
Kwok Ka Lap, Alva	120	–	–	150	–	270
Qiao Xiaodong	120	–	–	–	–	120
	644	13,101	–	4,082	395	18,222
2008						
Cheung Hon Kit	10	2,640	2,500	1,670	12	6,832
Chan Fut Yan	10	2,400	1,750	978	240	5,378
Wong Kam Cheong, Stanley	10	2,002	334	406	12	2,764
Cheung Chi Kit	10	1,430	500	644	72	2,656
Mr. Lai	240	1,695	250	357	12	2,554
Ma Chi Kong, Karl	8	2,516	334	1,072	10	3,940
Ho Hau Chong, Norman	5	–	–	72	–	77
Lo Lin Shing, Simon	5	–	–	36	–	41
Wong Chi Keung, Alvin	120	–	–	215	–	335
Kwok Ka Lap, Alva	120	–	–	179	–	299
Qiao Xiaodong	19	–	–	–	–	19
Chui Sai Cheong	102	–	–	215	–	317
	659	12,683	5,668	5,844	358	25,212

Note: The amount included performance related incentive payment which is determined by the performance of the directors for the year ended 31st March, 2008.

No directors waived any emoluments during the current and prior years.

(b) Highest paid individuals

All five individuals with the highest emoluments in the Group were directors of the Company for both years whose emoluments are included in (a) above.

During both years, no emoluments were paid by the Group to the five highest paid individuals, including directors and employees, as an inducement to join or upon joining the Group or as compensation for loss of office.

14. LOSS PER SHARE

(a) For continuing and discontinued operations

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

	2009	**2008**
	HK$'000	*HK$'000*
Loss:		
Loss for the year attributable to equity holders of the Company and loss for the purposes of basic and diluted loss per share	(461,816)	(141,853)

	2009	**2008**
Number of shares:		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share *(Note)*	383,880,132	192,654,235

Note: The weighted average number of ordinary shares for both years has been adjusted for the effect of the rights issue and capital reorganisation during the year.

(b) From continuing operations

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

Loss is calculated as follows:

	2009	**2008**
	HK$'000	*HK$'000*
Loss for the year attributable to equity holders of the Company	(461,816)	(141,853)
Less: Loss for the year from discontinued operations	–	(18,596)
Loss for the purposes of basic and diluted loss per share from continuing operations	(461,816)	(123,257)

The denominators used are the same as those detailed above for both basic and diluted loss per share.

(c) From discontinued operations

Basic and diluted loss per share from discontinued operations is HK$0.1 per share for the year ended 31st March, 2008, based on the loss for the year ended 31st March, 2008 from discontinued operations attributable to the equity holders of the Company of HK$18,596,000 and the denominators detailed above for both basic and diluted loss per share.

The calculation of diluted loss per share for both years has not assumed the exercise of the share options and warrants (for the year ended 31st March, 2009) and the conversion of convertible notes as these potential ordinary shares are anti-dilutive during both years.

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Leasehold improvements	Plant and machineries	Furniture, fixtures and equipment	Motor vehicles	Construction in progress	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
COST							
At 1st April, 2007	208,254	51,873	27,267	8,230	7,208	37,823	340,655
Exchange adjustments	18,981	140	1,706	219	217	3,849	25,112
Additions	2,133	400	10,068	2,406	2,938	21,368	39,313
Disposal of subsidiaries *(note 42)*	(129,599)	(51,786)	(28,315)	(6,069)	(3,916)	–	(219,685)
Disposals	–	(438)	(1,096)	(24)	(233)	–	(1,791)
At 31st March, 2008 and 1st April, 2008	99,769	189	9,630	4,762	6,214	63,040	183,604
Exchange adjustments	2,830	8	410	108	135	1,688	5,179
Additions	5,876	4,240	940	1,379	20	3,389	15,844
Transfer	37,751	–	–	12	–	(37,763)	–
Disposals	(725)	(35)	–	(277)	(1,161)	–	(2,198)
At 31st March, 2009	145,501	4,402	10,980	5,984	5,208	30,354	202,429
DEPRECIATION							
At 1st April, 2007	9,353	35,642	11,873	2,990	841	–	60,699
Exchange adjustments	4,706	56	520	88	67	–	5,437
Provided for the year	11,020	1,114	2,860	1,300	1,275	–	17,569
Eliminated on disposal of subsidiaries *(note 42)*	(22,747)	(36,322)	(13,915)	(3,230)	(954)	–	(77,168)
Eliminated on disposals	–	(435)	(949)	(22)	(70)	–	(1,476)
At 31st March, 2008 and 1st April, 2008	2,332	55	389	1,126	1,159	–	5,061
Exchange adjustments	417	8	173	33	59	–	690
Provided for the year	6,389	1,397	1,375	1,110	1,236	–	11,507
Eliminated on disposals	(95)	(35)	–	(177)	(746)	–	(1,053)
At 31st March, 2009	9,043	1,425	1,937	2,092	1,708	–	16,205
CARRYING VALUES							
At 31st March, 2009	136,458	2,977	9,043	3,892	3,500	30,354	186,224
At 31st March, 2008	97,437	134	9,241	3,636	5,055	63,040	178,543

The above items of property, plant and equipment other than construction in progress are depreciated on a straight-line basis at the following rates per annum:

Buildings	4% or over the remaining term of the relevant lease, if shorter
Leasehold improvements	33% or over the term of the relevant leases, if shorter
Plant and machineries	5% – 15%
Furniture, fixtures and equipment	10% – 33⅓%
Motor vehicles	10% – 20%

The carrying values of buildings shown above are located in:

	2009	**2008**
	HK$'000	*HK$'000*
– Hong Kong	4,454	–
– PRC	132,004	97,437
	136,458	97,437

At 31st March, 2009, the carrying values of furniture, fixtures and equipment of the Group included an amount of HK$357,000 (2008: HK$215,000) in respect of assets held under finance leases.

16. PREPAID LEASE PAYMENTS OF LEASEHOLD LAND

The Group's prepaid lease payments of leasehold land comprise:

	2009	**2008**
	HK$'000	*HK$'000*
Land use rights in the PRC on medium-term lease	21,352	21,325
Analysed for reporting purposes as:		
Current asset	530	517
Non-current asset	20,822	20,808
	21,352	21,325

During the year ended 31st March, 2008, the Group disposed of Guangzhou Panyu Lotus Golf & Country Club Co., Ltd. ("Panyu Golf"), a 65% owned subsidiary of the Company, which held a golf course and a piece of land located at Panyu, Guangdong Province in the PRC as set out in note 42. Prior to the disposal of Panyu Golf, the Group assessed the recoverable amount of the land by reference to its fair value and identified and recognised impairment losses of HK$30,681,000 and HK$14,319,000 in respect of the prepaid lease payments of leasehold land and premium on prepaid lease payments of leasehold land, respectively.

17. PREMIUM ON PREPAID LEASE PAYMENTS OF LEASEHOLD LAND

The amount represents the premium on acquisition of prepaid lease payments for the rights to use land situated in the PRC on medium-term lease as a result of acquisition of subsidiaries in previous years, which is amortised on the same basis as the related prepaid lease payments of the relevant land use rights.

The movement of premium on prepaid lease payments is set out below:

	HK$'000
COST	
At 1st April, 2007	134,029
Disposal of subsidiaries *(note 42)*	(14,761)
At 31st March, 2008 and 2009	119,268
AMORTISATION AND IMPAIRMENT	
At 1st April, 2007	2,502
Charge for the year	2,914
Impairment loss recognised *(note 16)*	14,319
Disposal of subsidiaries *(note 42)*	(14,761)
At 31st March, 2008	4,974
Charge for the year	2,736
At 31st March, 2009	7,710
CARRYING VALUES	
At 31st March, 2009	111,558
At 31st March, 2008	114,294

18. PROPERTIES UNDER DEVELOPMENT

	2009 *HK$'000*	**2008** *HK$'000*
At cost:		
At 1st April	240,853	11,296
Additions	2,268	244,128
Disposal of subsidiaries *(note 42)*	–	(14,571)
Impairment loss recognised *(note 9)*	(54,121)	–
At 31st March	189,000	240,853

During the year, the directors conducted a review of the Group's properties under development and determined that certain of the assets were impaired, due to decrease of open market value based on the valuation report conducted by RHL Appraisal Limited. Accordingly, an impairment loss of HK$54,121,000 has been recognised.

Management of the Group expects the whole amount of properties under development to be completed and released to market after one year (2008: after two years).

19. AVAILABLE-FOR-SALE INVESTMENTS

	2009	2008
	HK$'000	*HK$'000*
Available-for-sale investments comprise:		
Equity securities listed in Hong Kong	5,764	18,631
Equity securities listed elsewhere	32,128	75,939
	37,892	94,570

20. INTEREST IN A JOINT VENTURE

Jointly controlled entity:

In May 2008, the Group formed and equally owned a jointly controlled entity, Keen Step Corporation Limited ("Keen Step"), together with an independent third party at an investment cost of HK$1. In September 2008, the Group further acquired the remaining 50% equity interest in Keen Step. Therefore, the interest in a jointly controlled entity was derecognised upon date of completion of further acquisition. Details are set out in note 41(a). During the year, the jointly controlled entity has contributed HK$212,000 of share of loss to the Group.

Jointly controlled operation:

	2009	2008
	HK$'000	*HK$'000*
Interest in properties held for development	15,130	14,745
Loan to a joint venture	29,629	–
	44,759	14,745

In March 2008, the Group disposed of Panyu Golf, a 65% owned subsidiary of the Company, which held a golf resort known as "Guangzhou Lotus Hill Golf Resort" located at Panyu, Guangdong Province in the PRC. As part of the consideration for the disposal, the Group entered into a joint venture agreement to construct and develop certain residential units over a piece of land with a site area of approximately 48,000 sq. m. within the golf resort (the "Development Project"). The Group's interest in properties held for development represents its entitlement to share 65% of the residual value of the Development Project under the terms of the joint venture agreement.

In addition, the Group is obliged to advance an aggregate of RMB40 million for use in the Development Project, of which approximately RMB26,044,000 (equivalent to HK$29,629,000) was advanced by the Group during the year. The loan is unsecured, bearing interest at a lending interest rate of 5.4% of corresponding period as quoted by the People's Bank of China and will not be repaid until completion of the Development Project. In the opinion of the directors, the loan will not be repaid within twelve months from the balance sheet date and is therefore classified as non-current asset.

21. INTERESTS IN ASSOCIATES/UNSECURED LOANS AND INTERESTS DUE FROM ASSOCIATES

	2009	**2008**
	HK$'000	*HK$'000*
Cost of investment in associates, unlisted	169,202	221,708
Share of post-acquisition losses	(34,393)	(86,205)
	134,809	135,503
Loans and interests due from associates	1,130,198	1,077,690
Less: Loss allocated in excess of cost of investment	(56,216)	–
	1,073,982	1,077,690

The loans and interests due from associates of HK$1,130,198,000 included an amount of HK$626,850,000 (2008: HK$626,850,000) which is the unsecured, non-interest bearing and advanced to an associate based on its agreed portion of advance stated in the acquisition agreement. The imputed interest rate on this amount of loans was 8% (2008: 8%) per annum.

The remaining balance of approximately HK$281,150,000 (2008: HK$281,150,000) is advanced to the associate as a shareholder did not provide its portion of the loans. The amount carries interest at rates ranging from 5% to 5.25% (2008: ranging from 5.25% to 7.75%) per annum.

In the opinion of the directors, the amount will not be repaid within twelve months of the balance sheet date and was therefore classified as non-current asset.

Before offering any new loan to associate, the Group will assess the associate's credit quality and the usage of the loan by the associate. The recoverability of the loan is reviewed throughout the year. The whole loans to associates are repayable upon request for repayment, so the balances are neither past due nor impaired and have no loan default history.

Pursuant to the Empresa De Fomento Industrial E Comercial Concórdia, S.A. ("Concordia") acquisition agreement, one of the subsidiaries of the Group further undertook to advance to Concordia a shareholder's loan of not more than HK$15,000,000 (2008: HK$15,000,000) after the completion of the Concordia acquisition agreement.

The Group has concentration of credit risk as 85% of the total unsecured loans and interests is due from only one associate which is a private company located in Macau. In order to minimise the credit risk, management of the Group has monitored the repayment ability of the associates continuously.

During the year ended 31st March, 2008, the Group entered into the following transactions regarding the associates:

(a) The Group acquired 8.7% of the registered capital of Concordia, a company incorporated in Macau, which held the leasehold interests of 14 parcels of land situated in Estrade de Seac Pai Van, Macau. Upon completion of the acquisition, the Group's effective interest in the registered capital of Concordia increased to 35.5%.

(b) The Group disposed of its entire 40% equity interest in More Profit International Limited ("More Profit") together with the shareholder's loan due to the Group amounting to HK$260,412,000 at an aggregate consideration amounted to HK$350 million, to Get Nice Holdings Limited ("Get Nice"), a company incorporated in Cayman Islands and listed on the Stock Exchange (the "Disposal"). The Disposal resulted in a loss of the Disposal of approximately HK$39,486,000.

(c) The Group disposed of its entire 50% equity interest in Jean-Bon Pharmaceutical Technology Company Limited through the disposal of TFH as set out in notes 11 and 42. The carrying value of the interest in this associate is zero upon disposal.

At 31st March, 2009 and 2008, the Group had interests in the following major associates:

Name of associate	Form of business structure	Place of incorporation/ operation	Class of shares held *(Note 1)*	Nominal value of issued and fully paid share capital	Proportion of nominal value of issued share capital indirectly held by the Group %	Principal activity
Best Profit Holdings Limited	Incorporated	Hong Kong	Ordinary	HK$1,000	31.5	Investment holding *(Note 2)*
Concordia	Incorporated	Macau	Quota Capital	MOP100,000,000	35.5	Property development
Orient Town Limited	Incorporated	Hong Kong	Ordinary	HK$700	45	Investment holding *(Note 2)*
Orient Town Project Management Limited	Incorporated	Macau	Quota Capital	MOP25,000	45	Property project management
San Lun Mang Investimentos, Limitada	Incorporated	Macau	Quota Capital	MOP100,000	31.5	Investment holding *(Note 2)*

Notes:

1. Quota capital represents the Portuguese equivalence of registered capital as Portuguese is the official language of Macau.

2. The principal activities of their subsidiaries are mainly property development and property project management.

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

The summarised financial information in respect of the Group's associates is set out below:

	2009 *HK$'000*	**2008** *HK$'000*
Total assets	2,814,636	2,662,736
Total liabilities	(2,749,307)	(2,585,912)
Minority interest	(61,130)	(64,384)
Net assets as recorded in the books of the associates	4,199	12,440
Group's share of net assets of associates *(Note)*	134,809	135,503

Note: The Group's share of net assets of associates include a fair value adjustment for premium for the interest in leasehold land of the associate upon the acquisition of additional interest in the associate in prior year.

	2009 HK$'000	2008 HK$'000
Revenue	–	–
Loss for the year	(8,241)	(54,201)
Group's share of loss of associates for the year	(4,404)	(25,047)

The Group has discontinued the recognition of its share of losses of certain associates. The amounts of unrecognised share of losses of these associates, extracted from the relevant management accounts of the associates, both for the year and cumulatively, are as follows:

	2009 HK$'000	2008 HK$'000
Unrecognised share of losses of associates for the year	–	(2,451)
Accumulated unrecognised share of losses of associates	(2,451)	(2,451)

22. AMOUNTS DUE FROM ASSOCIATES

The amounts are unsecured, interest-free and repayable within one year of the balance sheet dates.

23. DEBT PORTION OF CONVERTIBLE BONDS AND DERIVATIVES EMBEDDED IN CONVERTIBLE BONDS

	Debt portion		Embedded conversion option	
	2009 HK$'000	2008 HK$'000	2009 HK$'000	2008 HK$'000
Convertible bonds issued by:				
Get Nice *(note a)*	–	51,120	–	4,865
Wing On *(notes b and c)*	37,047	–	–	–
	37,047	51,120	–	4,865
Analysed as:				
Current	727	–	–	–
Non-current	36,320	51,120	–	4,865
	37,047	51,120	–	4,865

Notes:

(a) The convertible bonds issued by Get Nice ("Get Nice Bonds") with the principal amount of HK$100 million was issued to the Group as part of consideration for the disposal of More Profit in September 2007. The Group was entitled to convert the Get Nice Bonds into shares in Get Nice at conversion price of HK$0.901 per share. The maturity date is 20th September, 2010.

During the year ended 31st March, 2008, the Group has disposed of the Get Nice Bonds with principal amount of HK$43 million. During the year ended 31st March, 2009, all the outstanding Get Nice Bonds with principal amount of HK$57 million were redeemed at 100% of the principal amount outstanding together with the accrued interest thereon calculated at 5% per annum, resulting in a gain on redemption (by the issuer) of HK$3,103,000.

(b) The 2% convertible bonds issued by Wing On Travel (Holdings) Limited ("Wing On") ("Wing On Bonds") with an aggregate principal amount of HK$45,000,000 was purchased during the year from an independent third party at total consideration of HK$33,750,000. The Group is entitled to convert the Wing On Bonds into shares of Wing On at an initial conversion price of HK$0.79 per share (subject to adjustments), which was subsequently adjusted to HK$0.339 as a result of rights issue by Wing On on 3rd July, 2008. Unless previously converted or lapsed, Wing On shall redeem the Wing On Bonds on 7th June, 2011 at 110% of their principal amount.

(c) Mr. Cheung Hon Kit, an executive director of the Company is also a director of Wing On.

The Group classified the debt portion of the convertible bonds as loans and receivables and the embedded conversion option is deemed as held for trading and classified as financial assets at fair value through profit or loss on initial recognition. The fair values of the embedded conversion option on initial recognition are determined by the directors of the Company with reference to the valuation performed by Greater China Appraisal Limited, a firm of independent professional valuer using Black-Scholes Option Pricing Model. Details of the assumptions used in the Black-Scholes Option Pricing Model in the valuation of the conversion option embedded in convertible bonds as at the following dates are as follows:

	31st March, 2008	**Redemption date 12th August, 2008**
Get Nice Bonds		
Closing price at date of valuation	HK$0.59	HK$0.495
Conversion price	HK$0.901	HK$0.901
Expected volatility *(note a)*	53.43%	46.25%
Expected annual dividend yield	4.39%	8.081%
Risk-free interest rate *(note b)*	1.385%	2.1%

	Purchase date 7th August, 2008	**31st March, 2009**
Wing On Bonds		
Closing price at date of valuation	HK$0.055	HK$0.025
Conversion price	HK$0.339	HK$0.339
Expected volatility *(note c)*	66.342%	88.677%
Expected annual dividend yield	2.405%	N/A
Risk-free interest rate *(note b)*	2.712%	0.762%

Notes:

(a) Expected volatility was determined by using the historical volatility of the price return of the ordinary shares of Get Nice over 910 days from the valuation date.

(b) The risk-free rate interest was based on the yield of Exchange Fund Note.

(c) Expected volatility was determined by using the historical volatility of the price return of the ordinary shares of Wing On over 569 days from the valuation date.

On initial recognition, the fair value of the debt portion of the convertible bonds was determined using the prevailing market interest rate of similar non-convertible debts. The effective interest rate to the debt component of Wing On Bonds is 17.51% (2008: 9% to the debt component of Get Nice Bonds).

As at 31st March, 2009, the Group has concentration of credit risk as all of the convertible bonds held by the Group was due from Wing On, which shares are listed on the Stock Exchange and a related party of which Mr. Cheung Hon Kit, an executive director of the Company is also a director. As at 31st March, 2008, all of the convertible bonds were due from an independent third party.

24. DEPOSITS AND EXPENSES PAID FOR ACQUISITION OF A LAND USE RIGHT

The amounts represent deposits and expenses paid for the acquisition of a land use right in the PRC for a total cash consideration of RMB50,964,000 (equivalent to HK$57,980,000) under an acquisition agreement dated 22nd March, 2007.

25. OTHER LOAN RECEIVABLES

	2009	**2008**
	HK$'000	*HK$'000*
Fixed-rate loan receivables	13,133	13,133
Variable-rate loan receivables	195,594	230,000
	208,727	243,133

The whole amounts are repayable on demand or within one year.

The following is an analysis of the ageing of other loan receivables at the balance sheet dates:

	2009	**2008**
	HK$'000	*HK$'000*
Within one year	68,317	93,500
More than one year, but not exceeding two years	30,776	144,998
More than two years, but not exceeding three years	109,634	4,635
	208,727	243,133

At 31st March, 2009, the Group's fixed-rate loan receivables of HK$8,498,000 (2008: HK$8,498,000) carried interest at 8% per annum and were secured by 40,000,000 shares of a private limited company incorporated in Malaysia, with a nominal value of RM0.25 (equivalent to HK$0.53) per share. The remaining fixed-rate loan receivables of HK$4,635,000 (2008: HK$4,635,000) were denominated in United States dollars ("USD"), which is not the functional currencies of the relevant group entities, carried interest at 3% and were unsecured. All the fixed-rate loan receivables are due within one year.

At 31st March, 2009, all variable-rate loans were unsecured, carried interest at Hong Kong Prime Rate, Hong Kong Prime Rate plus 1% or 2% per annum and are repayable within one year. The effective interest rates are ranging from 5% to 7.25% per annum (2008: 7.25% to 9.75% per annum).

Before offering any new loans, the director will assess the potential borrower's credit quality and defines credit limits by the borrower. The director will continuously assess the recoverability of other loan receivables. The whole amount of other loan receivables are repayable upon request for repayment, so the balances are neither past due nor impaired and in the opinion of the directors they have no history of loan default.

The Group's has concentration of credit risk in the above loans as five borrowers accounted for 76% (2008: 95%) of the total other loan receivables as at 31st March, 2009.

The borrowers mainly consist of one listed company in Hong Kong and several private companies. In order to minimise the credit risk, management of the Group monitors the repayment ability of the borrowers continuously.

26. INVENTORIES

	2009	2008
	HK$'000	*HK$'000*
Finished goods	906	341
Consumables	2,237	1,820
	3,143	2,161

27. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2009	2008
	HK$'000	*HK$'000*
Investments held-for-trading:		
Equity securities listed in Hong Kong	174,897	9,245
Equity securities listed elsewhere	1,655	1,756
	176,552	11,001
Financial assets designated at fair value through profit or loss:		
Equity-linked notes	–	956
	176,552	11,957

At the balance sheet date, all financial assets at fair value through profit or loss are stated at fair value. The fair values of listed securities are determined based on the bid prices quoted in active markets and those of the equity-linked notes are based on fair values quoted by the respective issuing banks or financial institutions.

The Group's financial assets at fair value through profit or loss that are denominated in currency other than functional currency of the relevant group entity are set out below:

	2009	2008
	HK$'000	*HK$'000*
Japanese Yen	1,116	1,756
USD	539	956

28. DEBTORS, DEPOSITS AND PREPAYMENTS

	2009	2008
	HK$'000	*HK$'000*
Trade debtors	10,748	27,685
Less: Allowance for doubtful debts	(5,336)	–
	5,412	27,685
Refundable earnest money *(note a)*	388,461	365,791
Other receivable *(note b)*	19,120	23,659
Other debtors, deposits and prepayments	90,155	97,660
	503,148	514,795

The Group allows credit period of 90 days to its trade customers.

The following is an analysis of the ageing of debtors net of allowance for doubtful debts at the balance sheet date:

	2009	**2008**
	HK$'000	*HK$'000*
0 – 60 days	864	16,977
61 – 90 days	431	124
Over 90 days	4,117	10,584
	5,412	27,685

Before accepting any new customer, the Group will assess the potential customer's credit quality and define credit limits by customer. Limits attributed to customers are reviewed twice a year. 16% (2008: 61%) of the trade debtors that are neither past due nor impaired have the best credit rating.

Included in the Group's trade debtors is an aggregate carrying amount of HK$4,117,000 (2008: HK$10,584,000) which are past due at the balance sheet date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances. The average age of trade debtors is 135 days (2008: 120 days). The ageing of trade debtors which are past due but not impaired is as follows:

	2009	**2008**
	HK$'000	*HK$'000*
Over 90 days	4,117	10,584

The Group has provided fully for general trade debtors due over 2 years because historical experience is such that these receivables that are past due beyond 2 years are generally not recoverable.

Movement in the allowance for doubtful debts is as follows:

	2009	**2008**
	HK$'000	*HK$'000*
Balance at beginning of the year	–	3,315
Exchange realignment	23	305
Impairment losses recognised on debtors	5,313	1,801
Amount written off as uncollectible	–	(992)
Eliminated on disposal of subsidiaries	–	(4,429)
Balance at end of the year	5,336	–

Notes:

(a) (i) In June 2005, a wholly-owned subsidiary of the Company and an independent third party ("Vendor A") signed a non-binding letter of intent with a view of negotiating a possible acquisition from Vendor A of 50% of its ownership and interest in certain land located in Macau which was initially intended for redevelopment purposes, at an initial consideration of HK$495,000,000. Upon signing of the letter of intent, an amount of HK$10,000,000 (2008: HK$10,000,000) was paid by the Group as refundable earnest money.

(ii) On 28th December, 2006, 21st March, 2007 and 17th February, 2009, further amounts of refundable earnest money of approximately HK$170,000,000, HK$160,191,000 and HK$12,000,000, respectively, were paid by the Group through Wing On, a company whose shares are listed on the Stock Exchange for the negotiation of possible acquisition of ownership and interest in properties located in the PRC. Wing On undertakes to refund the earnest money to the Group in full upon request of the Group. Up to the date of this report, the negotiations have not yet been concluded.

(iii) On 18th January, 2008, the Company entered into a memorandum of understanding with an independent thirty party with a view of negotiating a possible acquisition of the entire issued share capital of a company which is proposed to hold and develop a land in Vietnam. Upon signing of the memorandum of understanding, an amount of HK$15,600,000 was paid by the Group as refundable earnest money. A further amount of HK$20,670,000 was paid by the Group during the year ended 31st March, 2009.

(iv) On 29th October, 2007, a wholly-owned subsidiary of the Company paid HK$10,000,000 to vendor with a view of negotiating a possible acquisition of ownership and interest in properties located in Hong Kong. The amount was fully refunded to the Group during the year ended 31st March, 2009.

The refundable earnest money mainly concentrated on vendors of 3 projects and over 80% of total refundable earnest money are in relation to one project. The Company has continuously assessed the recoverability of the money invested and the progress of the project and the vendors have no history of loan default.

No formal agreements in respect of the above possible acquisitions have been entered into up to the date of this report. In the opinion of the directors of the Company, the possible acquisitions may or may not materialise and are fully refundable, therefore, the above refundable earnest money is classified as current asset accordingly.

(b) The other receivable represented an amount due from the vendors in respect of tax indemnity given by the vendors pursuant to the sales and purchase agreements for acquisition of subsidiaries in 2006 and 2007.

29. UNSECURED LOANS AND INTEREST DUE FROM RELATED COMPANIES

The amount represented loan to a subsidiary of Wing On (2008: Wing On and one of its subsidiaries). The principal amount of HK$40,000,000 (2008: HK$51,000,000) is unsecured, carries interest at Hong Kong Prime Rate plus 2% and repayable within one year (2008: within one year) from balance sheet date. The effective interest rate is 7.0% (2008: 7.2%) per annum.

The Group has concentration of credit risk as all (2008: all) of the unsecured loans were mainly due from one (2008: two) related company.

30. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

The pledged bank deposits represents deposits pledged to banks to secure general banking facilities granted to the Group. The deposits carry fixed interest at rates ranging from 0.35% to 4.78% (2008: 2.9% to 4.78%) per annum.

The bank balances carry interest at prevailing market rates ranging from 0.001% to 2.2% (2008: 0.01% to 4.5%) per annum.

The Group's pledged bank deposits and bank balances and cash that are denominated in currency other than functional currency of the relevant group entities are set out below:

	2009	**2008**
	HK$'000	*HK$'000*
USD	26,226	31,975

31. CREDITORS, DEPOSITS AND ACCRUED CHARGES

The following is an analysis of creditors, deposits and accrued charges at the balance sheet date:

	2009	**2008**
	HK$'000	*HK$'000*
Trade creditors aged:		
0 – 60 days	763	1,420
61 – 90 days	447	355
Over 90 days	799	360
	2,009	2,135
Other creditors, deposits and accrued charges *(Note)*	70,038	68,257
	72,047	70,392

The average credit period on purchases of goods is 60 days. The Group has financial risk management policies to ensure that all payables are within the credit timeframe.

Note: Under the agreement in connection with the disposal of Panyu Golf, the Group agreed to assume certain assets and liabilities of Panyu Golf with the net carrying amount of HK$14,924,000 (2008: HK$30,423,000) which has been included in other creditors at 31st March, 2009.

32. AMOUNTS DUE TO MINORITY SHAREHOLDERS OF SUBSIDIARIES

The amounts are unsecured, interest-free and repayable on demand.

33. CONVERTIBLE NOTE PAYABLES

(a) On 11th August, 2005, the Company has issued HK$1,000 million unsecured zero coupon convertible notes due 2010 (the "First 2010 Convertible Notes") at an initial conversion price of HK$0.44 per ordinary share, which was subsequently adjusted to HK$5.675 as a result of the Company's rights issue and capital reorganisation as detailed in notes 37(c) and 37(e) respectively. The First 2010 Convertible Notes is non-interest bearing and will mature on 11th August, 2010. The holders of the convertible note payables have the right to convert the First 2010 Convertible Notes into shares of HK$0.01 each of the Company at any time during the period from 11th August, 2005 to 11th August, 2010.

The First 2010 Convertible Notes, unless converted prior to the maturity under the conditions specified in the relevant notes documents, will be redeemed at 110% of their principal amounts.

During the year ended 31st March, 2008, HK$111 million of the First 2010 Convertible Notes was converted into 252,272,723 ordinary shares of HK$0.01 each in the share capital of the Company at the conversion price of HK$0.44 per ordinary share as set out in note 37(a). As at 31st March, 2009, HK$471 million (2008: HK$471 million) of the First 2010 Convertible Notes was outstanding.

Upon full conversion of the outstanding First 2010 Convertible Notes at 31st March, 2009 at the adjusted conversion price of HK$5.675 per ordinary share of HK$0.01 each in the share capital of the Company, a total of 83,004,399 new ordinary shares, which would fall to be issued by the Company upon the exercise of the conversion rights attached to the First 2010 Convertible Notes, would be issued.

(b) On 8th June, 2006, the Company issued HK$60 million unsecured zero coupon convertible notes due 2010 (the "Second 2010 Convertible Notes") at an initial conversion price of HK$0.44 per ordinary share, which was subsequently adjusted to HK$5.675 as a result of the Company's rights issue and capital reorganisation as detailed in notes 37(c) and 37(e) respectively. The Second 2010 Convertible Notes is non-interest bearing and will mature on 11th August, 2010. The holders of the convertible note payables have the right to convert the Second 2010 Convertible Notes into shares of HK$0.01 each of the Company at any time during the period from 8th June, 2006 to 11th August, 2010.

Unless previously converted, the Company will redeem the convertible note payables on the maturity date at the redemption amount of 108.3% of the principal amount of the convertible notes then outstanding.

During the year ended 31st March, 2008, HK$42.5 million of the Second 2010 Convertible Notes was converted into 96,645,052 ordinary shares of HK$0.01 each in the share capital of the Company at the initial conversion price of HK$0.44 per share as set out in note 37(a). As at 31st March, 2009, HK$17.5 million (2008: HK$17.5 million) of the Second 2010 Convertible Notes was outstanding.

Upon full conversion of the outstanding Second 2010 Convertible Notes at 31st March, 2009 at the adjusted conversion price of HK$5.675 per ordinary share of HK$0.01 each in the share capital of the Company, a total of 3,079,502 new ordinary shares, which would fall to be issued by the Company upon the exercise of the conversion rights attached to the Second 2010 Convertible Notes, would be issued.

(c) On 15th June, 2006, the Company issued HK$1,000 million unsecured 1% convertible notes due 2011 (the "2011 Convertible Notes") at an initial conversion price of HK$0.70 per ordinary shares, which was subsequently adjusted to HK$9.025 as a result of the Company's rights issue and capital reorganisation as detailed in notes 37(c) and 37(e) respectively. The 2011 Convertible Notes bear interest at 1% per annum and will mature on 19th June, 2011. The holders of the convertible note payables have the right to convert the 2011 Convertible Notes into shares of HK$0.01 each of the Company at any time during the period from 15th June, 2006 to 19th June, 2011.

Unless previously converted, the Company will redeem the convertible note payables on the maturity date at the redemption amount of 110% of the principal amount of the convertible notes then outstanding.

During the year ended 31st March, 2008, HK$94 million of 2011 Convertible Notes was converted into 134,285,714 ordinary shares of HK$0.01 each in the share capital of the Company at the initial conversion price of HK$0.70 per original share as set out in note 37(a). As at 31st March, 2009, HK$906 million (2008: HK$906 million) of the 2011 Convertible Notes was outstanding.

Upon full conversion of the outstanding 2011 Convertible Notes at 31st March, 2009 at the adjusted conversion price of HK$9.025 per ordinary share of HK$0.01 each in the share capital of the Company, a total of 100,387,795 new ordinary shares, which would fall to be issued by the Company upon the exercise of the conversion rights attached to the 2011 Convertible Notes, would be issued.

Each of the convertible note payables contain two components, liability and equity elements. The equity element is presented in equity under the heading of "convertible loan notes equity reserve". The effective interest rates of the convertible note payables are ranging from 5.85% to 9.16% (2008: 5.85% to 9.16%) per annum.

The movement of the liability component of the convertible note payables for the year is set out below:

	2009 *HK$'000*	2008 *HK$'000*
Liability component at the beginning of the year	1,243,843	1,368,400
Conversion during the year	–	(212,248)
Effective interest charged *(note 8)*	101,414	97,681
Interest paid	(9,170)	(9,990)
Liability component at the end of the year	1,336,087	1,243,843
Analysed for reporting purposes as:		
Current liability	7,174	7,284
Non-current liability	1,328,913	1,236,559
	1,336,087	1,243,843

34. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2009 *HK$'000*	2008 *HK$'000*	2009 *HK$'000*	2008 *HK$'000*
Amount payable under finance leases:				
Within one year	120	67	90	49
In the second to fifth year inclusive	327	202	282	173
	447	269	372	222
Less: Future finance charges	(75)	(47)	–	–
Present value of lease obligations	372	222	372	222
Less: Amount due within one year shown under current liabilities			(90)	(49)
Amount due after one year			282	173

It is the Group's policy to lease certain furniture, fixtures and equipment under finance leases. The average lease term is approximately five years. Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 9.11% to 9.18% (2008: 9.15% to 9.16%) per annum.

The Group's obligations under finance leases are secured by the lessors' charge over the leased assets.

35. BANK BORROWINGS

	2009	2008
	HK$'000	*HK$'000*
Bank loans, secured	123,488	153,643

The maturity profile of the above loans and borrowings is as follows:

	2009	2008
Within one year or on demand	82,830	113,996
More than one year, but not exceeding two years	26,485	12,433
More than two years, but not exceeding three years	13,073	12,837
More than three years but not exceeding four years	1,100	13,254
More than four years but not exceeding five years	–	1,123
	123,488	153,643
Less: Amount due within one year shown under current liabilities	(82,830)	(113,996)
Amount due after one year	40,658	39,647

Bank borrowings comprise	Maturity date	Contractual interest rate	Carrying amount 2009	2008
			HK$'000	*HK$'000*
Variable-rate borrowings:				
HIBOR plus 1% secured HK$ bank loan *(note)*	Revolving	HIBOR + 1%	1,898	1,844
HIBOR plus 1.55% secured HK$ bank loan *(note)*	30th April, 2012	HIBOR + 1.55%	39,605	51,690
Hong Kong Prime Rate minus 0.5% secured HK$ bank loan *(note)*	26th July, 2009	P – 0.5%	47,856	66,850
			89,359	120,384
Fixed-rate borrowings:				
5.67% secured bank loan of RMB12,000,000	25th November, 2010	5.67%	13,651	–
5.31% secured bank loan of RMB18,000,000	10th September, 2009	5.31%	20,478	–
7.47% secured bank loan of RMB12,000,000	22nd December, 2008	7.47%	–	13,304
7.02% secured bank loan of RMB18,000,000	9th September, 2008	7.02%	–	19,955
			34,129	33,259
			123,488	153,643

Note: Interest will be repriced when HIBOR or Hong Kong Prime Rate change.

At the balance sheet date, the Group has the following undrawn borrowing facilities:

	2009	2008
	HK$'000	*HK$'000*
Floating rate		
– expiring within one year	2,190	17,150
– expiring beyond one year	13,702	222,406
	15,892	239,556

The effective interest rates of bank borrowings are ranging from 1.35% to 7.20% (2008: 4.75% to 8.06%) per annum.

36. DEFERRED TAXATION

The following is the major deferred tax liabilities recognised and movements thereon during the current and prior years:

	Accelerated tax depreciation	Deferred development costs	Tax losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1st April, 2007	42,469	75	(1,935)	40,609
(Credit) charge to income for the year	(646)	–	1,779	1,133
Exchange realignment	1,067	–	81	1,148
Released on disposal of subsidiaries *(note 42)*	(14,316)	(75)	75	(14,316)
At 31st March, 2008	28,574	–	–	28,574
Credit to income for the year	(685)	–	–	(685)
At 31st March, 2009	27,889	–	–	27,889

At 31st March, 2009, the Group has unused tax losses of HK$700,389,000 (2008: HK$517,627,000) available for offset against future profits. At the balance sheet date, no deferred tax asset has been recognised in respect of such losses. Tax losses of HK$677,940,000 (2008: HK$511,706,000) may be carried forward indefinitely under current tax regulation in Hong Kong and the remaining tax losses of HK$22,449,000 (2008: HK$5,921,000) will expire from 2009 to 2013.

37. SHARE CAPITAL

	Number of shares	Amount
		HK$'000
At HK$0.01 each:		
Authorised:		
At 1st April, 2007, 31st March, 2008 and 31st March, 2009	40,000,000,000	400,000
Issued and fully paid:		
At 1st April, 2007	2,312,314,541	23,123
Conversion of convertible notes *(note a)*	483,203,485	4,832
Placement of shares *(note b)*	300,000,000	3,000
At 31st March, 2008	3,095,518,026	30,955
Rights issue *(note c)*	9,286,554,078	92,866
Share repurchased and cancelled *(note d)*	(609,135,000)	(6,092)
Share consolidation *(note e(i))*	(11,302,019,620)	–
Capital reduction *(note e(iii))*	–	(113,020)
At 31st March, 2009	470,917,484	4,709

Notes:

(a) During the year ended 31st March, 2008, the First 2010 Convertible Notes, the Second 2010 Convertible Notes and the 2011 Convertible Notes with aggregate principal amounts of HK$111,000,000, HK$42,500,000 and HK$94,000,000 were converted into 252,272,723, 96,645,052 and 134,285,710 ordinary shares of HK$0.01 each in the Company at the conversion prices (before adjustment of Rights Issue and Capital Reorganisation) of HK$0.44, HK$0.44 and HK$0.70 per share, respectively.

(b) On 18th May, 2007, the Company entered into a share placing agreement with a placing agent for a placing of 300,000,000 new ordinary shares of HK$0.01 each in the Company at an issue price of HK$0.56 per share (before adjustment of Rights Issues and Capital Reorganisation). The placement was approved by shareholders in a special general meeting held on 1st June, 2008. The net proceeds of approximately HK$163 million would be used to finance the expansion of the property portfolio and the existing property development projects of the Group. The new shares rank pari passu with all the other shares in issue in all respects.

(c) In August 2008, the Company has issued and allotted 9,286,554,078 ordinary shares of HK$0.01 each to the existing qualifying shareholders pursuant to the rights issue on the basis of three rights shares (with warrants in the proportion of four warrants for every fifteen rights shares subscribed) for every share currently held (the "Rights Issue") at a subscription price of HK$0.07 per share. The net proceeds of approximately HK$627 million were used as general working capital of the Group. The new shares rank pari passu with the existing shares in all respects. Details of the Rights Issue were set out in a circular of the Company dated 11th July, 2008.

(d) During the year ended 31st March, 2009, the Company repurchased a total of 609,135,000 ordinary shares of HK$0.01 each in the Company through the Stock Exchange at an aggregate consideration of approximately HK$27 million (including transaction costs), details of which are as follows:

Month of repurchase	No. of ordinary shares of HK$0.01 each	Price per share Highest	Price per share Lowest	Aggregate consideration paid
		HK$	*HK$*	*HK$'000*
September 2008	387,805,000	0.054	0.037	17,506
October 2008	78,330,000	0.058	0.033	4,282
February 2009	143,000,000	0.034	0.034	4,891
	609,135,000			26,679

All of the above shares were cancelled upon repurchase. The nominal value of the cancelled shares was credited to the capital redemption reserve and the aggregate consideration was paid out of the reserves of the Company.

None of the Company's subsidiaries purchased, sold and redeemed any of the Company's listed securities during both years.

(e) On 30th January, 2009, the Company proposed reorganisation of the share capital ("Capital Reorganisation"). The Capital Reorganisation became effective on 16th March, 2009 after approval by the shareholders. The Capital Reorganisation involved the following:

(i) every twenty-five issued shares of HK$0.01 each were consolidated into one share of HK$0.25 ("Share Consolidation").

(ii) the total number of the consolidated shares in the issued share capital of the Company following the Share Consolidation was rounded down to a whole number by cancelling the fractional consolidated share arising from the Share Consolidation;

(iii) the paid-up capital of each consolidated share was reduced from HK$0.25 to HK$0.01 by cancelling HK$0.24 so as to form a reorganised share of HK$0.01 ("Capital Reduction"); and

(iv) the credit arising in the accounts of the Company from the Capital Reduction was credited to the contributed surplus account of the Company and the directors were authorised to apply such amount in any manner permitted by the laws of Bermuda and the bye-laws of the Company and to make a distribution to the shareholders from time to time, without further authorisation from the shareholders.

Warrants

Pursuant to the Rights Issue as detailed in note (c), the Company has issued 2,476,414,328 warrants to the subscribers of the rights shares conferring the rights to the holders thereof to subscribe in cash for 2,476,414,328 warrant shares of the Company of HK$0.01 each at an initial exercise price of HK$0.105 per warrant share (subject to adjustments) at any time during the period from 5th August, 2008 to 4th February, 2010. A total of 2,476,414,420 warrants (of which 92 warrants with fractional entitlement were not issued to the subscribers but have been issued and retained for the benefit of the Company) and the exercise price of HK$0.105 per warrant share were subsequently adjusted to 99,056,576 warrants and HK$2.625 per share, respectively, as a result of the Capital Reorganisation.

At 31st March, 2009, the Company had outstanding 99,056,576 warrants (after adjustment of the Capital Reorganisation), which if exercise in full would result in the issue of 99,056,576 ordinary shares of HK$0.01 each.

The subscription rights attaching to the warrants are measured at fair value of approximately HK$34,571,000 on initial recognition and are recognised in equity in the warrant reserve.

The fair value of the warrants issued during the year was calculated using the Binominal option pricing model. The inputs into the model were as follows:

Date of issue	5th August, 2008
Share price	HK$0.064
Exercise price	HK$0.105
Time to maturity	1.5 years
Expected volatility	75.58%
Expected dividend yield	Nil
Risk free rate	1.981%
Fair value per warrant	HK$0.0140

The variables and assumptions used in computing the fair value of the warrants are based on management's best estimate.

38. SHARE-BASED PAYMENT TRANSACTIONS

Scheme adopted on 26th August, 2002 (the "Scheme")

Following the termination of the scheme adopted on 28th February, 1994, in August 2002, the Scheme was adopted pursuant to a resolution passed on 26th August, 2002 for the primary purpose of providing incentives to eligible persons and will expire on 25th August, 2012. Under the Scheme, the directors of the Company may grant share options to the following eligible persons to subscribe for shares in the Company:

(i) employees including executive directors of the Company, its subsidiaries and any companies in which the Company holds any equity interest; or

(ii) non-executive directors of the Company, its subsidiaries and any companies in which the Company holds any equity interest; or

(iii) suppliers or customers; or

(iv) consultants, advisers or agents.

Share options granted should be accepted within 28 days of the date of grant, upon payment of HK$1 per each grant of share options. The exercise price is determined at the highest of: (i) the closing price of the shares on the date of grant of the share option; or (ii) the average closing price of shares on the five trading days immediately preceding the date of grant; or (iii) the nominal value of shares on the date of grant.

There is no specific requirement that an option must be held for any minimum period before it can be exercised but the directors are empowered to impose at their discretion any such minimum period at the time of grant of any particular option. The period during which an option may be exercised will be determined by the directors at their absolute discretion, save that no option may be exercised more than 10 years from the date of grant.

The maximum number of shares in respect of which share options under the Scheme may be granted when aggregated with the maximum number of shares in respect of which options may be granted under all the other schemes (the "Scheme Limit") is 10% of shares in issue on the adoption date of the Scheme. The Scheme Limit may be refreshed by a resolution in shareholders' meeting such that the total number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other schemes shall not exceed 10% of the shares in issue as at the date of such shareholders' approval. However, the Scheme Limit and any increase in the Scheme Limit shall not result in the number of shares which may be issued upon exercise of all outstanding share options granted under the Scheme and other schemes exceed 30% of the shares in issue from time to time. No person shall be granted a share option, within 12-month period of the date of grant, exceeds 1% of the shares in issue as at the date of grant.

The following table discloses details of the Company's share options held by directors and employees and other participants, and movements in such holdings during the current and prior years:

				Number of share options							
Date of grant	Vesting proportion	Exercisable period	Adjusted exercise price per share *(Note 1)* *HK$*	Outstanding at 1.4.2007	Granted during the year	Forfeited during the year	Outstanding at 1.4.2008	Adjustment during the year *(Note 1)*	Expired during the year	Forfeited during the year	Outstanding at 31.3.2009
Employees and other participants:											
15.8.2006	50%	15.8.2006 – 14.8.2008	0.315	1,900,000	–	–	1,900,000	1,113,400	(3,013,400)	–	–
	50%	15.8.2007 – 14.8.2008	0.315	1,900,000	–	–	1,900,000	1,113,400	(3,013,400)	–	–
27.7.2007	50%	27.7.2008 – 26.7.2011	10.55	–	10,100,000	–	10,100,000	(6,636,764)	–	(2,946,200)	517,036
	50%	27.7.2009 – 26.7.2011	10.55	–	10,100,000	–	10,100,000	(6,636,764)	–	(2,946,200)	517,036
Former directors *(Note 2)*:											
15.8.2006	50%	15.8.2006 – 14.8.2008	0.315	4,000,000	–	(2,250,000)	1,750,000	586,000	(1,586,000)	(750,000)	–
	50%	15.8.2007 – 14.8.2008	0.315	4,000,000	–	(2,250,000)	1,750,000	586,000	(1,586,000)	(750,000)	–
27.7.2007	50%	27.7.2008 – 26.7.2011	10.55	–	2,250,000	–	2,250,000	(1,404,840)	–	(750,000)	95,160
	50%	27.7.2009 – 26.7.2011	10.55	–	2,250,000	–	2,250,000	(1,404,840)	–	(750,000)	95,160

Date of grant	Vesting proportion	Exercisable period	Adjusted exercise price per share *(Note 1)* HK$	Number of share options: Outstanding at 1.4.2007	Granted during the year	Forfeited during the year	Outstanding at 1.4.2008	Adjustment during the year *(Note 1)*	Expired during the year	Forfeited during the year	Outstanding at 31.3.2009
Directors:											
15.8.2006	50%	15.8.2006 – 14.8.2008	0.315	9,750,000	–	–	9,750,000	5,713,500	(15,463,500)	–	–
	50%	15.8.2007 – 14.8.2008	0.315	9,750,000	–	–	9,750,000	5,713,500	(15,463,500)	–	–
27.7.2007	50%	27.7.2008 – 26.7.2011	10.55	–	19,500,000	–	19,500,000	(18,262,920)	–	–	1,237,080
	50%	27.7.2009 – 26.7.2011	10.55	–	19,500,000	–	19,500,000	(18,262,920)	–	–	1,237,080
				31,300,000	63,700,000	(4,500,000)	90,500,000	(37,783,248)	(40,125,800)	(8,892,400)	3,698,552
Exercisable at the end of the years							26,800,000				1,849,276
Weighted average exercise price				0.315	10.55	0.315	9,758	N/A	0.315	10,099	10.55

Notes:

1. The exercise price and the number of share options outstanding at 31st March, 2009 have been adjusted to reflect the effect of the Rights Issue and Capital Reorganisation.

2. All former directors are no longer employees of the Group.

The closing price of the Company's shares immediately before 27th July, 2007, the date of grant of the options, was HK$0.67 (before adjustment of Rights Issue and Capital Reorganisation), and the estimated fair value of the options granted was approximately HK$15,269,000 at the date of grant.

The fair values of the share options granted during the year ended 31st March, 2008 were calculated using the Binomial option pricing model. The inputs into the model were as follows:

Date of grant	27th July, 2007
Closing share price at the date of grant	HK$0.63
Initial exercise price (before adjustment of Rights Issue and Capital Reorganisation)	HK$0.67
Expected life of options	1 to 2 years
Expected volatility	59.03%
Expected dividend yield	Nil
Risk free rate	4.28%
Fair value per option (before adjustment of Rights Issue and Capital Reorganisation)	HK$0.2206 & HK$0.2588

The total estimated fair value of the options granted was approximately HK$15,269,000 at the date of grant.

Expected volatility was determined by using the historical volatility of the Company's share price over five years. The expected life used in the model has been estimated, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

As the fair value of the services to be performed by other eligible participants cannot be estimated reliably because it is not possible to measure the fair value of the total remuneration package, the fair value of such services is also measured with reference to the fair value of share options granted using the Binomial option pricing model.

The Group recognised the total expense of HK$5,547,000 for the year (2008: HK$8,342,000) in relation to the share options granted by the Company, of which HK$1,465,000 (2008: HK$2,498,000) was related to options granted to the Group's employees which has been included in staff costs as set out in note 12, and the remaining balance of HK$4,082,000 (2008: HK$5,844,000) was related to options granted to directors which has been included in directors' emoluments as set out in note 13(a).

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

39. 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 shareholders 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 debt, which includes the convertible note payables and borrowings disclosed in notes 33 and 35 respectively, net of cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued share capital and reserves.

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

40. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2009	**2008**
	HK$'000	*HK$'000*
Financial assets		
Available-for-sale investments	37,892	94,570
Fair value through profit or loss		
Investments held-for-trading	176,552	11,001
Equity-linked notes	–	956
Derivatives embedded in convertible bonds	–	4,865
Loans and receivables (including cash and cash equivalents)	1,995,950	2,202,185
Financial liabilities		
Amortised cost	1,503,432	1,449,570

(b) Financial risk management objectives and policies

The Group's major financial instruments include equity and debt investments, debtors, other loan receivables, amounts due from associates, unsecured loans and interest due from associates/related companies, pledged bank deposits, bank balances and cash, creditors, convertible note payables, obligations under finance leases, amounts due to minority shareholders of subsidiaries and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below.

Market risk

(i) Currency risk

Several subsidiaries of the Company have foreign currency bank balances, which expose the Group to foreign currency risk. Management has closely monitored foreign exchange exposure and will undertake procedures should necessary to mitigate the currency risk.

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

	Assets		**Liabilities**	
	2009	**2008**	**2009**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
USD	26,226	31,975	–	–

The functional currency of the respective group entities is Hong Kong dollars. The Group's exposure to the currency risk of USD is limited because Hong Kong dollars are pegged to USD.

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to loan to a joint venture, unsecured loans from associates, debt portion of convertible bonds, fixed-rate other loan receivables, fixed-rate bank deposits, convertible note payables and bank borrowings as set out in notes 20, 21, 23, 25, 30, 33 and 35 respectively.

The Group is also exposed to cash flow interest rate risk in relation to variable-rate other loan receivables, unsecured loans due from related companies and bank borrowings as set out in notes 25, 29 and 35 respectively.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Hong Kong Prime Rate and HIBOR.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the balance sheet date. For variable-rate other loan receivables, unsecured loans from related companies and bank borrowings, the analysis is prepared assuming the amount of asset and liability outstanding at the balance sheet date was outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis point higher/lower and all other variables were held constant, the Group's loss for the year ended 31st March, 2009 would decrease/increase by HK$1,221,000 (2008: HK$1,325,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate other loan receivables and bank borrowings.

(iii) Other price risk

The Group is exposed to equity price risk arising from available-for-sale investments, derivatives embedded in convertible bonds and investments held-for-trading. Management manages this exposure by maintaining a portfolio of investments with different risks. The Group's equity price risk is mainly concentrated on listed equity investments quoted on the Stock Exchange. In addition, the Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date. The exposure of the Group to other price risk from the derivatives embedded in convertible bonds (note 23) is limited because the amount at the balance sheet date is insignificant.

If the prices of the respective equity instruments had been 10% higher/lower:

- loss for the year ended 31st March, 2009 would decrease/increase by HK$14,742,000 (2008: HK$2,008,000) as a result of the changes in fair value of investments held-for-trading;
- available-for-sale investment reserve would increase by HK$3,789,000/loss would increase by HK$3,789,000 for further impairment as a result of the changes in fair value of available-for-sale investments for the year ended 31st March, 2009; and
- available-for-sale investment reserve would increase/decrease by HK$9,457,000 as a result of charges in fair value of available-for-sale investments for the year ended 31st March, 2008.

Credit risk

As at 31st March, 2009 and 2008, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated balance sheet and financial guarantees provided by the Group (note 45).

In order to minimise the credit risk, management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

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

The Group's concentration of credit risk by geographical locations is mainly in PRC, which accounted for 95% (2008: 75%) of the total debtors as at 31st March, 2009.

The Group does not have any other significant concentration of credit risk, other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, and the unsecured loans and interests due from associates as set in note 21, the debt portion of convertible bonds and derivatives embedded in convertible bonds as set out in note 23, deposits paid for acquisition of subsidiaries as set out in note 43, other loan receivables as set out in note 25, debtors as disclosed above, refundable earnest money as set out in note 28(a) and unsecured loans and interest due from related companies as set out in note 29.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As at 31st March, 2009, the Group has available unutilised bank loan facilities of approximately HK$15,892,000 (2008: HK$239,556,000), details of which are set out in note 35.

The following table details the Group's remaining contractual maturity for its financial liabilities. For non-derivative financial liabilities, the table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

Liquidity and interest risk tables

	Weighted average effective interest rate	Less than 3 months	3 months to 1 year	1-5 years	Total undiscounted cash flows	Carrying amount at 31.3.2009
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2009						
Non-derivative financial liabilities						
Creditors	–	43,462	–	–	43,462	43,462
Amount due to minority shareholders of subsidiaries	–	395	–	–	395	395
Obligations under finance leases	9.15	30	90	327	447	372
Bank borrowings						
- fixed rate	5.45	465	21,243	14,158	35,866	34,129
- variable rate	3.23	5,748	57,927	27,467	91,142	89,359
Convertible note payables	0.62	9,060	–	1,551,802	1,560,862	1,336,087
		59,160	79,260	1,593,754	1,732,174	1,503,804

	Weighted average effective interest rate	Less than 3 months	3 months to 1 year	1-5 years	Total undiscounted cash flows	Carrying amount at 31.3.2008
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2008						
Non-derivative financial liabilities						
Creditors	–	51,194	–	–	51,194	51,194
Amount due to minority shareholders of subsidiaries	–	890	–	–	890	890
Obligations under finance leases	9.15	17	51	201	269	222
Bank borrowings						
- fixed rate	7.20	598	34,007	–	34,605	33,259
- variable rate	4.05	6,065	77,311	42,112	125,488	120,384
Convertible note payables	0.62	9,171	–	1,560,862	1,570,033	1,243,843
		67,935	111,369	1,603,175	1,782,479	1,449,792

(c) Fair value

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

- the fair value of financial assets and financial liabilities (excluding derivative instruments) with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices and ask prices respectively; and

- the fair value of other financial assets and financial liabilities (including derivative instruments) 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 input. For an option-based derivative, the fair value is estimated using option pricing model (for example, the Binomial option pricing model and the Black-Scholes option pricing model).

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

41. ACQUISITION OF ASSETS THROUGH ACQUISITION OF SUBSIDIARIES

During the year, the Group completed two acquisitions, being the acquisition on 2nd September, 2008 ("1st Acquisition") and the acquisition on 16th December, 2008 ("2nd Acquisition"). Both acquisitions have been accounted for as acquisition of assets and liabilities as the subsidiaries acquired do not constitute businesses.

	1st Acquisition *(note a)* *HK$'000*	2nd Acquisition *(note b)* *HK$'000*	Total *HK$'000*
The assets and liabilities acquired are as follows:			
Properties held for sale	97,743	209,088	306,831
Deposits and expenses paid for acquisition of properties held for sale	20,477	12,077	32,554
Debtors	73	290	363
Creditors, deposits and accrued charges	(936)	(278)	(1,214)
Amount advanced by the Group before 1st Acquisition	(58,599)	–	(58,599)
Loan advanced by the Group before 2nd Acquisition	–	(20,340)	(20,340)
Amount due to a shareholder	(58,758)	(199,006)	(257,764)
	–	1,831	1,831
Loan receivable by the Group set-off on 2nd Acquisition	–	20,340	20,340
Assignment of amount due to a shareholder	–	199,006	199,006
Net assets acquired and cash consideration	–	221,177	221,177
Total consideration satisfied by:			
Cash	–	200,837	200,837
Loan receivable by the Group set-off on 2nd Acquisition	–	20,340	20,340
	–	221,177	221,177
Net cash outflow arising on acquisition:			
Cash consideration paid	–	199,006	199,006
Expense incurred for the acquisition	–	1,831	1,831
	–	200,837	200,837

Notes:

(a) On 2nd September, 2008, the Group acquired the remaining 50% equity interest in Keen Step, which was previously formed between, and owned equally by, a wholly-owned subsidiary of the Company and an independent third party in May 2008 for the purpose of the acquisition and holding of properties and was accounted for as a jointly controlled entity of the Group (note 20) using equity accounting prior to the 1st Acquisition, at a consideration of HK$1.

(b) On 16th December, 2008, the Group acquired the entire issued capital of Pine Cheer Limited ("Pine Cheer") for a consideration of approximately HK$199,006,000 and incurred transaction costs of HK$1,831,000.

The subsidiaries acquired contributed HK$810,000 to the Group's revenue and had a loss of HK$92,391,000 included in the Group's loss for the period from the date of acquisition to 31st March, 2009.

42. DISPOSAL OF SUBSIDIARIES

As detailed to in note 11, the Group discontinued its businesses of manufacturing and trading of medicine and health products and trading of motorcycles through disposal of its subsidiaries, the TFH Group and the King-Tech Group on 31st July, 2007 and 31st March, 2008, respectively.

In addition, the Group entered into several conditional agreements on 28th November, 2007, to dispose of its entire 65%, 64.83% and 65% interest in Panyu Golf, Guangzhou Wei Di Si Golf Property Company Limited ("Wei Di Si") and Guangzhou Lian Chui Property Management Company Limited ("Lian Chui"), respectively, which are engaged in development and operation of golf resort and hotel in the PRC to the acquirer. The disposal was completed on 6th March, 2008, on which date the control of these subsidiaries was passed to the acquirer.

The aggregate net assets of the disposed subsidiaries at the dates of disposals were as follows:

	Continuing operations *HK$'000*	Discontinued operations *HK$'000*	Total *HK$'000*
Net assets disposed of:			
Property, plant and equipment	111,501	31,016	142,517
Prepaid lease payments of leasehold land	52,947	1,405	54,352
Intangible assets	–	430	430
Other loan receivables	–	30,314	30,314
Inventories	68	96,153	96,221
Properties under development	14,571	–	14,571
Amount due from immediate holding company	–	1,138	1,138
Debtors, deposits and prepayments	5,534	39,834	45,368
Financial assets at fair value through profit or loss	–	2,500	2,500
Tax recoverable	–	2,045	2,045
Bank balances and cash	3,862	81,629	85,491
Creditors, deposits and accrued charges	(6,389)	(128,765)	(135,154)
Dividend payable to a minority shareholder of a subsidiary	(2,665)	–	(2,665)
Amounts due to minority shareholders of subsidiaries	(521)	–	(521)
Unsecured loan from a minority shareholder of a subsidiary	(14,115)	(980)	(15,095)
Unsecured loan from a related party	(621)	–	(621)
Obligations under finance leases	–	(12)	(12)
Bank borrowings	(17,573)	(25,457)	(43,030)
Tax payable	–	(270)	(270)
Deferred tax liabilities	(14,316)	–	(14,316)
	132,283	130,980	263,263
Minority interests	(43,471)	(504)	(43,975)
Translation reserve released	(17,671)	(3,801)	(21,472)
Revaluation reserve released	(991)	–	(991)
	70,150	126,675	196,825
Loss on disposal of subsidiaries	(19,073)	(18,571)	(37,644)
Total consideration	51,077	108,104	159,181

	Continuing operations *HK$'000*	Discontinued operations *HK$'000*	Total *HK$'000*
Satisfied by:			
Cash	22,173	20,000	42,173
Amount due from the disposed subsidiary included in debtors, deposits and prepayments	14,669	–	14,669
Other loan receivables	–	90,000	90,000
Interest in a joint venture *(note 20)*	14,745	–	14,745
Expense paid for the disposal of subsidiaries	(510)	(1,896)	(2,406)
	51,077	108,104	159,181
Net cash outflow arising on disposal:			
Cash consideration	22,173	20,000	42,173
Bank balances and cash disposed of	(14,448)	(81,629)	(96,077)
Expense paid for the disposal of subsidiaries	(510)	(1,896)	(2,406)
	7,215	(63,525)	(56,310)

The impacts of the disposed subsidiaries of discontinued operation on the Group's results and cash flows in the current and prior periods are disclosed in note 11.

43. CAPITAL AND OTHER COMMITMENTS

	2009 *HK$'000*	2008 *HK$'000*
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
– acquisition of property, plant and equipment	27,807	31,292
Other commitments:		
– acquisition of subsidiaries *(Note)*	210,400	–
– acquisition of a land use right *(note 24)*	5,000	5,000
– loan to an associate *(note 21)*	15,000	15,000
– loan to a joint venture	15,880	–
	246,280	20,000
	274,087	51,292

Note: On 30th December, 2008, a subsidiary of the Company entered into a conditional agreement with Vincent Asset Holdings Limited ("Vincent Asset"), an independent third party to acquire 100% equity interest in Charm Noble Group Limited ("Charm Noble"), Favor Gain Group Limited ("Favor Gain") and Adventura International Limited ("Adventura"), for a consideration of an aggregate amount of HK$10 million and face value of the entire amount of the shareholder's loans owed by Charm Noble, Favor Gain and Adventura to Vincent Asset on the completion date of the acquisition on a dollar-to-dollar basis. As of 31st March, 2009, deposits and expenses amounted to HK$47,244,000 had been paid by the Group. The Group has concentration of credit risk as the whole balance was due from an independent third party. The aforesaid acquisition was completed in June 2009. Details of the acquisition were set out in a circular of the Company dated 18th February, 2009.

44. OPERATING LEASE COMMITMENTS

The Group as lessee

	2009	2008
	HK$'000	*HK$'000*
Property rentals paid by the Group during the year in respect of:		
Minimum lease payments	14,222	13,662
Contingent rents	–	3,167
	14,222	16,829

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2009	2008
	HK$'000	*HK$'000*
Within one year	13,731	2,474
In the second to fifth year inclusive	15,020	1,524
Over five years	11,404	10,302
	40,155	14,300

Operating lease payments represent rentals payable by the Group for certain of its office premises and golf course. Leases are negotiated for an average term of three years and rentals are either fixed or, in addition to the fixed rentals, determined based on a fixed percentage of the monthly gross turnover of the outlets, for an average term of three years.

The Group as lessor

The property rental income earned during the year was HK$7,850,000 (2008: HK$3,270,000). The properties which are leased out as at 31st March, 2009 have rental yield of approximately 4% and with committed tenants with the longest tenure within 2 years from the balance sheet date.

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments:

	2009	2008
	HK$'000	*HK$'000*
Within one year	6,821	805
In the second to fifth year inclusive	7,063	–
	13,884	805

45. PLEDGE OF ASSETS

At 31st March, 2009, the Group's bank borrowings and credit facilities from financial institutions were secured by the following:

(a) bank deposits of HK$44,626,000 (2008: HK$41,268,000);

(b) legal charges over the Group's properties held for sale with a carrying value of HK$223,476,000 (2008: HK$231,818,000);

(c) financial assets at fair value through profit or loss of HK$1,116,000 (2008: HK$1,756,000).

In addition, at 31st March, 2008, the Group had bank deposits of approximately of HK$10,550,000 pledged to banks in respect of banking facilities granted to third parties.

46. RETIREMENT BENEFITS SCHEMES

The Group operates a defined contribution retirement benefits scheme which is registered under the Occupational Retirement Scheme Ordinance (the "ORSO Scheme") for eligible employees. The assets of the scheme are separately held in funds under the control of trustees.

The cost charged to the consolidated income statement represents contributions paid or payable to the fund by the Group at rates specified in the rules of the scheme. Where there are employees who leave the scheme prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

At the balance sheet date, the Group had no significant forfeited contributions, which arose upon employees leaving the retirement benefits scheme and which are available to reduce the contributions payable by the Group in future years.

With effect from 1st December, 2000, the Group has also joined the MPF Scheme for employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Scheme Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee.

Under the rule of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rate specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme. The contributions to the MPF Scheme charged to the consolidated income statement represent contributions paid or payable to the funds by the Group at rates specified in the rules of the scheme. No forfeited contribution is available to reduce the contribution payable in future years.

The employees of the subsidiaries in the PRC are members of state-managed retirement benefits schemes operated by the PRC government. The subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes are to make the required contributions under the schemes.

The total cost charged to consolidated income statement of HK$2,094,000 (2008: HK$2,126,000) represents contributions paid or payable to the schemes by the Group during the year.

47. RELATED AND CONNECTED PARTY TRANSACTIONS AND BALANCES

Related party transactions

(a) During the year, the Group had the following transactions with related parties:

Related parties	*Note*	**Nature of transactions**	**2009** *HK$'000*	**2008** *HK$'000*
Associates:				
Orient Town Limited		Interest income	14,417	51,618
Concordia		Management fee paid	152	910
Orient Town Project Management Limited		Management fee received	120	250
Other related companies:				
Great Intelligence Holdings Limited ("Great Intelligence")	*(i)*	Rental expenses and management fee paid	2,917	–
Wing On		Interest income	3,660	4,677

Note:

(i) Mr. Chan Fut Yan, an executive director of the Company is also a director of Great Intelligence.

Details of the outstanding balances with related parties are set out in the consolidated balance sheet and in notes 21, 22, 23 and 29.

(b) Compensation of key management personnel

The remuneration of directors during the year was as follows:

	2009 *HK$'000*	**2008** *HK$'000*
Short-term benefits	13,745	19,010
Post-employment benefits	395	358
Share-based payments	4,082	5,844
	18,222	25,212

The remuneration of directors is determined by the remuneration committee having regard to the performance of individuals and market trends.

Connected party transactions

(a) During the year ended 31st March, 2008, Donson (International) Development Limited ("Donson"), an indirectly wholly-owned subsidiary of the Company, entered into several agreements in relation to:

(i) disposal by Donson of its entire interest in Panyu Golf, Wei Di Si and Lian Chui to 廣州市番禺協誠實業有限公司 ("番禺協誠"), a company incorporated in the PRC with limited liability, which is an investment holding company controlled by the Panyu Municipal Government, the PRC, for an aggregate cash consideration of RMB20 million (equivalent to approximately HK$22.8 million) as set out in note 42;

(ii) the co-operation between Panyu Golf and Donson in the Development Project in which the Group will have the right to share 65% of its residual value. Under the terms of the Development Project Agreement, the Group will provide a loan of RMB40 million (equivalent to approximately HK$45.5 million) to Panyu Golf for use in the Development Project as set out in note 20; and

(iii) the lease of Guangzhou Lotus Hill Golf Resort ("Lease Agreement") which comprises golf course and golf clubhouse within Panyu, Guangzhou, Guangdong Province, the PRC to Guangzhou Donson Hotel Management Limited ("Donson Hotel Management"), a subsidiary of the Company, for three years commencing from the date of the Lease Agreement entered into between Donson Hotel Management as lessee and Panyu Golf as lessor for the lease of the Guangzhou Lotus Hill Golf Resort on 16th April, 2008 at an annual rental of RMB5 million (equivalent to approximately HK$5.7 million) renewable at the option of Donson Hotel Management at successive terms of 3 years up to 20 years.

By virtue of the fact that 番禺協誠 is controlled by the Panyu Municipal Government and 廣州市番禺旅游總公司 ("番禺旅游"), a company established in the PRC which is a substantial shareholder of Panyu Golf, Wei Di Si and Lian Chui, is also controlled by the Panyu Municipal Government, 番禺協誠 and 番禺旅游 are therefore connected persons of the Company. Further details of the transactions are set out in the announcement dated 7th December, 2007. The disposal was completed on 6th March, 2008.

During the year ended 31st March, 2009, lease rental of HK$4,837,000 was paid to Panyu Golf. The rentals were charged in accordance with the Lease Agreement.

(b) During the year ended 31st March, 2009, subsidiaries of the Company entered into tenancy agreements with a subsidiary of a substantial shareholder of the Company and a minority shareholder of subsidiaries. The rental expense paid to the subsidiary of a substantial shareholder of the Company and minority shareholders of subsidiaries were HK$3,721,000 (2008: Nil) and HK$247,000 (2008: HK$231,000), respectively for the year ended 31st March, 2009. The rentals were charged in accordance with the relevant tenancy agreements.

(c) During the year ended 31st March, 2008, Kopola Investment Company Limited ("Kopola") had converted HK$50 million of the convertible note due 2010 issued by the Company into 113,636,363 ordinary shares of HK$0.01 each in the share capital of the Company at a conversion price of HK$0.44 per share. Each of Mr. Ho Hau Chong, Norman (a former non-executive director of the Company who retired on 12th September, 2007), and his brother, Mr. Ho Hau Hay, Hamilton owned 50% interest in Kopola, the conversion of the convertible notes constituted a connected transaction of the Company under the Listing Rules.

48. BALANCE SHEET OF THE COMPANY

The balance sheet of the Company at 31st March, 2009 is as follows:

	Note	2009 HK$'000	2008 HK$'000
Assets		3,883,915	3,186,076
Liabilities		1,373,451	1,279,538
		2,510,464	1,906,538
Capital and reserves			
Share capital		4,709	30,955
Reserves	(a)	2,505,755	1,875,583
		2,510,464	1,906,538

Note:

(a) Reserves

	Share premium HK$'000	Contributed surplus HK$'000	Capital redemption reserve HK$'000	Convertible loan notes equity reserve HK$'000	Share-based payment reserve HK$'000 (Note)	Warrant reserve HK$'000	Retained profits HK$'000	Total HK$'000
THE COMPANY								
At 31st March, 2007	1,066,055	–	1,124	355,304	3,296	–	28,938	1,454,717
Conversion of convertible notes	268,001	–	–	(47,585)	–	–	–	220,416
Issue of shares	165,000	–	–	–	–	–	–	165,000
Expenses incurred in connection with issue of shares	(5,114)	–	–	–	–	–	–	(5,114)
Recognition of equity-settled share-based payments	–	–	–	–	8,342	–	–	8,342
Profit for the year	–	–	–	–	–	–	32,222	32,222
At 31st March, 2008	1,493,942	–	1,124	307,719	11,638	–	61,160	1,875,583
Profit for the year	–	–	–	–	–	–	1,517	1,517
Rights issue with warrants	522,622	–	–	–	–	34,571	–	557,193
Transfer upon lapse and forfeiture of share options	–	–	–	–	(4,418)	–	1,083	(3,335)
Recognition of equity-settled share-based payments	–	–	–	–	5,547	–	–	5,547
Repurchase and cancellation of shares	(20,587)	–	6,092	–	–	–	(6,092)	(20,587)
Capital Reorganisation *(note 37(e)(iv))*	–	113,020	–	–	–	–	–	113,020
Expenses incurred in connection with rights issue	(23,183)	–	–	–	–	–	–	(23,183)
At 31st March, 2009	1,972,794	113,020	7,216	307,719	12,767	34,571	57,668	2,505,755

Note: The contributed surplus of the Company represents the credit arising from Capital Reduction pursuant to the Capital Reorganisation on 13th March, 2009.

49. SUBSIDIARIES

Particulars of the Company's principal subsidiaries at 31st March, 2009 are as follows:

Name of subsidiary	Place of incorporation or registration/ operations	Issued and fully paid share/ registered capital	Percentage of issued share/ registered capital held by the Company				Principal activities
			Directly		Indirectly		
			2009	2008	2009	2008	
			%	%	%	%	
Advance Tech Limited	Hong Kong	HK$1 ordinary share	–	–	100	100	Securities investment
Castle Win International Limited	Hong Kong	HK$1 ordinary share	–	–	100	100	Properties development
Donson	Hong Kong	HK$85,297,692 ordinary shares	–	–	100	100	Investment holding
Hayton Limited	Hong Kong	HK$1 ordinary share	–	–	100	100	Property investment
ITC Properties Management Limited	Hong Kong	HK$2,000 ordinary shares	–	–	100	100	Securities investment and investment holding
		HK$500,000 non-voting deferred shares *(note a)*	–	–	–	–	
Keen Step	Hong Kong	HK$2 ordinary shares	–	–	100	–	Property investment
Linktop Limited	British Virgin Islands	US$1 ordinary share	–	–	100	100	Investment holding
Macau Prime (B.V.I.) Limited	British Virgin Islands	US$50,000 ordinary shares	100	100	–	–	Investment holding
Macau Prime Finance Limited	Hong Kong	HK$2 ordinary shares	–	–	100	100	Money lending
Macau Prime Property (Hong Kong) Limited	British Virgin Islands	US$1 ordinary share	–	–	100	100	Investment holding
Macau Prime Property (Macau) Limited	British Virgin Islands	US$1 ordinary share	–	–	100	100	Investment holding
Master Super Development Limited	Hong Kong	HK$100 ordinary shares	–	–	100	100	Property investment
Million Orient Limited	Hong Kong	HK$1 ordinary share	–	–	100	100	Investment holding
New Smarten Limited	Hong Kong	HK$1 ordinary share	–	–	100	100	Investment holding

Name of subsidiary	Place of incorporation or registration/ operations	Issued and fully paid share/ registered capital	Percentage of issued share/ registered capital held by the Company Directly 2009 %	Directly 2008 %	Indirectly 2009 %	Indirectly 2008 %	Principal activities
Oriental Mind Limited	British Virgin Islands	US$1 ordinary share	–	–	100	100	Investment holding
Pine Cheer	Hong Kong	HK$100 ordinary shares	–	–	100	–	Property investment
Smarteam Limited	Hong Kong	HK$1 ordinary share	–	–	100	100	Property investment
South Step Limited	Hong Kong	HK$1 ordinary share	–	–	100	100	Property investment and development
Teamate Limited	British Virgin Islands	US$1 ordinary share	–	–	100	100	Investment holding
Top Century International Limited	British Virgin Islands	US$1 ordinary share	–	–	100	100	Investment holding
Well Cycle Limited	Hong Kong	HK$2 ordinary shares	–	–	100	100	Letting of motor vehicles
三亞亞龍灣風景高爾夫文化公園有限公司	PRC *(note b)*	RMB35,000,000	–	–	80	80	Development and operation of hotel and golf resort
三亞亞龍灣紅峽谷度假酒店有限公司	PRC *(note b)*	HK$30,000,000	–	–	96	96	Development and operation of hotel
廣州市東迅酒店管理有限公司	PRC *(note b)*	HK$5,000,000	–	–	100	100	Development and operation of hotel

Notes:

(a) The non-voting deferred shares, which are not held by the Group, practically carry no rights to dividends or to receive notice of or to attend or vote at any general meeting of the respective companies nor to participate in any distribution on winding up.

(b) The subsidiaries were established in the PRC as a sino-foreign equity joint venture companies.

None of the subsidiaries had any debt securities outstanding at the balance sheet date or at any time during the year.

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

50. SEGMENT INFORMATION

Business segments

For management purposes, the Group is currently organised into five operating divisions. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Property development	–	development of property
Property investment	–	trading of properties
Golf and leisure	–	development and operation of golf resort and hotel
Securities investment	–	trading and investment of securities
Finance	–	loan financing services

The Group was also involved in trading of motorcycles and manufacturing and trading of medicine and health products previously. These operations were discontinued in prior year as set out in note 11.

Segment information about these businesses is presented below. Gross proceeds included in turnover as set out below comprise revenue from property development and investment, golf and leisure operations, loan financing income, dividend income from investments held-for-trading and gross proceeds from disposal of investments held-for-trading.

2009

	Property development *HK$'000*	**Property investment** *HK$'000*	**Golf and leisure** *HK$'000*	**Securities investment** *HK$'000*	**Finance** *HK$'000*	**Segment total** *HK$'000*	**Elimination** *HK$'000*	**Consolidated** *HK$'000*
CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009								
TURNOVER								
– Gross proceeds	706	25,045	44,058	53,540	21,772	145,121	–	145,121
REVENUE								
External sales	706	25,045	44,058	1,089	21,772	92,670	–	92,670
Inter-segment sales *(Note)*	–	–	–	–	26,107	26,107	(26,107)	–
Total	706	25,045	44,058	1,089	47,879	118,777	(26,107)	92,670
SEGMENT RESULTS	(68,512)	(91,817)	(5,833)	(169,794)	20,338	(315,618)		(315,618)
Unallocated corporate income						29,955		29,955
Unallocated corporate expenses						(63,649)		(63,649)
Finance costs						(108,357)		(108,357)
Share of result of a jointly-controlled entity	(212)	–	–	–	–	(212)		(212)
Share of results of associates	(4,404)	–	–	–	–	(4,404)		(4,404)
Loss before taxation						(462,285)		(462,285)
Taxation						469		469
Loss for the year						(461,816)		(461,816)

Note: Inter-segment sales were charged at terms determined and agreed between group companies.

	Property development HK$'000	Property investment HK$'000	Golf and leisure HK$'000	Securities investment HK$'000	Finance HK$'000	Consolidated HK$'000
CONSOLIDATED BALANCE SHEET AT 31ST MARCH, 2009						
ASSETS						
Segment assets	306,108	544,820	306,337	251,491	320,702	1,729,458
Interest in a joint venture	44,759	–	–	–	–	44,759
Interest in associates	134,809	–	–	–	–	134,809
Unsecured loans and interest due from associates	1,073,982	–	–	–	–	1,073,982
Unallocated corporate assets						598,362
Consolidated total assets						3,581,370
LIABILITIES						
Segment liabilities	1,202	5,045	41,071	820	20	48,158
Unallocated corporate liabilities						1,523,976
Consolidated total liabilities						1,572,134

	Property development HK$'000	Property investment HK$'000	Golf and leisure HK$'000	Securities investment HK$'000	Finance HK$'000	Segment total HK$'000	Unallocated HK$'000	Consolidated HK$'000
OTHER INFORMATION								
Depreciation of property, plant and equipment	429	170	8,898	–	–	9,497	2,010	11,507
Amortisation of prepaid lease payments of leasehold land	–	–	525	–	–	525	–	525
Amortisation of premium on prepaid lease payments of leasehold land	–	–	2,736	–	–	2,736	–	2,736
Loss on disposal of property, plant and equipment	–	–	27	–	–	27	144	171
Allowance for bad and doubtful debts	56	4,440	817	–	–	5,313	–	5,313
Decrease in fair value of financial assets at fair value through profit or loss	–	–	–	114,477	–	114,477	–	114,477
Decrease in fair value of derivatives embedded in convertible bonds	–	–	–	–	–	–	3,247	3,247
Capital additions	2,553	4,624	3,979	–	–	11,156	4,688	15,844
Equity-settled share-based payment expenses	–	–	–	–	–	–	5,547	5,547
Impairment loss on available-for-sales investment	–	–	–	53,037	–	–	–	53,037
Impairment loss on property interests	54,121	92,591	–	–	–	146,712	–	146,712
Loss on disposal of available-for-sales investment	–	–	–	4,299	–	–	–	4,299
Dividend income on available-for-sales investment	–	–	–	970	–	–	–	970

2008

	Continuing operations								Discontinued operations			
	Property development	Property investment	Golf and leisure	Securities investment	Finance	Segment total	Elimination	Total	Motorcycles	Medicine and health products	Total	Consoli-dated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008												
TURNOVER												
– Gross proceeds	2,500	79,292	62,622	424,641	31,789	600,844	–	600,844	17,567	115,741	133,308	734,152
REVENUE												
External sales	2,500	79,292	62,622	5,741	31,789	181,944	–	181,944	17,567	115,741	133,308	315,252
Inter-segment sales *(Note)*	–	–	–	–	25,842	25,842	(25,842)	–	–	–	–	–
Total	2,500	79,292	62,622	5,741	57,631	207,786	(25,842)	181,944	17,567	115,741	133,308	315,252
SEGMENT RESULTS	(2,136)	27,906	(56,461)	59,141	7,469	35,919		35,919	(1,359)	1,747	388	36,307
Unallocated corporate income						39,018		39,018	–	689	689	39,707
Unallocated corporate expenses						(58,762)		(58,762)	–	–	–	(58,762)
Unallocated finance costs						(54,787)		(54,787)			(613)	(55,400)
Loss on disposal of an associate	–	(39,486)	–	–	–	(39,486)		(39,486)	–	–	–	(39,486)
Loss on disposal of subsidiaries	–	–	(19,073)	–	–	(19,073)		(19,073)	–	–	–	(19,073)
Share of results of associates	(30,047)	5,000	–	–	–	(25,047)		(25,047)	–	–	–	(25,047)
Loss before taxation and gain (loss) on disposal of discontinued operations						(122,218)		(122,218)			464	(121,754)
Taxation						(3,475)		(3,475)			(558)	(4,033)
Gain (loss) on disposal of discontinued operations						–		–	6	(18,577)	(18,571)	(18,571)
Loss for the year						(125,693)		(125,693)			(18,665)	(144,358)

Note: Inter-segment sales were charged at terms determined and agreed between group companies.

2008

	Continuing operations						Discontinued operations			
	Property development	Property investment	Golf and leisure	Securities investment	Finance	Total	Motor-cycles	Medicine and health products	Total	Consoli-dated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
CONSOLIDATED BALANCE SHEET AT 31ST MARCH, 2008										
ASSETS										
Segment assets	322,814	274,111	320,619	162,513	322,178	1,402,235	–	–	–	1,402,235
Interest in a joint venture	14,745	–	–	–	–	14,745	–	–	–	14,745
Interest in associates	135,503	–	–	–	–	135,503	–	–	–	135,503
Unsecured loans and interest due from associates	1,077,690	–	–	–	–	1,077,690				1,077,690
Unallocated corporate assets						730,820				730,820
Consolidated total assets						3,360,993				3,360,993
LIABILITIES										
Segment liabilities	885	5,168	58,250	920	36	65,259	–	–	–	65,259
Unallocated corporate liabilities						1,445,557				1,445,557
Consolidated total liabilities						1,510,816				1,510,816

2008

	Continuing operations								Discontinued operations			
	Property development	Property investment	Golf and leisure	Securities investment	Finance	Segment total	Unallocated	Total	Motor -cycles	Medicine and health products	Total	Consoli-dated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
OTHER INFORMATION												
Depreciation of property, plant and equipment	20	–	14,882	–	–	14,902	786	15,688	–	1,881	1,881	17,569
Amortisation of prepaid lease payments of leasehold land	–	–	2,283	–	–	2,283	–	2,283	–	10	10	2,293
Amortisation of premium on prepaid lease payments of leasehold land	–	–	2,914	–	–	2,914	–	2,914	–	–	–	2,914
Allowance for inventories	–	–	–	–	–	–	–	–	–	5,106	5,106	5,106
Loss on disposal of property, plant and equipment	–	–	77	–	–	77	33	110	–	17	17	127
Allowance for bad and doubtful debts	–	–	1,441	–	–	1,441	–	1,441	–	360	360	1,801
Increase in fair value of financial assets at fair value through profit or loss	–	–	10,318	–	–	10,318	–	10,318	–	–	–	10,318
Increase in fair value of derivatives embedded in convertible bonds	–	–	–	–	–	–	1,944	1,944	–	–	–	1,944
Capital additions	958	–	36,727	–	–	37,685	918	38,603	–	710	710	39,313
Equity-settled share-based payment expenses	–	–	–	–	–	–	8,342	8,342	–	–	–	8,342
Gain on disposal of available-for-sales investments	–	–	–	60,752	–	–	–	60,752	–	–	–	60,752
Dividend income on available-for-sales investments	–	–	–	426	–	–	–	426	–	–	–	426

Geographical segments

The Group's operations are principally located in Macau, Hong Kong and the PRC. The Group's administrative functions are carried out in Macau, Hong Kong and the PRC.

The following table provides an analysis of the Group's revenue by geographical market, based on location of customers, irrespective of the origin of the goods:

	Revenue by geographical market	
	2009	**2008**
	HK$'000	*HK$'000*
Hong Kong	24,605	188,549
PRC	49,459	89,657
Macau	11,356	15,260
Others**	7,250	21,786
	92,670	315,252

** *No single location included in this category constituted 10% or above of total revenue from sales to all external customers.*

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		Additions to property, plant and equipment	
	2009	**2008**	**2009**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets				
Macau	1,308,034	1,375,889	–	–
Hong Kong	1,001,926	607,606	4,624	710
PRC	376,827	374,277	6,532	37,685
Others	78,386	122,153	–	–
	2,765,173	2,479,925	11,156	38,395
Other corporate assets	816,197	881,068	4,688	918
	3,581,370	3,360,993	15,844	39,313

3. UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP

The following is the reproduction of the unaudited condensed consolidated financial statements of the Group for the six months ended 30th September, 2009 together with the relevant notes to the condensed consolidated financial statements, contained on pages 6 to 32 of the interim report of the Company for the six months ended 30th September, 2009.

CONDENSED CONSOLIDATED INCOME STATEMENT

(For the six months ended 30th September, 2009)

	NOTES	**Six months ended 30th September** **2009** (unaudited) *HK$'000*	**2008** (unaudited) *HK$'000*
Turnover			
– Gross proceeds	*3*	92,396	100,213
Revenue	*3*	68,688	51,834
Property sales and rental income		4,317	21,878
Golf and leisure income		14,933	16,367
		19,250	38,245
Cost of sales		(4,751)	(18,907)
Gross profit		14,499	19,338
Income from loan financing		7,833	11,784
Net gain (loss) on financial instruments	*4*	96,553	(44,533)
Other income		10,936	16,802
Increase in fair value of investment properties		31,758	–
Reversal of write-down on properties held for sale	*5*	92,591	–
Impairment loss recognised on advance to a jointly controlled entity	*13*	(10,700)	–
Administrative expenses		(65,516)	(67,123)
Share of results of associates		(2,894)	(1,507)
Share of result of a jointly controlled entity		–	(212)
Finance costs	*6*	(60,561)	(53,673)
Profit (loss) before taxation		114,499	(119,124)
Taxation	*7*	342	342
Profit (loss) for the period	*8*	114,841	(118,782)
Profit (loss) for the period attributable to:			
Owners of the Company		114,841	(118,782)
Minority interests		–	–
		114,841	(118,782)
Earnings (loss) per share	*10*		
– Basic (HK dollars)		0.24	(0.41)
– Diluted (HK dollars)		0.23	(0.41)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(For the six months ended 30th September, 2009)

	Six months ended 30th September	
	2009	**2008**
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Profit (loss) for the period	114,841	(118,782)
Other comprehensive income		
Net gain (loss) on fair value changes of available-for-sale investments	19,223	(23,232)
Reclassification adjustments on:		
– impairment losses recognised on available-for-sale investments	–	31,171
– disposal of available-for-sale investments	(2,038)	4,299
Exchange difference arising on translation of foreign operations	(239)	2,321
Other comprehensive income for the period	16,946	14,559
Total comprehensive income (expense) for the period	131,787	(104,223)
Total comprehensive income (expense) for the period attributable to:		
Owners of the Company	131,787	(104,223)
Minority interests	–	–
	131,787	(104,223)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(At 30th September, 2009)

	NOTES	30.9.2009 (unaudited) HK$'000	31.3.2009 (audited) HK$'000
Non-current assets			
Property, plant and equipment	11	183,958	186,224
Prepaid lease payments of leasehold land		20,557	20,822
Premium on prepaid lease payments of leasehold land		110,190	111,558
Investment properties	12	221,000	–
Properties under development	12	–	189,000
Available-for-sale investments		51,568	37,892
Interests in joint ventures	13	51,771	44,759
Advance to a jointly controlled entity	13	1,300	–
Interests in associates	14	212,210	134,809
Unsecured loans and interest due from associates	14	993,687	1,073,982
Debt portion of convertible bonds		38,984	36,320
Deposits and expenses paid for acquisition of a land use right		47,275	47,275
Deposits and expenses paid for acquisition of subsidiaries		–	47,244
Other loan receivables		3,852	–
		1,936,352	1,929,885
Current assets			
Inventories		2,545	3,143
Properties held for sale		948,380	539,388
Debt portion of convertible bonds		1,179	727
Financial assets at fair value through profit or loss		189,522	176,552
Debtors, deposits and prepayments	15	560,613	503,148
Other loan receivables		173,014	208,727
Prepaid lease payments of leasehold land		530	530
Amounts due from associates		2,426	2,172
Unsecured loans and interest due from a related company		49,841	48,437
Pledged bank deposits		42,200	44,626
Bank balances and cash		145,730	124,035
		2,115,980	1,651,485

	NOTES	30.9.2009 (unaudited) HK$'000	31.3.2009 (audited) HK$'000
Current liabilities			
Creditors, deposits and accrued charges	16	97,769	72,047
Amount due to a minority shareholder of a subsidiary		256	395
Tax payable		11,626	11,856
Convertible note payables – due within one year		513,795	7,174
Obligations under finance leases – due within one year		83	90
Bank and other borrowings – due within one year	17	12,729	82,830
		636,258	174,392
Net current assets		1,479,722	1,477,093
Total assets less current liabilities		3,416,074	3,406,978
Non-current liabilities			
Convertible note payables – due after one year		867,097	1,328,913
Obligations under finance leases – due after one year		200	282
Bank and other borrowings – due after one year	17	378,999	40,658
Deferred tax liabilities		27,547	27,889
		1,273,843	1,397,742
		2,142,231	2,009,236
Capital and reserves			
Share capital	18	4,709	4,709
Reserves		2,130,337	1,997,342
Equity attributable to owners of the Company		2,135,046	2,002,051
Minority interests		7,185	7,185
		2,142,231	2,009,236

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(For the six months ended 30th September, 2009)

	Attributable to owners of the Company														
	Share capital	Share premium	Contribution surplus	Capital redemption reserve	Convertible loan notes equity reserve	Share-based payment reserve	Available-for-sale investments reserve	Special reserve	Revaluation reserve	Translation reserve	Warrant reserve	Accumulated profits (losses)	Total	Minority interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* *(note)*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1st April, 2008 (audited)	30,955	1,493,942	–	1,124	307,719	11,638	(12,900)	(8,908)	804	7,472	–	11,152	1,842,998	7,179	1,850,177
Total comprehensive income (expense) for the period	–	–	–	–	–	–	12,238	–	–	2,321	–	(118,782)	(104,223)	–	(104,223)
Rights issue with warrants	92,866	522,622	–	–	–	–	–	–	–	–	34,571	–	650,059	–	650,059
Expenses incurred in connection with issue of shares	–	(23,183)	–	–	–	–	–	–	–	–	–	–	(23,183)	–	(23,183)
Recognition of equity-settled share-based payments	–	–	–	–	–	3,999	–	–	–	–	–	–	3,999	–	3,999
Transfer on lapse of share options	–	–	–	–	–	(4,242)	–	–	–	–	–	4,242	–	–	–
Repurchase and cancellation of shares	(3,878)	(13,628)	–	3,878	–	–	–	–	–	–	–	(3,878)	(17,506)	–	(17,506)
At 30th September, 2008 (unaudited)	119,943	1,979,753	–	5,002	307,719	11,395	(662)	(8,908)	804	9,793	34,571	(107,266)	2,352,144	7,179	2,359,323
At 1st April, 2009 (audited)	4,709	1,972,794	113,020	7,216	307,719	12,767	23	(8,908)	804	9,674	34,571	(452,338)	2,002,051	7,185	2,009,236
Total comprehensive income (expense) for the period	–	–	–	–	–	–	17,185	–	–	(239)	–	114,841	131,787	–	131,787
Recognition of equity-settled share-based payments	–	–	–	–	–	1,208	–	–	–	–	–	–	1,208	–	1,208
At 30th September, 2009 (unaudited)	4,709	1,972,794	113,020	7,216	307,719	13,975	17,208	(8,908)	804	9,435	34,571	(337,497)	2,135,046	7,185	2,142,231

Note: Special reserve of the Group represents the difference between the nominal value of the share capital of the subsidiaries acquired and the nominal amount of the share capital of the Company issued as consideration under the group reorganisation in 1994.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(For the six months ended 30th September, 2009)

		Six months ended 30th September,	
		2009	2008
		(unaudited)	(unaudited)
	NOTE	*HK$'000*	*HK$'000*
Operating cash flows before movements in working capital		(33,692)	(4,561)
Decrease (increase) in financial assets at fair value through profit or loss		64,877	(167,448)
Decrease (increase) in other loan receivables		31,861	(65,837)
(Increase) decrease in debtors, deposits and prepayments		(1,622)	26,977
(Increase) decrease in properties held for sale		(353)	10,515
Other operating cash flows		3,344	(11,663)
Net cash from (used in) operating activities		64,415	(212,017)
Net cash used in investing activities			
Refundable earnest monies paid		(47,800)	(20,670)
Acquisition of subsidiaries (net of cash and cash equivalents acquired)	19	(36,035)	–
Advance to a jointly controlled entity		(12,000)	(58,577)
Loan advance to a joint venture		(7,012)	(18,905)
Purchase of available-for-sale investments		(581)	(5,633)
Proceeds from redemption of convertible bonds		–	57,000
Other investing cash flows		21,509	14,786
		(81,919)	(31,999)
Net cash from financing activities			
New bank and other borrowings raised		200,145	20,247
Repayment of bank and other borrowings		(160,783)	(35,202)
Proceeds from issue of shares		–	650,059
Repayment to a former joint venturer		–	(58,758)
Expenses paid in connection with issue of shares		–	(23,183)
Share repurchase and cancellation		–	(17,506)
Other financing cash flows		(229)	(28)
		39,133	535,629
Net increase in cash and cash equivalents		21,629	291,613
Cash and cash equivalents at beginning of the period		124,035	243,038
Effect of foreign exchange rate changes		66	(684)
Cash and cash equivalents at end of the period, representing bank balances and cash		145,730	533,967

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(For the six months ended 30th September, 2009)

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for investment properties and certain financial instruments which are measured at fair values.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st March, 2009.

Adoption of new and revised Hong Kong Financial Reporting Standards effective in current period

In the current interim period, the Group has applied, for the first time, a number of new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA.

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

HKAS 1 (Revised 2007) Presentation of Financial Statements

HKAS 1 (Revised 2007) has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure.

HKFRS 8 Operating Segments

HKFRS 8 is a disclosure Standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor Standard, HKAS 14 *Segment Reporting*, required the identification of two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14 (see note 3).

HKAS 40 Investment Property

HKAS 40 *Investment Property* has been amended to include within its scope properties under construction or development for future use as investment properties and to require such properties to be measured at fair value (where the fair value is reliably determinable). In the past, the leasehold land and building element of properties under construction were accounted for separately. The leasehold land element was accounted for as an operating lease and the building element was carried at cost less accumulated impairment losses. The Group has applied the amendment to HKAS 40 prospectively from 1st April, 2009 in accordance with the relevant transitional provision. As a result of the application of the amendment, the Group's properties under construction for future use as investment properties that include the leasehold land and building element have been classified as investment properties and measured at fair values as at 30th September, 2009, with the fair value gain being recognised in profit or loss for the six months ended 30th September, 2009. The carrying amount of the properties under development as at 1st April, 2009 approximates to its fair value on that date.

In addition, the Group has applied the following accounting policy during the current interim period for its investment properties:

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 expenses. Subsequent to initial recognition, investment properties are measured at their fair values using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the year in which they arise.

The investment properties are derecognised upon disposal or when the investment properties are permanently withdrawn from use or no future economic benefits are expected from their 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 condensed consolidated income statement in the period in which the item is derecognised.

New and revised HKFRSs issued but not yet effective

The Group has not early applied any new or revised standards, amendments or interpretations that have been issued but are not yet effective. The adoption of HKFRS 3 (Revised) may affect the Group's accounting for business combinations for which the acquisition dates are on or after 1st April, 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The directors of the Company (the "Directors") anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the condensed consolidated financial statements of the Group.

3. SEGMENT INFORMATION

The Group has adopted HKFRS 8 *Operating Segments* with effect from 1st April, 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker ("CODM") in order to allocate resources to segments and to assess their performance. In contrast, the predecessor Standard (HKAS 14 *Segment Reporting*) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments. The application of HKFRS 8 has resulted in redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14.

In previous year, the Group's primary reporting format was business segments and was organised into five operating divisions, namely property development, property investment, golf and leisure, securities investment and finance. However, for the property operations, the CODM (i.e. the executive directors and certain senior management) reviews the financial information of the property development and investment projects altogether. Therefore, the property operations are disclosed as one reportable segment. The principal locations of the Group's property projects as at 30th September, 2009 are Hong Kong and Macau.

The Group's reportable segments under HKFRS 8 are therefore as follows:

Property	–	development of and investment in properties
Golf and leisure	–	development and operation of golf resort and hotel
Securities investment	–	trading and investment of securities
Finance	–	loan financing services

The CODM assesses the performance of the operating segments based on the profit (loss) before taxation of the group entities engaged in the respective segment activities which represents the segment result. Financial information provided to the CODM is measured in a manner consistent with the accounting policies adopted in the preparation of the condensed consolidated financial statements.

Information regarding these segments is reported below. Amounts reported for the prior period have been restated to conform to the requirements of HKFRS 8.

For the six months ended 30th September, 2009

	Turnover HK$'000 (Note 1)	Revenue HK$'000 (Note 2)	Operating profit (loss) HK$'000	Share of results of associates HK$'000	Share of result of a jointly controlled entity HK$'000	Finance costs HK$'000	Profit (loss) before taxation HK$'000
Property							
Macau	–	–	(4,068)	(2,894)	–	(1,840)	(8,802)
Hong Kong	1,134	1,134	124,080	–	–	(3,964)	120,116
Property total	1,134	1,134	120,012	(2,894)	–	(5,804)	111,314
Golf and leisure *(Note 3)*							
PRC	18,116	18,116	(19,568)	–	–	(833)	(20,401)
Securities investments	65,313	41,605	96,160	–	–	(2)	96,158
Finance	7,833	7,833	10,820	–	–	–	10,820
SEGMENT TOTAL	92,396	68,688	207,424	(2,894)	–	(6,639)	197,891
Corporate expenses	–	–	(29,470)	–	–	(53,922)	(83,392)
GROUP TOTAL	92,396	68,688	177,954	(2,894)	–	(60,561)	114,499

For the six months ended 30th September, 2008

	Turnover HK$'000 (Note 1)	Revenue HK$'000 (Note 2)	Operating profit (loss) HK$'000	Share of results of associates HK$'000	Share of result of a jointly controlled entity HK$'000	Finance costs HK$'000	Profit (loss) before taxation HK$'000
Property							
Macau	11,356	11,356	9,226	(1,507)	–	(2,532)	5,187
Hong Kong	7,944	7,944	3,065	–	(212)	(25)	2,828
Property total	19,300	19,300	12,291	(1,507)	(212)	(2,557)	8,015
Golf and leisure *(Note 3)*							
PRC	18,945	18,945	(7,445)	–	–	(1,114)	(8,559)
Securities investments	50,184	1,805	(44,471)	–	–	(14)	(44,485)
Finance	11,784	11,784	13,970	–	–	–	13,970
SEGMENT TOTAL	100,213	51,834	(25,655)	(1,507)	(212)	(3,685)	(31,059)
Corporate expenses	–	–	(38,077)	–	–	(49,988)	(88,065)
GROUP TOTAL	100,213	51,834	(63,732)	(1,507)	(212)	(53,673)	(119,124)

Notes:

(1) Turnover as set out above comprise rental income and sales proceeds of properties, revenue from golf and leisure operations, loan financing income, dividend income from investments held-for-trading and gross proceeds from disposal of investments held-for-trading.

(2) Revenue as set out above comprise rental income and sales proceeds of properties, revenue from golf and leisure operations, loan financing income, dividend income from investments held-for-trading and net gain from disposal of investments held-for-trading.

(3) Turnover and revenue of golf and leisure segment as set out above comprise rental income and other revenue from golf and leisure operations.

4. NET GAIN (LOSS) ON FINANCIAL INSTRUMENTS

	Six months ended 30th September,	
	2009	**2008**
	HK$'000	*HK$'000*
Increase (decrease) in fair values of:		
– investments held-for-trading	36,482	(10,724)
– derivatives embedded in convertible bonds	–	(3,247)
Dividend income on		
– available-for-sale investments	16,426	1,533
– investments held-for-trading	242	272
Gain (loss) on disposal of available-for-sale investments	2,040	(4,299)
Net gain on disposal of investments held-for-trading	41,363	–
Gain on disposal of convertible bonds	–	3,103
Impairment losses on available-for-sale investments	–	(31,171)
	96,553	(44,533)

5. REVERSAL OF WRITE-DOWN ON PROPERTIES HELD FOR SALE

During the period, the directors conducted a review of the Group's properties held for sale and determined that the carrying amount of the asset should be increased back to the original cost of the asset, due to increase of market values based on the valuation report conducted by RHL Appraisal Limited, an independent professional valuer. The valuation was arrived at by reference to market evidence of transaction prices for similar properties in the same locations and conditions and have taken into account the cost expended and to be expended to complete the development. Accordingly, a reversal of impairment losses of HK$92,591,000 have been recognised as income immediately.

6. FINANCE COSTS

	Six months ended 30th September, 2009 HK$'000	2008 HK$'000
Interest on:		
Bank and other borrowings wholly repayable within five years	6,707	3,685
Obligations under finance leases	14	12
Effective interest on convertible note payables	53,840	49,976
	60,561	53,673

7. TAXATION

The tax credit represents deferred tax credit on accelerated tax depreciation for both periods. No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements for both periods as the Company's subsidiaries either incurred tax losses or utilised the tax losses brought forward to offset the assessable profits.

Hong Kong Profits Tax is calculated at 16.5% (2008: 16.5%) of the estimated assessable profits for the six months ended 30th September, 2009.

Taxation arising in other jurisdictions is calculated at rates prevailing in the relevant jurisdictions.

8. PROFIT (LOSS) FOR THE PERIOD

	Six months ended 30th September, 2009 HK$'000	2008 HK$'000
Profit (loss) for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	6,029	5,439
Release of prepaid lease payments of leasehold land	262	262
Amortisation of premium on prepaid lease payments of leasehold land	1,368	1,368
Equity-settled share-based payments expenses	1,208	3,999
Loss on disposal of property, plant and equipment	73	117
Interest income	(18,217)	(25,073)

9. DIVIDENDS

No dividends were paid, declared or proposed during both periods.

The directors do not recommend the payment of an interim dividend in respect of the six months ended 30th September, 2009 (1.4.2008 to 30.9.2008: Nil).

10. EARNINGS (LOSS) PER SHARE

The calculation of the basic and diluted earnings (loss) per share attributable to the owners of the Company is based on the following data:

	Six months ended 30th September, 2009	2008
	HK$'000	*HK$'000*
Earnings (loss):		
Earnings (loss) for the purpose of basic earnings (loss) per share – profit (loss) for the period attributable to the owners of the Company	114,841	(118,782)
Effect of dilutive potential ordinary shares – interest on convertible note payables	14,516	–
Earnings (loss) for the purpose of diluted earnings (loss) per share	129,357	(118,782)
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	470,917,484	293,239,510
Effect of dilutive potential ordinary shares – convertible note payables	86,083,901	–
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	557,001,385	293,239,510

Note: The weighted average number of ordinary shares for the purpose of basic and diluted loss per share for the prior period has been adjusted for the effect of capital reorganisation effective on 16th March, 2009.

The calculation of diluted earnings (loss) per share for the six months ended 30th September, 2009 and 2008 has not assumed the exercise of the share options and warrants as the exercise prices of those options and warrants are higher than the average market price for shares during both periods.

The calculation of diluted loss per share for the six months ended 30th September, 2008 has not assumed the conversion of the Company's convertible note payables as these potential ordinary shares are anti-dilutive during that period.

11. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately HK$3,951,000 (1.4.2008 to 30.9.2008: HK$12,517,000) on acquisition of property, plant and equipment.

In addition, the Group disposed of certain property, plant and equipment with a carrying amount of HK$159,000 (1.4.2008 to 30.9.2008: HK$242,000) for proceeds of HK$86,000 (1.4.2008 to 30.9.2008: HK$125,000), resulting in a loss on disposal of HK$73,000 (1.4.2008 to 30.9.2008: HK$117,000).

12. INVESTMENT PROPERTIES/PROPERTIES UNDER DEVELOPMENT

As detailed in note 2, as a result of the adoption of amendments to HKAS 40 Investment Property, the Group's properties under development has been reclassified to investment properties at 1st April, 2009.

The fair value of the Group's investment properties at 30th September, 2009 and 1st April, 2009 have been arrived at on a basis of valuations carried out on that date by RHL Appraisal Limited, an independent professional valuer. The valuation was arrived at by reference to market evidence of transaction prices for similar properties in the same locations and conditions and have taken into account the cost expended and to be expended to complete the development. The resulting increase in fair value of investment properties of HK$31,758,000 has been recognised directly in profit or loss for the six months ended 30th September, 2009 (2008: Nil).

13. INTEREST IN JOINT VENTURES

Jointly controlled entity:

During the period, Surplus Win Enterprises Limited ("Surplus Win"), a jointly controlled entity of the Group, entered into a sale and purchase agreement with a third party to acquire 80% of share capital in Double Diamond International Limited ("Double Diamond") at a consideration of HK$24 million. Double Diamond is a company incorporated in the British Virgin Islands and its principal activity is operating a pier located in Macau.

The Group has advanced HK$12 million to Surplus Win to finance the acquisition of Double Diamond. The advance was unsecured and interest free. In the opinion of the directors, the amount will not be repaid within twelve months from the end of the reporting period and is therefore classified as non-current asset. As the recoverable amount of the advance to Surplus Win is expected to be less than its carrying value, an impairment loss of approximately HK$10,700,000 was recognised for the period. The recoverable amount of this advance is determined based on the net cash flows from operations estimated by management for the coming five years.

Jointly controlled operation:

	30.9.2009	**31.3.2009**
	HK$'000	*HK$'000*
Interest in properties held for development	15,130	15,130
Loan to a joint venture	36,641	29,629
	51,771	44,759

The loan is unsecured, interest bearing at prevailing market rate in the People's Republic of the China (the "PRC") with an effective interest rate of 5.4% (31.3.2009: 5.4%) per annum and will not be repaid until completion of the development project. In the opinion of the directors, the loan will not be repaid within twelve months from the end of the reporting period and is therefore classified as non-current asset.

14. INTERESTS IN ASSOCIATES/UNSECURED LOANS AND INTEREST DUE FROM ASSOCIATES

	30.9.2009	**31.3.2009**
	HK$'000	*HK$'000*
Cost of investment in associates, unlisted	249,497	169,202
Share of post-acquisition losses, net of dividend received	(37,287)	(34,393)
	212,210	134,809
Loans and interests due from associates	1,049,903	1,130,198
Less: Loss allocated in excess of cost of investment	(56,216)	(56,216)
	993,687	1,073,982

The loans to associates are unsecured, have no fixed repayment terms and are non-interest bearing except for an amount of approximately HK$281,150,000 (31.3.2009: HK$281,150,000) which carries interest at 5% (31.3.2009: 5% to 5.25%) per annum. The effective interest rate on the interest-free amounts was 5% (31.3.2009: 8%) per annum. In the opinion of the directors, the amounts will not be repaid within twelve months from the end of the reporting period and are therefore classified as non-current asset.

15. DEBTORS, DEPOSITS AND PREPAYMENTS

The Group allows credit period ranging from 0 to 30 days to its trade customers. The following is an analysis of trade debtors by age, presented based on the invoice date:

	30.9.2009	**31.3.2009**
	HK$'000	*HK$'000*
Trade debtors aged:		
0 – 60 days	694	864
61 – 90 days	111	431
Over 90 days	2,962	4,117
	3,767	5,412
Refundable earnest monies	436,261	388,461
Other debtors, deposits and prepayments	120,585	109,275
	560,613	503,148

The refundable earnest monies represent monies paid for acquisition of interests in properties located in the PRC, Macau and Vietnam. Included in the balance is an amount of HK$362,191,000 (31.3.2009: HK$342,191,000) paid by the Group for the negotiation of possible acquisition of ownership interest in properties located in the PRC. Subsequent to the end of the reporting period, a sale and purchase agreement has been signed. Details of the acquisition are set out in note 22(ii).

16. CREDITORS, DEPOSITS AND ACCRUED CHARGES

The following is an analysis of trade creditors by age, presented based on the invoice date:

	30.9.2009	31.3.2009
	HK$'000	*HK$'000*
Trade creditors aged:		
0 – 60 days	921	763
61 – 90 days	282	447
Over 90 days	872	799
	2,075	2,009
Other creditors, deposits and accrued expenses	95,694	70,038
	97,769	72,047

17. BANK AND OTHER BORROWINGS

During the period, the Group obtained new bank and other loans amounting to HK$374,753,000 (1.4.2008 to 30.9.2008: HK$20,247,000) of which a loan note of HK$174,608,000 (1.4.2008 to 30.9.2008: Nil) was issued as partial consideration for the acquisition of subsidiaries. The new loans carry interest at variable market rates ranging from 2.14% to 6.00% per annum and are repayable in year 2010 to 2013. The Group repaid bank and other borrowings of HK$160,783,000 during the period (1.4.2008 to 30.9.2008: HK$35,202,000).

18. SHARE CAPITAL

	Number of shares	Amount
		HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1st April, 2009 and 30th September, 2009	40,000,000,000	400,000
Issued and fully paid:		
At 1st April, 2009 and 30th September, 2009	470,917,484	4,709

19. ACQUISITION OF ASSETS THROUGH ACQUISITION OF SUBSIDIARIES

On 5th June, 2009, the Group completed the acquisition of the entire share capital and shareholders' loans of Favor Gain Group Limited, Charm Noble Group Limited and Adventura International Limited at a total consideration of HK$257,887,000 and incurred transaction cost of HK$2,448,000.

The assets and liabilities acquired are as follows:

	HK$'000
Assets and liabilities acquired:	
Properties held for sale	316,047
Debtors	924
Creditor, deposits and accrued charge	(4,814)
Other loan	(54,270)
Loans from shareholders	(245,439)
	12,448
Assignment of loans from shareholders	245,439
Net assets acquired	257,887
Total consideration satisfied by:	
Cash	36,035
Loan note	174,608
Deposit paid in prior period	47,244
	257,887
Net cash outflow arising on acquisition during the period:	
Cash consideration paid	33,587
Expense incurred for the acquisition	2,448
	36,035

20. CAPITAL AND OTHER COMMITMENTS

	30.9.2009 *HK$'000*	**31.3.2009** *HK$'000*
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of acquisition of property, plant and equipment	33,741	27,807
Other commitments:		
– acquisition of a land use right	5,000	5,000
– acquisition of subsidiaries	–	210,400
– loan to an associate	15,000	15,000
– loan to a joint venture	8,868	15,880
	28,868	246,280
	62,609	274,087

21. RELATED PARTY DISCLOSURES

(i) Compensation of key management personnel:

The remunerations of directors in respect of the period are as follows:

	Six months ended 30th September, 2009 HK$'000	2008 HK$'000
Short-term benefits	6,556	7,584
Share-based payments	808	2,826
	7,364	10,410

The remunerations of directors were determined by the remuneration committee having regard to the performance of individuals and market trends.

(ii) Related party transactions:

During the period, the Group had the following transactions with related parties:

Related parties	*Notes*	Nature of transactions	Six months ended 30th September, 2009 HK$'000	2008 HK$'000
Associates:				
Orient Town Limited		Interest income	7,117	7,312
Empresa De Fomento Industrial E Comercial Concórdia S.A.		Management fee paid	–	152
Orient Town Project Management Limited		Management fee received	60	60
Other related companies:				
Great Intelligence Holdings Limited ("Great Intelligence")	*(a)*	Rental and related building management fee paid	1,577	1,341
Wing On Travel (Holdings) Limited ("Wing On") and its subsidiary	*(b)*	Interest income	1,404	1,866

Notes:

(a) The ultimate holding company of Great Intelligence has significant influence on the Group.

(b) Mr. Cheung Hon Kit, an executive director of the Company is also a director of Wing On.

22. EVENTS AFTER THE END OF THE REPORTING PERIOD

(i) On 5th November, 2009, a subsidiary of the Company entered into an agreement with an independent third party (the "JV partner") in relation to the formation of a joint venture company (the "JV Company"). It is intended that the JV Company will be principally engaged in the development and management of a hot spring and resort project in Guiyang, the provincial capital of Guizhou, the PRC. The registered capital of the JV Company is RMB100.0 million (equivalent to approximately HK$113.6 million), to which the Group and the JV partner have contributed RMB45.0 million (equivalent to approximately HK$51.1 million) and RMB55.0 million (equivalent to approximately HK$62.5 million) respectively by way of cash in proportion to their respective equity interests of 45% and 55% in the JV Company. Upon the establishment of the JV company, it becomes an associate of the Group. Please refer to the Company's announcement dated 5th November, 2009 for further details.

(ii) In December 2009, the Group entered into two sale and purchase agreements (the "Agreements") to acquire a company which owns a parcel of land in Guangzhou, the PRC, for property development purpose. The consideration for the acquisition is approximately HK$960.0 million. Details of the Agreements will be disclosed in an announcement to be released by the Company.

4. MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

Set out below is the management discussion and analysis of the Group's business and performance for the three years ended 31st March, 2007, 2008 and 2009 and for the six months ended 30th September, 2009.

(i) For the year ended 31st March, 2007

BUSINESS REVIEW

The Group's gross proceeds from continuing operations for the year ended 31st March, 2007 was approximately HK$411.7 million, representing a decrease of 18.6% as compared with last year of HK$505.7 million. As a condition for the acquisition of Orient Town Limited ("Orient Town", and together with its subsidiaries the "Orient Town Group"), the Group has in aggregate advanced a shareholder's loan of HK$978 million to Orient Town on which interest is charged at Hong Kong Prime Rate. Total loan financing income of HK$24.9 million was included in the Group's gross proceeds for the year. Furthermore, there was additional gross proceeds contribution from the newly acquired golf and leisure business of HK$52.4 million which was partly offset by the decrease from securities investment due to less transactions during the year.

In addition to the acquisition of Orient Town, the Group has acquired another associate, More Profit International Limited ("More Profit"). Profit in aggregate of HK$40.9 million was recognised through equity accounting of Orient Town and More Profit as included in share of results of associates for the year in which More Profit contributed a profit of HK$92.1 million, mainly representing revaluation gain recognised. Since Concordia Land Development (as defined below) was still in its early stage of development, Orient Town Group incurred a loss during the year mainly as a result of interest charged on shareholders' loans and the loss attributable to the Group amounted to HK$51.2 million. After taking into account the interest income from loan to Orient Town of HK$56.2 million and the gain on cancellation of option for acquisition of additional 5% interest in Orient Town of HK$23.4 million, there was a profit contribution of HK$28.4 million from the investment in Orient Town.

The acquisition of the entire issued share capital of Donson (International) Development Limited ("Donson", and together with its subsidiaries the "Donson Group") was completed in stages from June 2006 to February 2007 and hence its financial results had been consolidated by the Group. As a result, there were overall increases in all expense items. Due to the additional issue of convertible notes, the related interest expenses, which are calculated with reference to the effective interest rate, increased to HK$89.3 million for the year as compared with last year of HK$33.4 million. The Group achieved a profit after tax and minority interests of HK$79.1 million for the year as compared to a loss of HK$73.0 million for last year.

Property Development and Investment

In June 2006, the Group acquired 40% of the issued share capital of Orient Town at their nominal value of HK$280 and in March 2007, its shareholding in Orient Town was further increased to 45%. Orient Town's principal asset is its indirect interest, through its effective 59.5% shareholding interest in Empresa De Fomento Industrial E Comercial Concórdia, S.A. ("Concordia"), in 14 parcels of leased land situated in Estrada de Seac Pai Van, Macau ("Concordia Land Development"). In addition, the Group advanced in aggregate a shareholder's loan of HK$978 million to Orient Town in order to partially finance its indirect investment in the land. The acquisition enables the Group to diversify into the property market in Macau and to have a significant interest in a quality residential development project of total gross floor area over 740,000 m^2. Orient Town becomes an associated company of the Group after the acquisition.

In January 2007, the Group acquired a 40% interest in More Profit which in turn owned 50% interest in Great China Company Limited ("Great China"). Great China is the owner of Grand Waldo Hotel in Macau which is destined as a five-star hotel complex comprised of four portions namely, the hotel block, the casino block, the leisure block and the car park. The hotel is leased to an operator for a fixed annual rental income of HK$200 million for 5 years.

24 residential units and 1 commercial unit at Talon Tower on Connaught Road West remained unsold as at 31st March, 2007.

Development and Operation of Golf Resort and Hotel

In June 2006, the Group acquired an indirect effective 55.6% interest in, and certain loan owed to the vendors by, Donson for an aggregate consideration of HK$140 million, which was satisfied as to HK$80 million by cash and HK$60 million by issue of convertible notes. In January and February 2007, the Group has further bought out all minority interests in Donson for about HK$117 million. Donson Group is principally engaged in operation of golf-clubs, hotel, resorts and development and management of luxurious residential properties in Yalong Bay, Sanya, Hainan and Lotus Hill, Panyu, Guangdong.

Since acquisition by the Group, gross proceeds and segment profit of Donson Group, represented by golf and leisure business, up to 31st March, 2007 were HK$52.4 million and HK$3.4 million respectively.

Securities Investment

During the year, gross proceeds and segment profit from securities investment were HK$329.2 million (2006: HK$503.5 million) and HK$26.8 million (2006: a segment loss of HK$3.4 million) respectively. At year end, the Group had available-for-sale investments and financial assets at fair value through profit or loss in an aggregate sum of HK$196.8 million, mainly comprised of shares listed in Hong Kong, Japan, Singapore and USA.

Manufacture and Trading of Medicine and Health Food

In January 2007, the Group entered into an agreement to dispose of all its shareholding interest in, and shareholder's loan due from, Tung Fong Hung Investment Limited ("Tung Fong Hung") which was the Group's vehicle engaged in manufacture and trading of medicine and health food. The disposal is expected to be completed in the third quarter of 2007, after which the Group will cease to engage in any medicine and health food business.

Gross proceeds and segment loss from Tung Fong Hung, as represented by the medicine and health food business, were HK$400.6 million and HK$0.1 million respectively. The profit contribution from Tung Fong Hung was approximately HK$2.0 million. The total assets and net assets of Tung Fong Hung at 31st March, 2007 were HK$252.3 million and HK$129.4 million respectively. As compared with the Group's total assets and net assets at 31st March, 2007 of HK$3,382.1 million and HK$1,671.8 million respectively, the disposal will not have any material adverse financial impact on the Group.

Loan Financing Services

During the year, the Group had interest income from loans due from associates and other loan receivables of HK$81.1 million. At year end, loans and interest due from associates and other loan receivables of the Group amounted to HK$1,285.5 million and HK$266.1 million respectively.

FINANCIAL REVIEW

A total amount of HK$1,060 million convertible notes was issued during the year under review. On 8th June, 2006, HK$60 million unsecured zero coupon convertible notes due 2010 at an initial conversion price of HK$0.44 per share due on 11th August, 2010 were issued as part of the consideration for acquisition of Donson Group. On 15th June, 2006, the Company had further issued 5-year unsecured 1% convertible notes in an aggregate principal amount of HK$1,000 million, with an initial conversion price of HK$0.70 per share and repayable before the fifth anniversary from the issue date. These newly-issued HK$60 million and HK$1,000 million convertible notes, unless they are previously converted prior to their maturity, will be redeemed at 108.3% and 110% of their principal amounts respectively.

During the year, convertible notes in an aggregate principal amount of HK$394 million were converted into approximately 895.3 million shares of the Company and the outstanding principal amount of the convertible notes as at 31st March, 2007 was approximately HK$1,642.1 million.

To further strengthen the Group's resources for expanding its activities in property investment, the Company had also placed 833,332,000 new ordinary shares at HK$0.60 per share to raise approximately HK$500 million (before expenses) in June 2006. Mainly due to the placement of new ordinary shares, issuance of new convertible notes, conversion of convertible notes and the profit of HK$79.1 million for the year ended 31st March, 2007, the net asset value of the Group attributable to its shareholders was HK$1,621.6 million as at 31st March, 2007, showing a substantial increase of HK$1,176.6 million from the position at 31st March, 2006.

The Group adopts a prudent funding and treasury policy with regard to its overall business operations. In addition to the above convertible note payables, a variety of credit facilities is maintained so as to meet its working capital requirements.

As at 31st March, 2007, total borrowings from financial institutions amounted to HK$119.5 million, of which HK$8.0 million was repayable after one year. The borrowings from financial institutions included those of Donson Group at 31st March, 2007 as a result of the consolidation of its financial position since the acquisition during the year. The net gearing ratio of the Group, calculated with reference to the bank and other borrowings of HK$125.7 million and the fair value of the debt component of convertible note payables of HK$1,368.4 million, offsetting with the pledged bank deposits and the bank and cash balances of HK$295.4 million, and the Group's shareholders' funds of HK$1,621.6 million, was 0.74 as at 31st March, 2007 as compared with 0.39 at 31st March, 2006.

About HK$33.3 million of the bank borrowings were interest-bearing with reference to Hong Kong inter-bank offer rate while interests of most of the remaining balances were calculated on fixed rates. The management believes that interest rate remained stable in the capital market and therefore no hedge was to be made against interest rate fluctuation. Most of the assets and liabilities of the Group were denominated in Hong Kong dollars and Renminbi, hence the Directors considered that the Group was not subject to any material adverse exchange rate exposure.

CORPORATE DEVELOPMENTS

In addition to the acquisitions of interests in (1) Orient Town Group, More Profit and Donson Group as mentioned in the previous paragraphs headed "Properties" and "Golf and Leisure"; (2) the issue of convertible notes and placing of shares as mentioned in the previous paragraphs headed "Financial Review" and the proposed disposal of Tung Fong Hung as mentioned in the previous paragraphs headed "Manufacture and Trading of Medicine and Health Food", there were other significant corporate developments from the beginning of the year under review as follows:

On 23rd May, 2006, the name of the Company was changed from Cheung Tai Hong Holdings Limited to Macau Prime Properties Holdings Limited so as to signify the Group's business strategy and focus.

On 19th June, 2006, the Group granted consent for the partial cancellation of call option to purchase additional 5% shareholding in Orient Town for an estimated compensation to the Group of approximately HK$23.4 million.

On 11th November, 2006, the Group entered into a sale and purchase agreement for acquiring 44 residential units in a residential/office/commercial complex in Macau for a consideration of HK$88.5 million which completion had taken place in April 2007. These properties are held for the purpose of resale or rental after major renovation and improvements.

On 25th January, 2007, the Group entered into an agreement to acquire an additional 8.7% interest in Concordia for a consideration of HK$245.7 million, upon which completion the Group's effective interest in Concordia will increase from 26.8% to 35.5%.

On 9th May, 2007, the Group entered into sale and purchase agreements for acquiring 18 residential units and 18 car parking spaces in a newly completed residential building in Macau for a consideration of HK$118.6 million which completion is expected to take place in around July 2007. These properties are intended to be held for resale purpose.

On 18th May, 2007, the Company entered into a placing and subscription agreement for the issue of 300,000,000 new shares at HK$0.56 each which was completed in June 2007. The net proceeds of approximately HK$162 million were retained as general working capital.

NUMBER OF EMPLOYEES, REMUNERATION POLICIES AND SHARE OPTION SCHEME

As at 31st March, 2007, the number of employees of the Group was 1,726 (2006: 583). The total staff cost of the Group for the year ended 31st March, 2007 was approximately HK$106.1 million. Employees are remunerated according to their qualifications and experience, job nature and performance, under the pay scales aligned with market conditions. Other benefits to employees include medical, insurance cover and retirement schemes. On 15th August, 2006, the Company had granted share options with an exercise price of HK$0.50 per share to certain directors and senior management of the Company pursuant to the terms and conditions of the share option scheme adopted by the Company on 26th August, 2002.

OUTLOOK

Momentum of the economy of Macau is expected to continue in the years ahead. Booming development in gaming and tourism industries enables Macau to become a top leisure and entertainment destination in the region. Overall investment and business environment is improving, as exemplified by the influx of investors and expatriates. Macau citizens are enjoying enviable increases in their household income which accelerates their demand for better living conditions. As a result, the Macau property market has been strong in all sectors, including residential, shops, office and hotels.

In addition, subsequent to the year end, the Group acquired 44 residential units at Zhu Kuan Mansion, which is superbly located at the back of "Venetian Macau" (Sands), and 18 residential units together with car parking spaces at Pearl on the Lough on Taipa waterfront. These units are intended to be held for resale or rental purposes.

The property development of Donson Group is progressing well. Approval for the development of luxurious residential properties within the Lotus Hill Golf Resort in Guangzhou of gross floor area of about 23,000 m^2 has been obtained, which development is expected to complete in 2008. The contribution from the golf business is improving after opening of the club house at Sanya golf resort in December 2006. In addition, construction of another 9 holes in Sanya golf resort will be completed in around third quarter of 2007 such that there will be in total 27 holes in operation so as to capture more guests in the coming peak season. The Group is also actively reviewing and planning further property development within the golf resorts.

The Group has also acquired a development site on the waterfront of the Hengqin Island facing Macau side. This site has an area of approximately 26,500 m^2 and is capable of development into gross floor area of approximately 42,500 m^2 of residential and/or commercial uses.

In May 2007, the Company has further raised approximately HK$162 million by issuing 300 million new shares through a top-up placing. After the disposal of Tung Fong Hung, the Group can concentrate all its resources on the development of properties in Macau and the PRC, golf and leisure businesses and relevant luxury low-density property development. The Group is actively and cautiously looking for further investment opportunities with primary focus on Macau and the PRC, with a view to expand its existing businesses. Barring unforeseeable circumstances, the Directors are optimistic about the Group's future prospects to take advantage of the excellent opportunities ahead.

PLEDGE OF ASSETS

As at 31st March, 2007, the Group's properties held for sale in an aggregate value of approximately HK$58.5 million, bank balances of HK$40.8 million, prepaid lease payments of HK$143.2 million, available-for-sale investments of approximately HK$76.0 million and investments held-for-trading of approximately HK$29.6 million had been pledged to banks and financial institutions to secure bank borrowings and general banking facilities granted to the Group. The Group's obligations under finance leases were secured by pledge of the leased assets of approximately HK$0.1 million.

CONTINGENT LIABILITIES

As at the year end, the Group had contingent liabilities in respect of a tax indemnity given upon disposal of a subsidiary in the previous year at HK$60 million, and a guarantee in the amount of approximately HK$250 million on a several basis in favour of a bank in relation to a loan granted to Great China to facilitate the completion of the subscription of the 40% equity interest in More Profit.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, the Company had repurchased a total of 47,795,000 ordinary shares on the Stock Exchange for an aggregate consideration (excluding expenses) of HK$20,041,500. The highest and lowest price per share paid for such repurchases were HK$0.465 and HK$0.345 respectively. All these shares were cancelled upon repurchase. Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31st March, 2007.

SECURITIES IN ISSUE

During the year, the Company had issued 895,340,902 ordinary shares upon conversion of convertible notes at the conversion price of HK$0.44 per share. In addition, the Company had issued 833,332,000 new ordinary shares at the price of HK$0.60 per share by way of placement.

As at 31st March, 2007, there were 2,312,314,541 ordinary shares in issue and outstanding share options of 31,300,000 shares at an exercise price of HK$0.50 per share.

(ii) For the year ended 31st March, 2008

BUSINESS REVIEW

In the current year, revenue includes net gain on disposal of investments held-for-trading and excludes interest on unsecured loan due from an associate whereas revenue for 2007 as previously reported included gross proceeds from disposal of investments held-for-trading of HK$328.7 million and interest on unsecured loan due from an associate of HK$56.2 million. The Group's gross proceeds from continuing operations for the year ended 31st March, 2008 was approximately HK$600.8 million, representing an increase of 46% as compared with last year of HK$411.7 million, primarily attributable to increase in securities investment transactions and sale of properties during the year. As a result, the Group achieved a gross profit for the year of approximately HK$76.9 million, showing an improvement from HK$43.5 million last year.

Income from loan financing amounted to HK$31.8 million for the year as compared to HK$21 million last year. Other income, including interest of HK$51.6 million charged on shareholder's loan to Orient Town Limited ("Orient Town", together with its subsidiaries the "Orient Town Group"), an associate of the Group, amounted to HK$73.2 million, showing a decrease as compared with HK$105.6 million last year mainly because there was less bank interest income in current year due to the lower interest rate.

Since Concordia Land (as defined below) was still in the development stage, the Orient Town Group incurred a loss during the year as a result of the effective interest charged on shareholders' loans which was included in share of results of associates of a loss of HK$25 million.

The Group recorded a loss for the year of HK$144.4 million, as compared to the profit of HK$74.1 million last year, mainly due to the following non-recurring items from the corporate exercises during the year:

1. a loss on disposal of an associate of HK$39.5 million as a result of the disposal of the Group's effective 20% interest in Grand Waldo Hotel, details of which are included in "Property Development and Investment" paragraph below;

2. an impairment loss of HK$45 million was recognised in view of an estimated loss on disposal of the Group's entire interest in the Lotus Hill Golf Resort due to the change in regulations of the PRC, details of which are included in "Golf and Leisure" paragraph below. Together with the further recognition of a loss on disposal of HK$19.1 million of the Lotus Hill Golf Resort and the related businesses, the aggregate loss incurred in this respect amounted to HK$64.1 million; and

3. a loss on disposal of the Group's entire interest in Tung Fong Hung Investment Limited ("TFH") of HK$18.6 million.

Property Development and Investment

Macau:

In April 2007, the Group acquired 44 residential units in Zhu Kuan Mansion, a residential/office/commercial complex nearby the Sands casino-hotel. These properties have been upgraded with major renovation and improvements which are currently held for the purpose of resale at an opportune time. The total gross floor area of the units is approximately 57,432 sq. ft. with an average cost of approximately HK$2,070/sq. ft.

In July 2007, the Group further acquired another 18 residential units and 18 car parking spaces in Pearl on the Lough, a luxury residential building on the waterfront of Taipa, which are also currently held for resale purpose. The total gross floor area of the units is approximately 44,046 sq. ft. with an average cost of approximately HK$2,690/sq. ft. In March 2008, 2 residential units and 2 car parking spaces were sold. In May 2008, another residential unit and car parking space were sold at close to HK$4,000/sq. ft.

The Group has an effective 35.5% interest in Empresa De Fomento Industrial E Comercial Concórdia, S.A. ("Concordia"). In October 2007, the Government of Macau has granted to Concordia the new concession of 14 parcels of leased land situated in Estrada de Seac Pai Van, Macau for a 25-year plus 25-year time from 2007 ("Concordia Land"), which absolutely confirmed the value of the Group's investment in Concordia. The planned total gross floor area of Concordia is approximately 8,000,000 sq. ft. with an average cost of approximately HK$430/sq. ft. as based on the Group's investment in Concordia of HK$1,213 million. Development plans are being submitted to the Government of Macau for approval and other preparatory works for the development and marketing are being actively taken out.

In September 2007, the Group disposed of its effective 20% interest in Grand Waldo Hotel in Macau for an aggregate consideration of HK$350 million, of which HK$150 million was paid in cash, HK$100 million was settled by 126,262,626 shares in Get Nice Holdings Limited ("Get Nice") at HK$0.792 each ("Get Nice Consideration Shares") and remaining HK$100 million was settled by convertible bonds issued by Get Nice. Upon the completion of the disposal, the market price of the Get Nice Consideration Shares was considerably below HK$0.792 and as a result, a loss on disposal of an associate of HK$39.5 million was recorded mainly attributable to the shortfall in the fair value of the Get Nice Consideration Shares as partial consideration. This loss was substantially compensated by the net gain on financial instruments since all the Get Nice Consideration Shares were subsequently disposed of at market prices above HK$0.792 each and HK$43 million of the convertible bonds issued by Get Nice was also disposed of at a price above its face value. Taking into account the share of profit from Grand Waldo Hotel of approximately HK$92.1 million recognised in last year, there is a reasonably good return from this investment.

PRC:

The Group has entered into an agreement to acquire in Hengqin, Zhuhai a plot of land in the area of approximately 26,000 m^2 located right on the waterfront across from Cotai, Macau, at the consideration of approximately RMB51 million which permitted uses under town planning guidelines are commercial, residential, hotel and retail. The plot ratio is 1.6. Consideration had substantially been paid up and title transfer is pending upon lifting of moratorium for land transfer within the Hengqin area imposed by local government.

Hong Kong:

In January 2008, the Group has acquired 2 adjacent blocks of building located at the junction of Nathan Road and Fife Street for approximately HK$229 million which aggregate re-developable gross floor area is approximately 29,000 sq. ft. It is currently intended that the properties will be held for re-development into a retail and office complex for investment purpose.

During the current year, some units at Talon Tower on Connaught Road West were sold at a profit. As at 31st March, 2008, 7 residential units and 1 commercial unit remained unsold.

Outlined below is a summary of the Group's interest in significant properties held for development/sale as at 31st March, 2008:

Location	Usage	Group's interest (%)	Attributable Gross Floor Area (excluding car parking spaces) (sq. ft.)
14 parcels of land situated in Estrada de Seac Pai Van, Macau	Residential, Commercial and Hotel	35.5	2,250,000
44 residential units at Edifício Comercial Zhu Kuan Mansion, Avenida Xian Xing Hai nos. 81-121, Rua de Londres nos. 148-254, Avenida do Governador Jaime Silvério Marques nos. 80-120 and Rua de Madrid nos. 147-225, Macau	Residential	100	57,432
16 residential units and 16 car parking spaces at Pearl on the Lough, Ilha da Taipa, junto à Estrada Nordeste da Taipa Aterro da Baía de Pac On, Macau	Residential	100	39,936
Section B of Kowloon Inland Lot No. 1263 and the Remaining Portion of Inland Lot No. 1263, being Nos. 703 and 705, Nathan Road, Mongkok, Kowloon, Hong Kong	Retailing/Office	100	29,000

Golf and Leisure

The sales revenue from the golf and leisure business during the year was HK$62.6 million (2007: HK$52.4 million) with a segmental loss of HK$16.3 million (2007: segmental profit of HK$3.4 million). The construction of additional 9 holes in Sun Valley Golf Resort has been completed and opened to golfers in November 2007. The enlarged hotel development plan has been approved by the local government.

In November 2007, the National Commission of Development and Reform and the Ministry of Commerce of the PRC have jointly announced that foreign investors are prohibited to take part in golf business in the PRC unless consent has been obtained prior to 1st December, 2007. The joint venture for the Sun Valley Golf Resort in Sanya will expire in 2049 and therefore shall not be affected by this new regulation in the foreseeable future. However, this new regulation had significant impact on the joint venture for the Lotus Hill Golf Resort in Guangzhou since its contract period expired in September 2007 which had been temporarily extended by further 6 months in order to facilitate the negotiation with the PRC joint venture partner for a practical re-arrangement of the joint venture. In November 2007, the Group entered into agreements to dispose of its entire interest in the Lotus Hill Golf Resort to an associate of the PRC joint venture partner. Simultaneously, the Group:

(a) remains as a lessee of the golf resort to maintain revenue from guests for using facilities in the golf resort;

(b) remains as a partner to the development of villas of saleable area of about 23,000 m^2 within the golf resort; and

(c) has the first right to participate in any new business opportunities within the golf resort, including property developments.

Details of this transaction have been included in the circular of the Company dated 17th January, 2008.

Securities Investment

As part of its treasury management to obtain better return from the surplus cash, the Group has increased its activities in securities investment. During the year, gross proceeds and segmental profit from securities investment were HK$424.6 million (2007: HK$329.2 million) and HK$59.1 million (2007: HK$26.8 million) respectively. As at 31st March, 2008, the Group had available-for-sale investments and financial assets at fair value through profit or loss in an aggregate sum of HK$106.5 million, mainly comprised of shares listed in Hong Kong and Singapore.

Manufacturing and Trading of Medicine and Health Products

Following the disposal of entire interest in TFH in July 2007, the Group has discontinued the operation of manufacturing and trading of medicine and health products. The segmental gross proceeds for the year up to the date of disposal was HK$115.7 million (2007: HK$400.6 million) with a pre-tax profit contribution of HK$1.8 million (2007: HK$3.2 million).

Financing

During the year, the Group had interest income from unsecured loans due from associates, convertible bonds, related companies and other loan receivables of HK$86.4 million of which HK$31.8 million was included as revenue while the remaining HK$54.6 million was included in other income. As at 31st March, 2008, unsecured loans and interest due from associates, debt portion of convertible bonds, unsecured loan and interest due from related companies and other loan receivables of the Group amounted to HK$1,077.7 million, HK$51.1 million, HK$58.3 million and HK$243.1 million respectively.

FINANCIAL REVIEW

During the year, convertible notes in an aggregate principal amount of HK$247.5 million were converted into approximately 483.2 million shares of the Company and the outstanding principal amount of the convertible notes as at 31st March, 2008 was approximately HK$1,394.5 million.

To further strengthen the Group's resources, the Company had entered into a placing and subscription agreement for the issue of 300,000,000 new shares at HK$0.56 each ("Top-Up Placing") which was completed in June 2007. The net proceeds of approximately HK$163 million were retained as general working capital.

The Group adopts a prudent funding and treasury policy with regard to its overall business operations. In addition to the above convertible note payables, a variety of credit facilities is maintained so as to meet its working capital requirements.

During the year, the Group has obtained additional bank loans of approximately HK$144 million to partially finance the acquisition of properties in Macau. As at 31st March, 2008, total borrowings from financial institutions amounted to HK$153.6 million, of which HK$39.6 million was repayable after one year. The net gearing ratio of the Group, calculated with reference to the bank and other borrowings of HK$153.6 million and the fair value of the liability component of convertible note payables of HK$1,243.8 million, offsetting with the pledged bank deposits and the bank and cash balances of HK$294.9 million, and the Group's shareholders' funds of HK$1,843 million, was 0.6 as at 31st March, 2008, showing some decreases from 0.74 as at 31st March, 2007.

About HK$120.4 million of the borrowings from financial institutions were interest-bearing with variable rates while interest of the remaining balance was calculated on fixed rate. The management anticipates that interest rate remains stable in the capital market and therefore no hedge is to be made against any unfavourable fluctuation in interest rate. Most of the assets and liabilities of the Group were denominated in Hong Kong dollars, Renminbi and Macau Pataca, and hence the Directors considered that the Group was not subject to any material adverse exchange rate exposure.

The Group had no contingent liability as at 31st March, 2008.

NUMBER OF EMPLOYEES, REMUNERATION POLICIES AND SHARE OPTION SCHEME

As at 31st March, 2008, the number of employees of the Group was 1,003 (2007: 1,726). The total staff cost of the Group for the year ended 31st March, 2008 was approximately HK$85.6 million. Employees are remunerated according to their qualifications and experience, job nature and performance, under the pay scales aligned with market conditions. Other benefits to employees include medical, insurance cover and retirement schemes. On 15th August, 2006 and 27th July, 2007, the Company had granted share options with an exercise price of HK$0.50 per share and HK$0.67 per share respectively, to certain directors, senior management and employees of the Group pursuant to the terms and conditions of the share option scheme adopted by the Company on 26th August, 2002.

OUTLOOK

In September 2007, the name of the Company has been changed from Macau Prime Properties Holdings Limited to ITC Properties Group Limited so as to reflect that in addition to Macau being a major geographical market, the Group has considerable investments in the PRC and the interests of ITC Corporation Limited in the Group.

Further to the real growth in the GDP of 16.6% recorded in full year 2006, the GDPs of Macau for the full year 2007 further accelerated with a strong real growth of 27.3%. Unemployment rate remains low at around 3.1% with enviable increases in household income which drives the local demand for better living condition. Most of the properties recently put on the market are well received with wide attraction to the international investors. As a result, the Macau property market has been strong in all sectors, including residential, shops, office and hotels. The opening of Venetian Macao Resort Hotel, the Crown Macau, the MGM Grand Macau, the convention and exhibition facilities as well as scheduled opening of more exciting leisure and entertainment facilities stage the area in Cotai Strip, Macau as an international focal spot. The Group's investment in the luxury and large-scale residential development over the Concordia Land, superiorly located at the south end of Cotai Strip, enjoys a magnificent view of Venetian Macao Resort Hotel and other surrounding deluxe entertainment developments. The Group believes that once this development is marketed for pre-sale, it will be one of the most popular luxury residential projects in Macau.

After the termination and cancellation of the acquisition of an effective 25% in the Shanghai Tianma Country Club, the Group will focus on the development of leisure facilities including hotels within Sun Valley Golf Resort in Sanya, where is one of the most preferred spot for vacation within the PRC.

The Group has been closely studying the property market in Vietnam to explore lucrative investment opportunities in light of the current market slump. The Group has targeted and touched base with certain party in relation to a developable site of about 1 sq. kilometre in Greater Ho Chi Minh City to be developed into residential houses and units with amenity facilities.

In June 2008, the Company proposes to raise HK$650.1 million before expenses by way of the rights issue of 9,286,554,078 rights shares (with warrants) at a subscription price of HK$0.07 per rights share on the basis of three rights shares (with warrants in the proportion of four warrants for every fifteen rights shares subscribed) for every share held (the "Rights Issue"). The net proceeds from the Rights Issue and the exercise of the warrants are intended to be used (i) as a general working capital of the Group for its existing business; and (ii) for possible repurchase of the convertible notes (other than those held by the respective subsidiaries and/or associate of ITC Corporation Limited, Hanny Holdings Limited and a director of the Company) issued by the Company; and (iii) future acquisitions. The details of the Rights Issue have been disclosed in the Company's circular dated 24th June, 2008.

In the recent years, the Group has proactively enlarged its portfolio of property investments by acquiring property interests in Macau and Hong Kong including the aspiring substantial interest in Concordia Land. In addition, the Group has on one hand extended its business to the PRC market by developing quality leisure properties within its golf resorts while on the other hand, streamlined its operations by disposing the non-core businesses including the medicine and health products segment. The management of the Group is confident that these investments will contribute substantial rewards to the Group in the coming years. Continuing with the same strategy, the Group will be looking for new opportunities in Macau, the PRC, Hong Kong and the surrounding area with a view to expanding its investments in quality properties.

PLEDGE OF ASSETS

As at 31st March, 2008, general credit facilities granted to the Group by banks and financial institutions were secured by pledges of the Group's property held for sale in an aggregate value of approximately HK$231.8 million, bank balances of HK$41.3 million, and financial assets at fair value through profit or loss of approximately HK$1.8 million.

The Group's obligations under finance leases were secured by pledge of the leased assets of approximately HK$0.2 million.

SECURITIES IN ISSUE

During the year, the Company had issued a total of 483,203,485 shares upon conversion of convertible notes including 348,917,775 shares at the conversion price of HK$0.44 per share and 134,285,710 shares at the conversion price of HK$0.70 per share. In addition, the Company had issued 300,000,000 new shares at the price of HK$0.56 per share by way of Top-Up Placing on 1st June, 2007.

As at 31st March, 2008, there were 3,095,518,026 shares in issue and a total of outstanding share options of 90,500,000 shares including 26,800,000 shares at an exercise price of HK$0.50 per share and 63,700,000 shares at an exercise price of HK$0.67 per share. Save as disclosed above, there was no movement in the issued share capital during the year.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31st March, 2008.

(iii) For the year ended 31st March, 2009

BUSINESS REVIEW

The Group's turnover from continuing operations for the year ended 31st March, 2009 was approximately HK$145.1 million, showing a reduction of HK$455.7 million from the comparative figure of HK$600.8 million mainly due to significant reduction in proceeds from the sale of securities during the year. The gross profit decreased from approximately HK$76.9 million last year to approximately HK$44.1 million for current year.

Income from loan financing amounted to HK$21.8 million for the year, showing a decrease as compared with HK$31.8 million last year mainly because of the disposal of a loan due from an associate last year.

Since Concordia (as defined below) in current year capitalised all its borrowing cost as part of the cost for its property development, the Group's interest income from the shareholder's loan to Concordia, which is included in other income, was eliminated on equity accounting for the results of Concordia. Correspondingly, the share of loss of Concordia as an associate also reduced as compared with last year.

The Group recorded a loss for the year of HK$461.8 million, as compared to HK$144.4 million last year, mainly due to the following unrealised losses provided in the income statement:

1. The US financial turmoil has been hammering the world-wide economy in all aspects including the stock markets in the second half of the year. The drastic price deterioration of listed securities caused the Group to record a loss on financial instruments of HK$169.3 million, HK$167.5 million of which represented unrealised loss due to drop in market price at year end, as compared with a net gain of HK$76.4 million earned for last year.

2. The sentiment of the property market has been greatly affected by the financial turbulence and pessimistic outlook of the economy. Both transaction volume and price of properties in Hong Kong in general experienced a sharp decline during the second half of the year. As a result, impairment losses of HK$54.1 million and HK$92.6 million respectively on the properties under development and properties held for sale were incurred at the balance sheet date.

Property Development and Investment

Macau:

Empresa De Fomento Industrial E Comercial Concórdia, S.A. ("Concordia"), of which the Group has an effective interest of 35.5%, has taken the last couple of years to complete all formalities with the Macau Government Authority enabling Concordia to develop the newly re-aligned lots into over 4,000 luxury residential units and 80 villas, state-of-the art clubhouse facilities. An ultra-luxury hotel occupying 800,000 sq. ft. catered for Japanese tourists together with shopping facilities and Hip Food and Beverage outlets will be included as Phase I development which is scheduled to be completed towards the end of 2011.

Marketing of the 1,356 residential units in Phase I will start around Christmas 2009.

In May 2008, the Group sold another residential unit and car parking space at Pearl on the Lough at a profit. The remaining portfolio of property inventory in Macau consists of 44 residential units at Zhu Kuan Mansion tastefully upgraded to a high standard, 15 residential units and 15 car parking spaces at Pearl on the Lough. The units will be relaunched for sale or lease once market conditions turn more favourable.

HK:

In September 2008, the Group acquired the entire interests in Keen Step Corporation Limited, which possesses over 90% property interests at No. 7 Moreton Terrace. In December 2008, the Group has further acquired the entire interest in Pine Cheer Limited, which possesses the whole block interests at Nos. 19-21 Shelter Street. Subsequent to year end, in June 2009, the Group has completed the acquisition of the entire interests in Fortress Jet International Limited and Sino Able Investments Limited, which possess over 90% property interests at Nos. 35, 37, 39-39A, 39B and 39C Tung Lo Wan Road and the whole block interests at No. 33 Tung Lo Wan Road, respectively. The Group currently intends to redevelop these properties on an amalgamation basis as up-market food and beverage outlets and hotel (the "Causeway Bay Project").

The 2 adjacent blocks of building located at 703 and 705, Nathan Road (the "Nathan Road Project"), in which the Group has entire interest, have been evacuated and demolition is in progress. The site will be developed into a ginza-style retails, food and beverage complex with aggregate gross floor area of approximately 29,000 sq. ft. which completion is expected toward the end of 2010.

During the current year, 1 unit at Talon Tower on Connaught Road West was sold at a profit. As at 31st March, 2009, there were 6 residential units and 1 commercial unit remained unsold.

PRC:

The title transfer of the parcel of land at Hengqin, Zhuhai, located right on the waterfront across from Cotai, Macau is still pending upon lifting of moratorium for land transfer within the Hengqin area imposed by local government. The site area is approximately 26,000 m^2 with plot ratio of 1.6 which permitted uses under prevailing town planning guidelines are commercial, residential, hotel and retail.

Outlined below is a summary of the Group's prevailing interest in significant properties held for development/sale:

Location	Usage	Group's interest (%)	Attributable Gross Floor Area (sq. ft.)
Concordia land situated at Estrada de Seac Pai Van, Macau	Residential/ Commercial/Hotel	35.5	2,250,000
44 residential units at Edifício Comercial Zhu Kuan Mansion, Avenida Xian Xing Hai nos. 81-121, Rua de Londres nos. 148-254, Avenida do Governador Jaime Silvério Marques, Macau	Residential	100	57,400
15 residential units and 15 car parking spaces at Pearl on the Lough, Iiha da Taipa, junto à Estrada Nordeste da Taipa Aterro da Baía de Pac On, Macau	Residential	100	37,000
Nathan Road Project situated at 703 and 705, Nathan Road, Mongkok, Kowloon, Hong Kong	Retailing	100	29,000
Causeway Bay Project comprising:			
– Nos. 19-21 Shelter Street, Causeway Bay, Hong Kong	Hotel/Office/ Shops	100	157,300
– No. 7 Moreton Terrace, Causeway Bay, Hong Kong		Over 90	
– Nos. 35, 37, 39-39A, 39B and 39C Tung Lo Wan Road, Causeway Bay, Hong Kong		Over 90	
– No. 33 Tung Lo Wan Road, Causeway Bay, Hong Kong		100	

Golf and Leisure

The turnover from the golf and leisure business during the year was HK$44.1 million (2008: HK$62.6 million) with a segmental loss of HK$5.8 million (2008: HK$56.5 million, inclusive of HK$45 million impairment losses on prepaid lease payments of leasehold land and premium on prepaid lease payments of leasehold land). The gloomy economic climate has adversely affected the golf resort operation during the second half of the year which was the peak season for the Sun Valley Golf Resort in Sanya. However, the Group had been able to contain its loss by implementation of various cost-control measures.

The Group is currently carrying out the construction of members' village, initially of around 50 villas within the Sun Valley Golf Resort to provide its members a pleasant accommodation for their get-away holidays. Simultaneously, around 300 new membership will be promoted which holders can enjoy these members' village on a timeshare basis. In addition, the enlarged hotel development plan of approximately 66,800 m^2 including 28 units of deluxe villas, 3 hotel buildings, a conference centre, a resort facility building and a driving range within the Sun Valley Golf Resort (the "Sanya Hotel Project") has been formally approved by the authority. Development works will start in due course.

After the disposal of the entire interest in the Lotus Hill Golf Resort, the Group remains as the lessee of the golf resort as well as a partner to the development of villas therein. The villas development is progressing as scheduled and over 40 villas will be built which sale is expected in the second half of 2009.

Securities Investment

The dire financial tsunami and bearish sentiments overcast the global financial market in the second half of the year and as a result, the Group's securities investment activities have inevitably been affected significantly and adversely. During the year, turnover and segmental loss from securities investment were HK$53.5 million (2008: HK$424.6 million) and HK$169.8 million (2008: a segmental profit of HK$59.1 million) respectively. As at 31st March, 2009, the Group had available-for-sale investments and financial assets at fair value through profit or loss in an aggregate sum of HK$214.4 million, mainly comprised shares listed in Hong Kong and Singapore.

Financing

During the year, the Group had interest income from convertible bonds, related companies and other loan receivables of HK$27.3 million. As at 31st March, 2009, debt portion of convertible bonds, unsecured loans and interest due from related companies and other loan receivables of the Group amounted to HK$37 million, HK$48.4 million and HK$208.7 million respectively.

FINANCIAL REVIEW

To further strengthen the Group's capital base, the Company had completed the rights issue in August 2008, pursuant to which 9,286,554,078 new ordinary shares were issued at a subscription price of HK$0.07 each on the basis of three rights shares for every share held. The net proceeds of approximately HK$626.9 million were raised for general working capital. After the rights issue, there were about 12,382 million shares issued by the Company. In March 2009, the Company completed the capital reorganisation which, among other things, included a 25-to-1 share consolidation such that the issued ordinary shares of the Company have been reduced to about 471 million. The capital reorganisation had no financial effect on the Group.

The Group adopts a prudent funding and treasury policy with regard to its overall business operations. In addition to the convertible note payables, a variety of credit facilities is maintained so as to meet its working capital requirements.

As at 31st March, 2009, total borrowings from financial institutions amounted to HK$123.5 million, of which HK$40.7 million was repayable after one year. The net gearing ratio of the Group, calculated with reference to the bank borrowings of HK$123.5 million and the fair value of the liability component of convertible note payables of HK$1,336.1 million, offsetting with the pledged bank deposits and the bank and cash balances of HK$168.6 million, and the Group's shareholders' funds of HK$2,002.1 million, was 0.64 as at 31st March, 2009, as compared to 0.6 as at 31st March, 2008.

About HK$89.4 million of the borrowings from financial institutions were interest-bearing with variable rates while interest of the remaining loan balances was calculated on fixed rates. The management anticipates that interest rate remains stable in the capital market and therefore no hedge is to be made against any unfavourable fluctuation in interest rate. Most of the assets and liabilities of the Group were denominated in Hong Kong dollars, Renminbi and Macau Pataca, and hence the Directors considered that the Group was not subject to any material adverse exchange rate exposure.

NUMBER OF EMPLOYEES AND REMUNERATION POLICIES

As at 31st March, 2009, the number of employees of the Group was 553 (2008: 1,003). Employees are remunerated according to their qualifications and experience, job nature and performance, under the pay scales aligned with market conditions. Other benefits to employees include medical, insurance cover, share options and retirement schemes.

OUTLOOK

The Group will continue its investment strategy to look for quality properties by taking a more prudent approach with primary focus on enhancing the synergistic value of its existing portfolio. Based on the prevailing plan, the developments of the Concordia land, the Causeway Bay Project, the Nathan Road Project and the Sanya Hotel Project will be completed over the coming years. By the time of their respective completion, it is anticipated that the Group can take full benefit in the next economy cycle up-swing. For other properties held for sale, after taking into account the existing market condition, the management considers that their carrying value is reasonable which may be sold when there are suitable opportunities.

The effect of the quantitative easing policies implemented by the governments of the People's Republic of China (the "PRC"), the United States of America and most European countries gradually emerge during the first half of 2009 and there is a better sentiment over the economy in the foreseeable future. There is a general belief that the Greater China region will be the first to recover from the financial tsunami. Given that the interest rate remains at record low and public confidence in financial products need certain time to rebuild, investors in general prefer property as their core investments. The property market in Hong Kong has stabilised from the recent meltdown with improvements in both transaction volume and price. In view that all properties in its portfolio, which are located in Macau, Hong Kong and the PRC, were acquired at reasonable costs with superb intrinsic value, the Group is optimistic in capturing future capital gains from these investments when the market further recovers.

PLEDGE OF ASSETS

As at 31st March, 2009, the Group's general credit facilities granted by banks and financial institutions were secured by pledges of the Group's properties held for sale in an aggregate value of HK$223.5 million, bank balances of HK$44.6 million, property, plant and equipment of HK$0.4 million and financial assets at fair value through profit or loss of approximately HK$1.1 million.

SECURITIES IN ISSUE

On 5th August, 2008, the Company issued a total of 9,286,554,078 new ordinary shares at a subscription price of HK$0.07 per share pursuant to the rights issue on the basis of three rights shares (with warrants in the proportion of four warrants for every fifteen rights shares subscribed) for every share held (the "Rights Issue"). As a term and condition of the Rights Issue, the Company issued a total of 2,476,414,328 warrants to the subscribers of the rights shares conferring the rights to the holders thereof to subscribe in cash for 2,476,414,328 warrant shares at an initial exercise price of HK$0.105 per warrant share (the "Warrants"). A total of 92 Warrants with fractional entitlement were not issued to the subscribers but have been issued and retained for the benefit of the Company as disclosed in the Company's announcement dated 1st August, 2008.

With reference to the announcement of the Company dated 1st August, 2008, as a result of the Rights Issue, the conversion price of both the zero coupon convertible notes due 2010 in the aggregate outstanding principal amount of HK$471,050,000 issued by the Company on 11th August, 2005 (the "First 2010 Convertible Notes") and the zero coupon convertible notes due 2010 in the aggregate outstanding principal amount of HK$17,476,177 issued by the Company on 8th June, 2006 (the "Second 2010 Convertible Notes") has been adjusted from HK$0.44 per share to HK$0.227 per share while the conversion price of the 1% convertible notes due 2011 in the aggregate outstanding principal amount of HK$906,000,000 issued by the Company on 15th June, 2006 (the "2011 Convertible Notes"), has been adjusted from HK$0.70 per share to HK$0.361 per share, all of which took effect retroactively on 12th July, 2008.

With reference to the announcement of the Company dated 12th August, 2008, as a result of the Rights Issue, the exercise price of the outstanding share options granted by the Company pursuant to the share option scheme adopted on 26th August, 2002 (the "Options") has been adjusted from HK$0.50 per share to HK$0.315 per share for the Options granted on 15th August, 2006 and from HK$0.67 per share to HK$0.422 per share for the Options granted on 27th July, 2007. In addition, the aggregate of 25,300,000 outstanding Options granted by the Company on 15th August, 2006 exercisable during the exercise period from 15th August, 2006 to 14th August, 2008 has been adjusted to 40,125,800 outstanding Options and the aggregate of 61,700,000 outstanding Options granted by the Company on 27th July, 2007 exercisable during the exercise periods from 27th July, 2008 or 27th July, 2009 (as the case may be) to 26th July, 2011 have been adjusted to 97,856,200 outstanding Options.

On 14th August, 2008, a total of the 40,125,800 adjusted Options at the adjusted exercise price of HK$0.315 per share were lapsed on maturity. During the period from 14th August, 2008 to 13th March, 2009, a total of the 5,392,400 adjusted Options at the adjusted exercise price of HK$0.422 per share were lapsed upon resignation of a director and certain employees of the Company.

With reference to the announcement of the Company dated 13th March, 2009, as a result of the reorganisation of the share capital of the Company involving every twenty five issued shares of HK$0.01 each consolidated into one consolidated share (the "Consolidated Share") of HK$0.25 and the paid-up capital of each Consolidated Share reduced from HK$0.25 to HK$0.01 by cancelling HK$0.24 (the "Capital Reorganisation"), the conversion prices of the First 2010 Convertible Notes, the Second 2010 Convertible Notes and the 2011 Convertible Notes have been adjusted from HK$0.227 per share, HK$0.227 per share and HK$0.361 per share respectively to HK$5.675 per share, HK$5.675 per share and HK$9.025 per share respectively while the maximum numbers of shares to be issued upon the full conversion of the First 2010 Convertible Notes, the Second 2010 Convertible Notes and the 2011 Convertible Notes have been adjusted from 2,075,110,125 shares, 76,987,563 shares and 2,509,695,282 shares respectively to 83,004,399 shares, 3,079,502 shares and 100,387,795 shares respectively. Moreover, the exercise price of the Options granted on 27th July, 2007 has been adjusted from HK$0.422 per share to HK$10.55 per share while the maximum number of shares which may be issued upon exercise of such Options has been adjusted from 92,463,800 shares to 3,698,552 shares as a result of the Capital Reorganisation. In addition, the subscription price of the Warrants has been adjusted from HK$0.105 per share to HK$2.625 per share while the subscription rights of one warrant has been adjusted from 1 share to 0.04 share while the maximum number of shares to be allotted and issued upon exercise of the subscription rights attaching to the warrants has been adjusted from 2,476,414,420 shares to 99,056,576 shares as a result of the Capital Reorganisation.

As at 31st March, 2009, there were 470,917,484 ordinary shares in issue, a total of the 3,698,552 adjusted Options at the adjusted exercise price of HK$10.55 per share and the 99,056,576 adjusted Warrants at the adjusted exercise price of HK$2.625 per share remain outstanding.

Save as disclosed above, there was no movement in the issued share capital of the Company during the year ended 31st March, 2009.

(iv) For the six months ended 30th September, 2009

BUSINESS REVIEW

The Group's turnover for the six months ended 30th September, 2009 was approximately HK$92.4 million, showing a reduction of HK$7.8 million from the comparative figure of HK$100.2 million mainly due to decrease in sales of properties during the period. The gross profit decreased from HK$19.3 million last period to approximately HK$14.5 million for the period.

Income from loan financing amounted to HK$7.8 million for the period, showing a decrease as compared with HK$11.8 million in last period mainly due to the repayment of other loan receivables.

Due to the boom in the property market in Hong Kong since the second quarter of 2009, the Group has recognised increase in fair value of investment properties of HK$31.8 million and reversal of write-down on properties held for sale of HK$92.6 million. In addition, attributable to the rebound of the stock market in Hong Kong since the second quarter of 2009, the Group has realised certain investments in financial instruments and recorded a net gain of approximately HK$96.6 million. As a result, the Group achieved a profit of HK$114.8 million for the six months ended 30th September, 2009 showing a strong turn-around from the loss of HK$118.8 million same period last year.

Property

Macau:

Empresa De Fomento Industrial E Comercial Concórdia, S.A. ("Concordia"), of which the Group has an effective interest of 35.5% has taken the last couple of years to complete all formalities with the Macau governmental authorities enabling Concordia to develop the newly re-aligned lots into over 4,000 luxury residential units and 80 villas, state-of-the-art clubhouse facilities. Together with seven blocks of residential flats, an ultra-luxury hotel occupying 800,000 sq. ft. catered for the Japanese tourists together with shopping facilities and HIP food and beverage outlets will be included as Phase I of the development, which is scheduled to be completed towards the end of 2011. Concordia has itself secured banking facilities adequate to finance the construction cost of the Phase I residential development.

A sale office together with show flats are being set up within a shopping centre at the central district of Macau. Marketing of the 1,356 residential units in Phase I will start in the first quarter of 2010.

In December 2009, the Group entered into an agreement to dispose of all its interest in 44 residential units at Zhu Kuan Mansion for approximately HK$132.1 million earning a reasonable profit for the Group. The remaining portfolio of property inventory in Macau, which consists of 15 residential units and 15 car parking spaces at Pearl on the Lough, have been launched for sale recently.

HK:

During the period, the Group has completed the acquisition of the interests in over 90% property interests at Nos. 35, 37, 39-39A, 39B and 39C Tung Lo Wan Road and the whole block interests at No. 33 Tung Lo Wan Road. Together with the prior acquisitions of the interests in over 90% property interests at No. 7 Moreton Terrace and the whole block interests at Nos. 19-21 Shelter Street, the Group currently intends to redevelop these properties on an amalgamated site area of about 11,700 sq. ft. into a high-rise complex with a 300-room hotel on the lower levels and deluxe residential units on the upper levels (the "Causeway Bay Project").

The 2 adjacent blocks of building located at 703 and 705, Nathan Road (the "Nathan Road Project"), in which the Group has entire interest, have been demolished. The site will be developed into a ginza-style retails, food and beverage complex with gross floor area of approximately 30,000 sq. ft. Completion is expected in the second quarter of 2011.

As at 30th September, 2009, there were 6 residential units and 1 commercial unit at Talon Tower on Connaught Road West remained unsold.

PRC:

In November 2009, the Group has entered into an agreement in relation to the formation of a joint venture company (the "JVC") in which the Group owns 45% equity interest. The JVC is principally engaged in the development and management of a hot spring and resort project (the "Guiyang Project") in Guiyang City, the People's Republic of China (the "PRC"). In December 2009, the JVC has secured to obtain through public listing and bidding process the state-owned land use rights certificate of a parcel of land in Wudang District, Guiyang City, Guizhou Province, the PRC which site area is approximately 374,495 m^2 (the "Guiyang Land") and can be developed for residential, commercial, cultural, recreational and resort uses. The preliminary maximum plot ratio is in the range of 1.0 to 1.5. The acquisition of the Guiyang Land is the stepping stone for the JVC to commence the Guiyang Project.

In December 2009, the Group entered into two sale and purchase agreements (the "Agreements") to acquire a company which owns a parcel of land in Guangzhou, the PRC, for property development purpose. The consideration for the acquisition is approximately HK$960.0 million. Details of the Agreements will be disclosed in an announcement to be released by the Company.

The title transfer of the parcel of land at Hengqin, Zhuhai, located right on the waterfront across from Cotai, Macau is still pending upon lifting of moratorium for land transfer within the Hengqin area. The site area is approximately 26,000 m^2 with plot ratio of 1.6 which permitted uses under prevailing town planning guidelines are commercial, residential, hotel and retail.

Outlined below is a summary of the Group's prevailing interest in significant properties held for development/sale:

Location	Usage	Group's interest (%)	Attributable Gross Floor Area (sq. ft.)
Concordia Land situated at Estrada de Seac Pai Van, Macau	Residential/Commercial/Hotel	35.5	2,250,000
15 residential units and 15 car parking spaces at Pearl on the Lough, Iiha da Taipa, junto à Estrada Nordeste da Taipa Aterro da Baía de Pac On, Macau	Residential	100	37,000
6 residential units and 1 commercial unit at Talon Tower, 38 Connaught Road West, Hong Kong	Residential/Commercial	100	8,275
Nathan Road Project situated at 703 and 705, Nathan Road, Mongkok, Kowloon, Hong Kong	Retailing	100	30,000
Causeway Bay Project comprising:	Hotel/Offices/Shops		157,300
– Nos. 19-21 Shelter Street, Causeway Bay, Hong Kong		100	
– No. 7 Moreton Terrace, Causeway Bay, Hong Kong		Over 90	
– Nos. 35, 37, 39-39A, 39B and 39C Tung Lo Wan Road, Causeway Bay, Hong Kong		Over 90	
– No. 33 Tung Lo Wan Road, Causeway Bay, Hong Kong		100	
Guiyang Land situated at Wudang District, Guiyang, Guizhou, the PRC	Residential/Commercial/Recreational/Resort	45	1,800,000

Golf and Leisure

The turnover from the golf and leisure business during the six months ended 30th September, 2009 was HK$18.1 million (six months ended 30th September, 2008: HK$18.9 million) with a segmental loss of HK$20.4 million (six months ended 30th September, 2008: HK$8.6 million).

The Group is currently carrying out the construction of members' village initially of around 50 villas within the Sun Valley Golf Resort to provide its members a pleasant accommodation for their get-away holidays. Simultaneously, around 300 new memberships will be promoted which holders can enjoy these members' village on a time-share basis. In addition, the enlarged hotel development plan of gross floor area of approximately 66,800 m^2 including 28 units of deluxe villas, 3 hotel buildings, a conference centre, a resort facility building and a driving range within the Sun Valley Golf Resort (the "Sanya Hotel Project") has been formally approved by the authority. Development works will be commenced shortly.

After the disposal of the entire interest in the Lotus Hill Golf Resort, the Group remains as the lessee of the golf resort as well as a partner to the development of villas therein. The development, through the joint venture, of 28 villas within the golf resort is progressing well. In November 2009, a selling agency agreement on a fully underwritten basis has been entered into which secured a reasonable profit from the joint venture attributable to the Group.

Securities Investment

To take advantage from the rebound in the securities market during the period, the Group realised considerable gain from partial disposal of its securities investment. During the six months ended 30th September, 2009, turnover and segmental profit from securities investment were HK$65.3 million (six months ended 30th September, 2008: HK$50.2 million) and HK$96.2 million (six months ended 30th September, 2008: a segmental loss of HK$44.5 million) respectively. As at 30th September, 2009, the Group had available-for-sale investments and financial assets at fair value through profit or loss in an aggregate sum of HK$241.1 million, mainly comprised shares listed in Hong Kong and Singapore.

Finance

During the six months ended 30th September, 2009, the Group had interest income from convertible bonds, a related company and other loan receivables of HK$10.9 million. As at 30th September, 2009, debt portion of convertible bonds, unsecured loans and interest due from a related company and other loan receivables of the Group amounted to HK$40.2 million, HK$49.8 million and HK$176.9 million respectively.

FINANCIAL REVIEW

The Group adopts a prudent funding and treasury policy with regard to its overall business operations. In addition to the convertible note payables, a variety of credit facilities is maintained so as to meet its working capital requirements.

During the six months ended 30th September, 2009, the Group has obtained additional bank and other borrowings of approximately HK$374.8 million, mainly to finance the development of the Nathan Road Project, the Causeway Bay Project and refinance certain debts upon their maturities. As at 30th September, 2009, total bank and other borrowings amounted to HK$391.7 million, of which HK$379.0 million was repayable after one year. The net gearing ratio of the Group, calculated with reference to the bank and other borrowings of HK$391.7 million and the fair value of the liability component of convertible note payables of HK$1,380.9 million, offsetting with the pledged bank deposits and the bank and cash balances of HK$187.9 million, and the Group's shareholders' funds of HK$2,135.0 million, was 0.74 as at 30th September, 2009, as compared to 0.64 as at 31st March, 2009.

All of the bank and other borrowings were interest-bearing with variable rates. The management anticipates that interest rate remains stable in the capital market and therefore no hedge is to be made against any unfavourable fluctuation in interest rate. Most of the assets and liabilities of the Group were denominated in Hong Kong dollars, Renminbi and Macau Pataca, and hence the Directors considered that the Group was not subject to any material adverse exchange rate exposure.

OUTLOOK

Having continued with its investment strategy to look for quality properties by taking a more prudent approach with primary focus on enhancing the synergistic value of its existing portfolio, the Group secures the acquisition of the Guiyang Project to enlarge its property portfolio. Based on the prevailing plan, the developments of Phase I of the Concordia Land, the Causeway Bay Project, the Nathan Road Project, the Sanya Hotel Project and Phase I of the Guiyang Project will be completed over the coming years. By the time of their respective completions, it is anticipated that the Group can take full benefit in the next economy cycle up-swing. For other properties held for sale, the Group has already been taking steps for their realisations. Having taken into account the existing market condition, the management considers that their carrying values are reasonable which may further be sold when there are suitable opportunities.

The huge quantitative easing policies implemented by the governments of the PRC, the United States of America and most European countries since the outspread of financial tsunami last year have aided the economy recovery. These policy-makers reiterate the need to maintain such stimulus and tightening of the monetary policy is not imminent. Given that the interest rate will remain at record low in the near future and public confidence in financial products need certain time to rebuild, investors in general prefer property as their core investments. The property markets in Hong Kong, Macau, and major cities of the PRC rebound in the second half of 2009 with significant improvements in both transaction volume and price. In the foreseeable future, there will only be limited new supply of properties in prime locations, in particular for Hong Kong and Macau. It is expected that property price shall remain at a relative high level in spite of inevitable short term market solidification. In view that all properties in its portfolio, which are located in Macau, Hong Kong and the PRC, were acquired at reasonable costs with superb intrinsic value, barring unforeseen circumstances, the Group is optimistic in capturing future capital gains from these investments.

PLEDGE OF ASSETS

As at 30th September, 2009, the Group's general credit facilities granted by banks and financial institutions were secured by pledges of the Group's investment properties of HK$221.0 million, properties held for sale in an aggregate value of HK$223.5 million, bank balances of HK$42.2 million and property, plant and equipment of HK$0.4 million.

NUMBER OF EMPLOYEES, REMUNERATION POLICIES AND SHARE OPTION SCHEME

As at 30th September, 2009, the number of employees of the Group was 556 (31st March, 2009: 554). Employees are remunerated according to their qualifications and experience, job nature and performance, under the pay scales aligned with market conditions. Other benefits to employees include medical, insurance cover and retirement schemes.

SECURITIES IN ISSUE

There was no movement in the issued share capital of the Company during the six months ended 30th September, 2009. As at 30th September, 2009, there were 470,917,484 ordinary shares in issue and a total of 3,698,552 adjusted share options at the adjusted exercise price of HK$10.550 per share and 99,056,576 adjusted warrants at the adjusted exercise price of HK$2.625 per share which remain outstanding. In addition, there were (i) zero coupon convertible notes due 2010 in the aggregate outstanding principal amount of HK$471,050,000 at the adjusted conversion price of HK$5.675 per share issued by the Company on 11th August, 2005; (ii) zero coupon convertible notes due 2010 in the aggregate outstanding principal amount of HK$17,476,177 at the adjusted conversion price of HK$5.675 per share issued by the Company on 8th June, 2006; and (iii) 1% convertible notes due 2011 in the aggregate outstanding principal amount of HK$906,000,000 at the adjusted conversion price of HK$9.025 per share issued by the Company on 15th June, 2006 which remain outstanding.

5. FINANCIAL AND TRADING PROSPECTS

The mainland economy is expected to maintain a reasonable growth in coming years even if the Central People's Government of the PRC (the "Central Government") may gradually withdraw the macro stimulus measures. The property market of the PRC has been rebounded considerably in 2009, in terms of both price and volume, in particular in the major cities including Guangzhou. Despite the recent imposition of fiscal measures by the Central Government to prevent overheating investment in the PRC property market, the Enlarged Group is optimistic about its prospects in view of the sustainable economic growth, ongoing urbanisation and rising affluence which will definitely drive the demand for quality properties.

The Enlarged Group continues to seize suitable opportunities to expand its property investment portfolio in the PRC. The Board believes that the Acquisitions represent an attractive opportunity to diversify its investment into the commercial property business and that the Property Development Project will provide a stable income contribution to the Enlarged Group in the future.

6. INDEBTEDNESS STATEMENT

(a) Borrowings

At the close of business on 30th April, 2010, being the latest practicable date for the purpose of preparing this indebtedness statement, the Enlarged Group had the following borrowings:

	Enlarged Group
	HK'000
Secured bank borrowings	478,856
Amount due to immediate holding company by the Newskill Group	359,586
Obligations under finance leases	235
	838,677

Note: The secured bank borrowings and obligations under finance leases were secured by certain of the Group's property, plant and equipment, investment properties, properties held for sale and bank deposits.

(b) Debt securities

At the close of business on 30th April, 2010, the Enlarged Group had the following outstanding convertible notes:

	Principal amount *HK$'000*	Carrying amount of debt component at 30th April, 2010 *HK$'000*	Conversion price *HK$*
Convertible notes issued on:			
– 11th August, 2005	471,050	510,157	5.675
– 8th June, 2006	17,476	18,465	5.675
– 15th June, 2006	906,000	916,830	9.025
	1,394,526	1,445,452	

(c) Pledge of assets

At the close of business on 30th April, 2010, the Enlarged Group's bank borrowings and credit facilities from financial institutions were secured by the following:

(i) legal charges over the Group's properties held for sale with a carrying value of HK$804 million;

(ii) investment properties with a carrying value of HK$232 million;

(iii) bank deposits of HK$45 million; and

(iv) property, plant and equipment with a net book value of HK$0.2 million.

Save as aforesaid and apart from intra-group liabilities and normal trade payables and bills payable, at the close of business on 30th April, 2010, none of the companies of the Enlarged Group had any outstanding mortgages, charges, debentures, loan capital, bank loans and overdrafts, debt securities or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances or acceptance credits or any guarantees or other material contingent liabilities.

For the purpose of the above statement of indebtedness, foreign currency amounts have been translated into Hong Kong dollars at the rates of exchange prevailing at the close of business on 30th April, 2010.

7. WORKING CAPITAL

The Directors are of the opinion that, after taking into account its presently available financial resources and the available banking facilities, the Enlarged Group will have sufficient working capital for its business for the next twelve months from the date of this circular in the absence of unforeseen circumstances.

1. ACCOUNTANTS' REPORT ON THE NEWSKILL GROUP

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

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

31st May, 2010

The Directors
ITC Properties Group Limited

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") regarding Newskill Investments Limited 新藝投資有限公司 ("Newskill") and its subsidiary (hereinafter collectively referred to as the "Newskill Group") for each of the three years ended 31st December, 2009 (the "Relevant Periods") for inclusion in the circular of ITC Properties Group Limited (the "Company") dated 31st May, 2010 issued in connection with the proposed acquisition of the entire issued share capital of Newskill and the shareholder's loan owing by the Newskill Group to Cango Trading Limited and Bright Sino Profits Limited upon completion of the proposed acquisition (the "Circular").

As at the date of this report, Newskill has direct interest in the following subsidiary:

Name of subsidiary	Place and date of incorporation	Issued and fully paid share capital	Attributable equity interest held by Newskill				Principal activities
			at 31st December,			Date of this report	
			2007	2008	2009		
Joyful Honour Investment Limited 欣譽投資有限公司 ("Joyful Honour")	Hong Kong 19th October, 1995	Ordinary HK$1,000	100%	100%	100%	100%	Investment holding

The financial year end date of Newskill and its subsidiary is 31st December.

No statutory financial statements have been prepared for Newskill since the date of its incorporation as there is no such statutory requirement in the British Virgin Islands (the "BVI").

The statutory financial statements of Joyful Honour for each of the two years ended 31st December, 2007 and 2008 were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and were audited by Messrs. Steven H. C. Li, Certified Public Accountant (Practising) in Hong Kong.

For the purpose of this report, the directors of Newskill have prepared the consolidated financial statements of the Newskill Group for the Relevant Periods in accordance with HKFRSs issued by the HKICPA (the "Underlying Financial Statements"). We were engaged to perform independent audit on the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and to examine 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 the Newskill Group set out in this report has been prepared from the Underlying Financial Statements. Due to the limitations in the scope of our audit as described below, we were unable to conclude whether any adjustment is necessary to the Financial Information in preparing our report for inclusion in the Circular.

The Underlying Financial Statements are the responsibility of the directors of Newskill who approved their issue. The directors of the Company are responsible for the contents of the Circular in which this report is included. It is our responsibility 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. However, for the purpose of this report, we were unable to carry out the procedures we considered necessary on the Underlying Financial Statements and therefore on the Financial Information of the Newskill Group for the Relevant Periods to form the basis for an opinion on the Financial Information. Details of the limitations in the scope of our work are set out below.

(a) Acquisition cost of a jointly controlled entity through an acquisition of a subsidiary

As described in note 17 to the Financial Information, on 21st March, 2007, the Newskill Group acquired the entire share capital of Joyful Honour. The primary asset of Joyful Honour was its interest in a jointly controlled entity. However, we were unable to obtain sufficient documentary evidence regarding the consideration paid and payable in respect of the acquisition. There were no other alternative procedures that we could adopt to satisfy ourselves that the consideration recorded by the Newskill Group in respect of the acquisition of its interest in the jointly controlled entity as at the acquisition date was free from material misstatement. Any adjustments found to be necessary to the consideration would affect the carrying amount of the interest in the jointly controlled entity as at 31st December, 2007, 2008 and 2009.

(b) Interest in a jointly controlled entity

As at 31st December, 2007, 2008 and 2009, the carrying amounts of the Newskill Group's interest in a jointly controlled entity were approximately HK$397 million, HK$421 million and HK$422 million, respectively and share of loss of a jointly controlled entity was approximately HK$1 million, and share of profits of a jointly controlled entity were approximately HK$2 million and HK$3 million, respectively for the years then ended. The jointly controlled entity's summarised financial information is set out in note 10 to the Financial Information. In respect of the Group's interests in the jointly controlled entity, the following information for the Relevant Periods was not available to us:

(i) The directors of Newskill were unable to make available to us reliable financial information of the jointly controlled entity related to the carrying amount of prepaid lease payments, other payables (including any amount to be accrued in respect of the obligation of the jointly controlled entity to deliver a certain area of the developed property to Guangzhou Metro Corporation) and exchange reserves as at 31st December, 2007, 2008 and 2009; and

(ii) The directors of Newskill were unable to make available to us any financial information in respect of the other receivables of the jointly controlled entity as at 31st December, 2007, 2008 and 2009 so as to assess the recoverability of other receivables. There were no other satisfactory audit procedures that we could adopt to satisfy ourselves that the carrying value of the other receivables of the jointly controlled entity as at 31st December, 2007, 2008 and 2009 was free from material misstatement.

Accordingly, we were unable to satisfy ourselves that the Newskill Group's interest in a jointly controlled entity and share of results of a jointly controlled entity were free from material misstatement. Any adjustments found to be necessary would affect the Newskill Group's net assets as at 31st December, 2007, 2008 and 2009, its results for the Relevant Periods and the disclosures in notes 8 and 10 to the Financial Information.

As explained in note 2 to the Financial Information, the Newskill Group's current liabilities exceeded its current assets as at 31st December, 2009 by approximately HK$377 million. This condition, along with other matters as set forth in note 2 to the Financial Information, indicate the existence of a material uncertainty which may cast significant doubt about the Newskill Group's ability to continue as a going concern. Should the going concern assumption be inappropriate, adjustments would have to be made to reduce the carrying amounts of the assets of the Newskill Group to their recoverable amounts and to provide for further liabilities that might arise.

Because of the significance of the possible effects of the limitations in the scope of our examination work and the effects of the other matters discussed above, we do not express an opinion as to whether the Financial Information gives, for the purpose of this report, a true and fair view of the state of affairs of the Newskill Group as at 31st December, 2007, 2008 and 2009 and of the results and cash flows of the Newskill Group for the Relevant Periods.

A. FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Year ended 31st December,		
		2007	**2008**	**2009**
	NOTES	*HK$*	*HK$*	*HK$*
Bank interest income		4,307	28	2
Administrative expenses		(51,389)	(37,384)	(23,396)
Interest expenses on an unsecured loan repayable within one year		(833,333)	–	–
Share of (loss) profit of a jointly controlled entity	*10*	(598,924)	1,707,053	2,619,899
(Loss) profit for the year	*9*	(1,479,339)	1,669,697	2,596,505
Other comprehensive income				
Exchange difference arising on translation		21,929,189	22,235,137	(1,287,911)
Total comprehensive income for the year		20,449,850	23,904,834	1,308,594

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31st December,		
		2007	**2008**	**2009**
	NOTES	*HK$*	*HK$*	*HK$*
Non-current assets				
Interest in a jointly controlled entity	*10*	396,913,308	420,855,498	422,187,486
Office equipment	*11*	2,400	1,600	800
		396,915,708	420,857,098	422,188,286
Current assets				
Other receivable	*12*	6,721,673	6,721,673	–
Bank balances and cash	*13*	32,602	32,589	32,603
		6,754,275	6,754,262	32,603
Current liabilities				
Other payables	*14*	16,917,619	16,947,904	16,970,512
Amount due to immediate holding company	*15*	366,302,436	366,308,694	359,586,319
		383,220,055	383,256,598	376,556,831
Net current liabilities		(376,465,780)	(376,502,336)	(376,524,228)
Net assets		20,449,928	44,354,762	45,664,058
Capital and reserves				
Share capital	*16*	78	78	780
Reserves		20,449,850	44,354,684	45,663,278
Total equity		20,449,928	44,354,762	45,664,058

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Exchange reserve	(Accumulated losses) retained profits	Total
	HK$	*HK$*	*HK$*	*HK$*
At 1st January, 2007	78	–	–	78
Loss for the year	–	–	(1,479,339)	(1,479,339)
Exchange difference arising on translation	–	21,929,189	–	21,929,189
At 31st December, 2007	78	21,929,189	(1,479,339)	20,449,928
Profit for the year	–	–	1,669,697	1,669,697
Exchange difference arising on translation	–	22,235,137	–	22,235,137
At 31st December, 2008	78	44,164,326	190,358	44,354,762
Shares issued	702	–	–	702
Profit for the year	–	–	2,596,505	2,596,505
Exchange difference arising on translation	–	(1,287,911)	–	(1,287,911)
At 31st December, 2009	780	42,876,415	2,786,863	45,664,058

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31st December,		
		2007	**2008**	**2009**
	NOTE	*HK$*	*HK$*	*HK$*
OPERATING ACTIVITIES				
(Loss) profit for the year		(1,479,339)	1,669,697	2,596,505
Adjustments for:				
Interest income		(4,307)	(28)	(2)
Depreciation		800	800	800
Interest expense on an unsecured loan repayable within one year		833,333	–	–
Share of loss (profit) of a jointly controlled entity		598,924	(1,707,053)	(2,619,899)
Operating cash flows before movements in working capital		(50,589)	(36,584)	(22,596)
Increase (decrease) in other payable		–	30,285	(16,902)
NET CASH USED IN OPERATING ACTIVITIES		(50,589)	(6,299)	(39,498)
INVESTING ACTIVITIES				
Acquisition of assets and liabilities through acquisition of a subsidiary	*17*	5,050,707	–	–
Repayment of advances to an independent third party		81,000	–	–
Interest received		4,307	28	2
CASH FROM INVESTING ACTIVITIES		5,136,014	28	2
FINANCING ACTIVITIES				
Repayment to an independent third party		(4,221,841)	–	–
Repayment to immediate holding company		(830,982)	–	–
Advance from immediate holding company		–	6,258	–
Advance from an independent third party		–	–	39,510
NET CASH (USED IN) FROM FINANCING ACTIVITIES		(5,052,823)	6,258	39,510
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		32,602	(13)	14
BEGINNING OF THE YEAR, represented by bank balance and cash		–	32,602	32,589
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash		32,602	32,589	32,603

NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION

Newskill was incorporated in the BVI with limited liability on 21st April, 2005 and is an investment holding company. The ultimate controlling party of Newskill is Mr. Tang Chi Ming and the ultimate and immediate holding company of Newskill is Bright Sino Profits Limited, a company incorporated in the BVI with limited liability.

The registered office of Newskill is located at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, BVI and its correspondence address is located at 1/F., Talon Tower, 38 Connaught Road West, Sheung Wan, Hong Kong.

The functional currency of Newskill is Renminbi ("RMB") but the Financial Information is presented in Hong Kong Dollar ("HK$"), in order to be consistent with the presentation currency of the Circular in which this Financial Information has been included.

2. BASIS OF PREPARATION OF FINANCIAL INFORMATION

In preparing the Underlying Financial Statements, the directors of Newskill have given careful consideration to the future liquidity of the Newskill Group in light of the fact that the Newskill Group's current liabilities exceeded its current assets as at 31st December, 2009 by approximately HK$377 million. The Financial Information has been prepared on a going concern basis because the Company has agreed to provide sufficient financial resources for the Newskill Group, upon completion of acquisition of the Newskill Group by the Company, to meet its financial obligations as they fall due for the foreseeable future.

However if the acquisition is not completed, the directors of Newskill would be required to seek alternative sources of financing to ensure that it continue as a going concern in the foreseeable future.

3. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

For the purpose of preparing and presenting the Financial Information for the Relevant Periods, the Newskill Group has consistently adopted, throughout the Relevant Periods, the HKFRSs, Hong Kong Accounting Standards ("HKASs"), Amendments and Interpretations ("Ints") (hereinafter collectively referred to as "new and revised HKFRSs") issued by HKICPA that are effective for the Newskill Group's financial year beginning on 1st January, 2009.

At the date of this report, the HKICPA has issued the following new and revised standards, amendments or interpretations ("new HKFRSs") that have been issued but are not yet effective.

The Newskill Group has not early applied these new HKFRSs in the preparation of the Financial Information.

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

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

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

The directors of Newskill anticipate that the application of the other new HKFRSs will have no material impact on the Financial Information.

4. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared on the historical cost basis as explained in the accounting policies set out below.

The Financial Information has been prepared in accordance with the following accounting policies which conform to 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 of Hong Kong Limited.

Basis of consolidation

The Financial Information incorporates the financial statements of Newskill and the entity controlled by Newskill (its subsidiary). Control is achieved where Newskill 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 Relevant Periods are included in the consolidated statements of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

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

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

Jointly controlled entity

Joint venture arrangement that involves the establishment of a separate entity in which venturers have joint control over the economic activity of the entity is referred to as jointly controlled entity.

The results and assets and liabilities of the jointly controlled entity are incorporated in the Financial Information using the equity method of accounting. Under the equity method, interest in a jointly controlled entity is carried in the consolidated statements of financial position at cost as adjusted for post-acquisition changes in the Newskill Group's share of the net assets of the jointly controlled entity, less any identified impairment loss. When the Newskill Group's share of losses of the jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Newskill Group's net investment in the jointly controlled entity), the Newskill 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 Newskill Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

When a group entity transacts with a jointly controlled entity of the Newskill Group, profits or losses are eliminated to the extent of the Newskill Group's interest in the jointly controlled entity.

Office equipment

Office equipment held for administrative purposes is stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

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

An item of office 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.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statements of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Newskill Group's financial assets are 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 other receivable and bank balances and cash) 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 paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

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

Impairment of financial assets

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

Financial assets are assessed for impairment individually. 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 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 Newskill Group after deducting all of its liabilities.

The Newskill Group's financial liabilities include other payables and amount due to immediate holding company which 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 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 Newskill 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 the Newskill 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.

Impairment losses on tangible assets

At the end of the reporting period, the Newskill Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, 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.

Revenue recognition

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.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statements of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Newskill 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. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of 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 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. Deferred tax assets arising from deductible temporary differences associated with such interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilize 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 liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Newskill Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly to equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

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 each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on 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 Newskill and its subsidiary, which were denominated in functional currency of RMB, are translated into the presentation currency of the Group (i.e. HK$) at the rate of exchange prevailing at the end of reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (the exchange reserve).

5. CAPITAL RISK MANAGEMENT

The Newskill Group manages its capital to ensure that the Newskill Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Newskill Group's overall strategy remained unchanged throughout the Relevant Periods.

The capital structure of the Newskill Group consists of debt, which includes amount due to immediate holding company and equity attributable to ownership of Newskill, comprising capital and reserves.

The directors of Newskill review the capital structure on a regular basis. As part of this review, the directors of Newskill consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Newskill Group will balance its overall capital structure through new capital injection as well as the raise of new debt.

6. FINANCIAL INSTRUMENT

(a) Category of financial instruments

	2007	**2008**	**2009**
	HK$	*HK$*	*HK$*
Financial assets			
Loans and receivables	6,754,275	6,754,262	32,603
Financial liabilities			
Amortised cost	383,190,840	383,197,098	376,514,233

(b) Financial risk management objectives and policies

The Newskill Group's major financial instruments are other receivable, bank balances and cash, other payables and amount due to immediate holding company. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

There has been no change to the types of the Group's exposure in respect of financial instruments or the manner in which it manages and measures the risks throughout the Relevant Periods.

Credit risk

As at 31st December, 2007, 2008 and 2009, the Newskill Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to perform an obligation by the counterparties is arising from the carrying amounts of the respective recognised financial assets as stated in the consolidated statements of financial position.

In order to minimise the credit risk, the management of the Newskill Group reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of Newskill consider that the Newskill Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparty is a bank with high credit ratings assigned by international credit-rating agencies.

The Newskill Group has concentration of credit risk on other receivable as at 31st December, 2007 and 2008. Other receivable was mainly attributed to one single independent third party, a company established in the PRC and principally engaged in investment holding. The management considers the default rate is low for such receivable based on historical information and experience.

Liquidity risk

In the management of the liquidity risk, the Newskill Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Newskill Group's operations and mitigate the effects of fluctuations in cash flows.

The Newskill Group's current liabilities exceed its current assets as at 31st December, 2009 by approximately HK$377 million. Provided that the external financing from bank can be successfully obtained in the future to improve the liquidity position of the Newskill Group, the directors of Newskill are satisfied that the Newskill Group will be able to continue to operate with no significant financial difficulties.

The Newskill Group's financial liabilities (comprising other payables and amount due to immediate holding company) are repayable on demand. The undiscounted cash flows of the financial liabilities based on the earliest date on which the Newskill Group can be required to pay approximate its carrying amount at the end of the respective reporting period.

(c) Fair value

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 input.

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

7. SEGMENT INFORMATION

For the purpose of resources allocation and performance assessment, Newskill's directors review operating results and financial information based on internal reports about results and net assets of the jointly controlled entity of the Newskill Group. As at 31st December, 2009, the Newskill Group is mainly engaged in investment holding and holds an interest in a jointly controlled entity which is principally engaged in development of investment property. Results of and interests in jointly controlled entity are the segment results and segment assets, respectively, reviewed by the directors of Newskill. In view of this, no reconciliation from segment results and segment assets to the Newskill Group's results and assets is presented. The directors of Newskill do not review the liability of the Newskill Group for segment reporting purpose.

Geographical information

The Newskill Group's operations are substantially based in the People's Republic of China (the "PRC") and more than 99% of the Newskill Group's non-current assets, including interest in a jointly controlled entity with operation carried out in the PRC, are located in the PRC. Therefore, no analysis of geographical information is presented.

8. TAXATION

No provision for Hong Kong Profits Tax has been made in the financial statements of the Newskill Group for the Relevant Periods as the Newskill Group has not generated assessable profit for the Relevant Periods in Hong Kong.

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

	Year ended 31st December,		
	2007	**2008**	**2009**
	HK$	*HK$*	*HK$*
(Loss) profit for the year	(1,479,339)	1,669,697	2,596,505
Tax at Hong Kong Profits Tax rate *(Note)*	(258,884)	275,500	428,423
Tax effect of expenses not deductible	154,072	6,164	3,860
Tax effect of share of loss (profit) of a jointly controlled entity	104,812	(281,664)	(432,283)
Taxation for the year	–	–	–

Note: The applicable tax rate for the years ended 31st December, 2007, 2008 and 2009 are 17.5%, 16.5% and 16.5% respectively.

9. (LOSS) PROFIT FOR THE YEAR

	Year ended 31st December, 2007	2008	2009
	HK$	*HK$*	*HK$*
(Loss) profit for the year has been arrived at after charging:			
Auditor's remuneration	14,000	14,000	14,000
Directors' remuneration	–	–	–
Depreciation of office equipment	800	800	800

10. INTEREST IN A JOINTLY CONTROLLED ENTITY

Jointly controlled entity accounted for using the equity method of accounting

	As at 31 December, 2007	2008	2009
	HK$	*HK$*	*HK$*
Cost of unlisted investments in a jointly controlled entity	375,583,043	375,583,043	375,583,043
Share of post-acquisition results	(598,924)	1,108,129	3,728,028
Exchange realignment	21,929,189	44,164,326	42,876,415
	396,913,308	420,855,498	422,187,486

As at 31st December, 2007, 2008 and 2009, the Newskill Group had interest in the following jointly controlled entity:

Name of entity	Form of entity	Country of establishment and operation	Registered capital	Beneficial interest attributable to the Newskill Group			Proportion of voting power held *(Note)*			Principal activity
			HK$	2007	2008	2009	2007	2008	2009	
Guangzhou Jierong Real Estate Development Co., Ltd. (the "Project Company") 廣州捷榮房地產開發有限公司	Sino-foreign cooperative joint venture	The PRC	324,080,000	100%	100%	100%	57%	57%	57%	Development of investment property

Note: The Project Company was established for an investment property development project in the PRC. The term of the joint venture is 16 years and 10 months (from 23rd December, 1993 to 22nd October, 2010). The joint venture agreement provided that the joint venture partner, Guangzhou Metro Corporation (廣州市地下鐵道總公司) ("Guangzhou Metro"), was not entitled to any profit nor will it bear any risk in the Project Company. However, upon completion of the aforesaid property development project, Guangzhou Metro would be entitled to a certain area of the developed property. The results and assets and liabilities of the Project Company were wholly incorporated in the Financial Information using the equity method of accounting.

The directors of Newskill have accounted for the interest in the Project Company and share of results of the Project Company based on management accounts of the jointly controlled entity, using equity method of accounting.

Included in the cost of investment in a jointly controlled entity is HK$54,381,982 which represents the excess of cost of acquisition of the jointly controlled entity, through acquisition of Joyful Honour, in prior years over the net asset value of the jointly controlled entity at the completion date of acquisition.

The summarised financial information in respect of the jointly controlled entity attributable to the Newskill Group's interest therein is set out below:

	As at 31st December,		
	2007	**2008**	**2009**
	HK$	*HK$*	*HK$*
Non-current assets			
Prepaid lease payments *(note)*	294,079,456	353,639,565	679,089,021
Office equipment and motor vehicles	425,054	403,243	342,104
	294,504,510	354,042,808	679,431,125
Current assets			
Other receivables	417,683,099	426,281,858	425,332,905
Bank balances and cash	1,464,741	1,496,267	2,906,022
	419,147,840	427,778,125	428,238,927
Current liabilities			
Other payables and accruals	371,121,024	415,347,417	739,864,548
Net current assets (liabilities)	48,026,816	12,430,708	(311,625,621)
Net assets	342,531,326	366,473,516	367,805,504
Capital and reserve			
Share capital	324,080,000	324,080,000	324,080,000
Reserves	18,451,326	42,393,516	43,725,504
Total equity	342,531,326	366,473,516	367,805,504

Note: Prepaid lease payments are stated at cost less any accumulated impairment losses. The cost is released over the relevant lease term.

The leasehold land of the jointly controlled entity is undergoing removal work during the Relevant Periods which constitutes part of the development project, therefore, removal costs incurred and the amount released for prepaid lease payments are capitalised as part of the carrying amount of the prepaid lease payments.

	Year ended 31st December, 2007	2008	2009
	HK$	*HK$*	*HK$*
Bank interest income	112,375	16,018	3,233
Exchange gain	4,173,660	4,965,471	5,131,922
Administrative expenses	(4,884,959)	(3,274,436)	(2,515,256)
(Loss) profit for the year	(598,924)	1,707,053	2,619,899

11. OFFICE EQUIPMENT

	HK$
COST	
At 1st January, 2007	–
Acquired on acquisition of a subsidiary *(note 17)*	3,200
At 31st December, 2007, 2008 and 2009	3,200
DEPRECIATION	
At 1st January, 2007	–
Charge for the year	800
At 31st December, 2007	800
Charge for the year	800
At 31st December, 2008	1,600
Charge for the year	800
At 31st December, 2009	2,400
CARRYING VALUE	
At 31st December, 2007	2,400
At 31st December, 2008	1,600
At 31st December, 2009	800

The office equipment is depreciated on a straight-line basis at the rate of 25% per annum.

12. OTHER RECEIVABLE

Other receivable represented an advance to an independent third party. The amount was unsecured, interest-free and repayable on demand. The amount was fully settled during the year ended 31st December, 2009.

13. BANK BALANCES AND CASH

Bank balances carry prevailing deposit interest rates ranging from 0.01% to 1.50% per annum during the Relevant Periods.

14. OTHER PAYABLES

Other payables mainly represent advances from independent third parties. The amounts are unsecured, interest-free and repayable on demand.

15. AMOUNT DUE TO IMMEDIATE HOLDING COMPANY

The amount is unsecured, interest-free and repayable on demand.

16. SHARE CAPITAL

	Number of shares		Share capital	
	2007 & 2008	**2009**	**2007 & 2008**	**2009**
			US$	*US$*
Ordinary shares of US$1 each:				
Authorised				
At beginning of year	10	10	10	10
Increase on 2nd November, 2009	–	90	–	90
At end of year	10	100	10	100
Issued and fully paid				
At beginning of year	10	10	10	10
Share issued	–	90	–	90
At end of year	10	100	10	100
Shown in the Financial Information as			HK$78	HK$780

On 2nd November, 2009, 90 shares in Newskill were issued and allotted to existing shareholders, as to 82 shares to Bright Sino Profits Limited and 8 shares to Cango Trading Limited, at par to provide additional working capital for Newskill. These shares ranked pari passu with the existing shares in all respects.

17. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF A SUBSIDIARY

On 21st March, 2007, Newskill acquired the entire issued share capital of Joyful Honour, whose main asset is its interest in a jointly controlled entity which holds a piece of land, at a consideration of HK$1,000. The acquisition has been accounted for as an acquisition of assets and liabilities because the main asset of Joyful Honour is its interest in a jointly controlled entity and the acquisition did not constitute a business. The effect of the acquisition is summarised as follows:

	21st March, 2007
	HK$
Net assets acquired:	
Interest in a jointly controlled entity	375,583,043
Office equipment	3,200
Other receivable	6,802,673
Bank balances and cash	5,051,707
Other payables	(21,139,460)
Amount due to a former shareholder	(172,340,163)
An unsecured loan repayable within one year	(193,960,000)
Consideration satisfied by cash	1,000
Net cash inflow arising on acquisition	
Bank balances and cash of subsidiary acquired	5,051,707
Cash consideration paid	(1,000)
Net cash inflow	5,050,707

18. RELATED PARTIES TRANSACTIONS

During the Relevant Periods, all administrative procedures of the Newskill Group are performed by the staff of immediate holding company of the Newskill Group.

19. MAJOR NON-CASH TRANSACTION

During the year ended 31st December, 2007, the amount due to a former shareholder amounting to HK$172,340,163, an unsecured loan and the related accrued interest due to an independent third party amounting to HK$193,960,000 and HK$833,333, respectively, were settled through current account with the immediate holding company as agreed with the independent third party.

During the year ended 31st December, 2009, other receivable amounting to HK$6,721,673 was settled by the immediate holding company on behalf of the Newskill Group.

B. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by Newskill or its subsidiary in respect of any period subsequent to 31st December, 2009.

Yours faithfully,

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong

2. MANAGEMENT DISCUSSION AND ANALYSIS

Set out below is the management discussion and analysis on the Newskill Group for the three years ended 31st December, 2007, 2008 and 2009 (the "Relevant Periods").

Business review

The principal asset of the Newskill Group is its interest in a jointly controlled entity, the Project Company, which holds the Property Development Project with a gross site area of approximately 9,710 m^2 which is proposed to be developed into a high class shopping arcade comprising shops, food and beverage outlets, cinema and carpark. The fair value of the Property Development Project is approximately RMB1,100.0 million (equivalent to approximately HK$1,247.9 million). The development is in the demolition and resettlement stage and construction is expected to commence in late 2010 which completion is anticipated in 2013.

Financial result

Revenue

During the Relevant Periods, the Newskill Group had no revenue.

Other income

During the Relevant Periods, the Newskill Group recorded insignificant other income of which mainly represented bank interest income.

Administrative expenses

During the Relevant Periods, the Newskill Group recorded insignificant administrative expenses which mainly represented office expenses.

Finance costs

During the year ended 31st December, 2007, the Newskill Group recorded finance costs of approximately HK$0.8 million which represented interest expense on an unsecured loan of approximately HK$194.0 million.

During the two years ended 31st December, 2008 and 2009, the finance costs of the Newskill Group are nil.

Share of results of a jointly controlled entity

During the year ended 31st December, 2007, the Newskill Group recorded share of loss of a jointly controlled entity of approximately HK$0.6 million, and gain of approximately HK$1.7 million and HK$2.6 million for the two years ended 31st December, 2008 and 2009.

Taxation

There was no income tax expense for the Newskill Group as the Newskill Group had no assessable profits for the Relevant Periods.

Loss for the year

The Newskill Group recorded loss of approximately HK$1.5 million for the year ended 31st December, 2007 and profits of HK$1.7 million and HK$2.6 million respectively for the two years ended 31st December, 2008 and 2009.

Liquidity and capital resources

Financial position

As at 31st December, 2007, 2008 and 2009, the Newskill Group had interest in a jointly controlled entity, the Project Company, of approximately HK$396.9 million, HK$420.9 million and HK$422.2 million respectively.

The Newskill Group mainly financed its operations by external borrowings from the immediate holding company. As at 31st December, 2007, 2008 and 2009, balances payable to the immediate holding company were approximately HK$366.3 million, HK$366.3 million and HK$359.6 million respectively.

The Land is stated at cost without taking into account any revaluation adjustment. The net assets of the Newskill Group as at 31st December, 2007, 2008 and 2009 were approximately HK$20.4 million, HK$44.4 million and HK$45.7 million respectively.

Net current liabilities

As at 31st December, 2007, the Newskill Group had net current liabilities of approximately HK$376.5 million. The current assets of approximately HK$6.7 million mainly represented other receivable. The current liabilities of approximately HK$383.2 million comprised amount due to the immediate holding company of approximately HK$366.3 million, and other payables and accruals of approximately HK$16.9 million.

As at 31st December, 2008, the Newskill Group had net current liabilities of approximately HK$376.5 million. The current assets of approximately HK$6.7 million mainly represented other receivable. The current liabilities of approximately HK$383.2 million comprised amount due to the immediate holding company of approximately HK$366.3 million, and other payables and accruals of approximately HK$16.9 million.

As at 31st December, 2009, the Newskill Group had net current liabilities of approximately HK$376.6 million which mainly comprised amount due to the immediate holding company of approximately HK$359.6 million, and other payables and accruals of approximately HK$17.0 million.

Gearing ratio

As at 31st December, 2007, 2008 and 2009, the gearing ratios of the Newskill Group, calculated as a percentage of the Newskill Group's total liabilities to the Newskill Group's total assets, were approximately 94.9%, 89.6% and 89.2% respectively.

Securities and guarantees

Apart from the Foreclosure Order and another foreclosure order(s) the enforcing party of which is also the Guangzhou Company, as at 31st December, 2007, 2008 and 2009, the Newskill Group had not made any pledge of or created any security over its assets and had not provided any corporate guarantee.

Contingent liabilities

Apart from the Demolition and Resettlement, as at 31st December, 2007, 2008 and 2009, the Newskill Group did not have any contingent liability.

Capital commitment

The principal activity as holding the Property Development Project with no progress of development in prior years, as at 31st December, 2007, 2008 and 2009, the Newskill Group did not have any capital commitment.

Exchange rate risk

As it is expected that most of the transactions to be entered into in relation to the development of the Property Development Project will be denominated in Renminbi, the operations of the Newskill Group are not subject to significant foreign exchange exposure. Accordingly, no foreign currency hedging policy was used by the Newskill Group during the Relevant Periods.

Credit risk

As at 31st December, 2007, 2008 and 2009, the Newskill Group has no significant concentrations of credit risk.

Acquisition/disposal of subsidiary

On 21st March, 2007, Newskill acquired the entire issued share capital of Joyful Honour which is mainly holding an investment property through its jointly controlled entity, the Project Company, at a consideration of HK$1,000.

Staff and remuneration policy

Employees are remunerated according to their qualifications and experience, job nature and performance, under the pay scales aligned with market conditions. During the Relevant Periods, the Newskill Group had also provided other benefits such as medical, insurance cover and retirement schemes to the employees.

As at 31st December, 2007, 2008 and 2009, the number of employees of the Newskill Group was 18, 18 and 16 respectively.

During the Relevant Periods, total staff costs of the Newskill Group amounted to approximately HK$0.7 million, HK$0.8 million and HK$0.9 million respectively.

Set out below are the valuation reports on the property interests of the Group and the Newskill Group prepared by RHL Appraisal Limited and DTZ Debenham Tie Leung Limited respectively, the professional valuers, for the purpose of inclusion in this circular:

1. THE GROUP

永利行評值顧問有限公司
RHL Appraisal Limited
Corporate Valuation & Advisory

T +852 2730 6212
F +852 2736 9284

Room 1010, 10/F, Star House
Tsimshatsui, Hong Kong

31st May, 2010

The Directors
ITC Properties Group Limited
Unit 3102, 31st Floor
Bank of America Tower
12 Harcourt Road
Central
Hong Kong

Dear Sirs,

INSTRUCTIONS

We were instructed by ITC Properties Group Limited (referred to as the "Company") to value the property interests held by the Company and its subsidiaries (hereinafter together referred to as the "Group") located in Hong Kong, Macau, and the People's Republic of China (the "PRC"), we confirm that we have carried out property inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the property interests held by the Group as at 31st March, 2010 (the "Valuation Date").

This letter which forms part of our valuation report explains the basis and methodology of valuation, clarifying assumptions, valuation considerations and limiting conditions of this valuation.

BASIS OF VALUATION

Our valuation of the property interests, represents its market value which we would define as intended to mean "the estimated amount for which a property should exchange on the Valuation 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".

PROPERTY INTERESTS CATEGORISATION

The property interests held by the Group are categorised as follows:

Group I – Property interests held by the Group for Owner Occupation in Hong Kong

Group II – Property interests held by the Group for Development in Hong Kong

Group III – Property interests held by the Group for Sale in Hong Kong

Group IV – Property interests held by the Group for Sale in Macau

Group V – Property interests held by the Group for Owner Occupation in the PRC

METHODS OF VALUATION

In valuing the property interests, the direct comparison method has been adopted where comparison based on prices realised on actual sales of comparable properties is made. Comparable properties of similar size, character and location are analysed and carefully weighted against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of market value.

For those portions of the property interests subject to tenancies, as at the Valuation Date, we have also adopted the investment method on the basis of capitalisation of the net rental incomes with due allowance for reversionary income potential. The direct comparison method is also adopted in estimating the values of their reversionary interests.

VALUATION CONSIDERATIONS

In valuing the property interests, we have complied with all the requirements contained in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by 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 effective from 1st January, 2005.

For those property interests situated in Macau held under the Government Leases were expired on 19th September, 1999, we have taken into account the Annex II stipulated in the Joint Declaration of The Government of The People's Republic of China and The Government of The Republic of Portugal on The Question of Macau by virtue of which the lease terms were statutorily extended to 19th September, 2049.

VALUATION ASSUMPTIONS

As the property interests are held under long term Government Leases/Land Use Rights Contacts, we have assumed that the Group has free and uninterrupted rights to use the property interests for the whole of the unexpired term of their respective Government Leases/Land Use Rights Contacts without payment of any substantial sum of taxes or expenses. We have valued the property interests on an open market basis assuming sale with vacant possession.

Our valuations have been made on the assumption that the Group sells the property interests in open markets in their respective existing states without the benefit of a deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements, which could serve to affect the values of the property interests.

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

Other special assumptions of the property interests, if any, have been stated out in the footnotes of the valuation certificates attached herewith.

TITLE INVESTIGATION

We have been shown copies of various documents including State-owned Land Use Rights Certificates, Real Estate Ownership Certificates and agreements relating to the property interests in the PRC, caused searches to be made at the Hong Kong Land Registry in respect of Hong Kong property and have made relevant enquiries. For the property interests located in Macau, we have also carried out searches at the Conservatoria do Registo Predial of Macau (Macau Land Registry) for the property interests.

We have not examined the original documents to verify the existing title to the property interests in the PRC and any material encumbrances that might be attached to the property interests or any lease amendments. However, we have relied considerably on the advices given by the PRC legal adviser, Guangdong Code Law Office (廣東科德律師事務所), on the Group's title to those property interests.

SOURCE OF INFORMATION

We have relied to a very considerable extent on the information provided by the Company, in particular, but not limited to, the sales records, tenure, planning approvals, statutory notices, easements, particulars of occupancy, floor areas and all other relevant matters. Dimensions, measurements and areas included in the valuation certificates are based on information contained in copies of documents provided to us and are therefore only approximations.

Our valuations are totally dependent on the adequacy and accuracy of the information supplied and/or subsequent assumptions made. Should these prove to be incorrect or inadequate, the accuracy of our valuations may be affected.

LIMITING CONDITIONS

We have inspected the exterior and, where possible, the interior of the property interests. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the property interests are free of rot, infestation or any other structural defects. No tests were carried out on any of the services.

We have not carried out detailed site measurements to verify the correctness of the site areas in respect of the property interests but have assumed that the site areas shown on the documents are correct. All documents have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We have also been advised by the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

Liability in connection with this valuation report is limited to the client to whom this report is addressed and for the purpose for which it is carried out only. We will accept no liability to any other parties or any other purposes.

This report is to be used only for the purpose stated herein, any use or reliance for any other purpose, by you or third parties, is invalid. No reference to our name or our report in whole or in part, in any document you prepare and/or distribute to third parties may be made without written consent.

EXCHANGE RATE

All monetary sums stated in this report are in Hong Kong Dollars (HK$). The conversion of HK$ into Renminbi (RMB) and Macau Pataca (MOP) are based on the factors of HK$1 to RMB0.881 and HK$1 to MOP1.047 respectively with reference to the prevailing exchange rate on the Valuation Date.

Our valuations are summarised below and the valuation certificates are attached.

Yours faithfully,
For and on behalf of
RHL Appraisal Limited

Serena S. W. Lau
FHKIS, AAPI, MRICS, RPS(GP), MBA(HKU)
Managing Director

Thomas H.M. Lam
MHKIS, MRICS, RPS(GP), MHKSI, MSc, BSc(Hons)
Senior Associate Director

Ms. Serena S. W. Lau is a Registered Professional Surveyor with over 19 years' experience in valuation of properties in Hong Kong, Macau, mainland China and the Asia Pacific Region. Ms. Lau is a chartered surveyor of The Royal Institution of Chartered Surveyors; an Associate of Australian Property Institute, a Fellow of The Hong Kong Institute of Surveyors as well as a registered real estate appraiser in the PRC.

Mr. Thomas H.M. Lam is a Registered Professional Surveyor (GP) with 10 years' experience in valuation of properties in Hong Kong, Macau, mainland China and the Asia Pacific Region. Mr. Lam is a Professional Member of The Royal Institution of Chartered Surveyors and a Member of The Hong Kong Institute of Surveyors.

SUMMARY OF VALUES

Group I – Property interests held by the Group for Owner Occupation in Hong Kong

	Property Interests	Market Value in its existing state as at 31st March, 2010 *HK$*
1.	2 Car Parking Spaces (known as 4007/4111 and 4068) on 4th Floor and 2 Car Parking Spaces (known as 4067 and 4076) on 4th Floor, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong (the "Bank of America Property")	3,950,000
	SUB-TOTAL:	3,950,000

Group II – Property interests held by the Group for Development in Hong Kong

	Property Interests	Market Value in its existing state as at 31st March, 2010 *HK$*
2.	Nos. 703 and 705 Nathan Road, Kowloon (the "Nos. 703 and 705 Nathan Road Property")	232,000,000
3.	Nos. 33-39 Tung Lo Wan Road, Nos. 19-21 Shelter Street and No. 7 Moreton Terrace (Excluding Flat B on 5th Floor and Roof at No. 7 Moreton Terrace, Shop No. 1E on Ground Floor, Flat Nos. 4 on 1st Floor, 5 on 3rd Floor and 4 on 6th Floor at Nos. 35-39 Tung Lo Wan Road), Hong Kong (the "Mega Site Property")	880,000,000
	SUB-TOTAL:	1,112,000,000

Group III – Property interests held by the Group for Sale in Hong Kong

	Property Interests	Market Value in its existing state as at 31st March, 2010 *HK$*
4.	Office on 1st Floor together with the Appurtenant Flat Roof and the Staircase(s), Flat C on 9th Floor and Corresponding Balcony, Flat C on 10th Floor and Corresponding Balcony, Flat B on 22nd Floor and Corresponding Balcony, Flat C on 22nd Floor and Corresponding Balcony, Flat C on 23rd Floor and Corresponding Balcony, Flat C on 25th Floor and Corresponding Balcony, Talon Tower, No. 38 Connaught Road West, Hong Kong (the "Talon Property")	41,600,000
	SUB-TOTAL:	41,600,000

Group IV – Property interests held by the Group for Sale in Macau

	Property Interests	Market Value in its existing state as at 31st March, 2010 *HK$*
5.	29 Residential Units in Edifício Comercial Zhu Kuan Mansion, Rua De Londres N° 170, Macau	87,000,000
6.	14 Residential Units and 14 Car Parking Spaces in Pearl on the Lough (Bloco 1), Estrada Nordeste Da Taipa N° 312, Taipa, Macau	128,000,000
	SUB-TOTAL:	215,000,000

Group V – Property interests held by the Group for Owner Occupation in the PRC

	Property Interests	Market Value in its existing state as at 31st March, 2010 *HK$*
7.	Sanya Yalong Bay Sun Valley Golf Club, Bohou Village, Yalong Bay National Resort Area, Sanya City, Hainan Province, the PRC	No commercial value
	SUB-TOTAL:	No commercial value
	GRAND-TOTAL:	1,372,550,000

VALUATION CERTIFICATE

Group I – Property interests held by the Group for Owner Occupation in Hong Kong

	Property	Description and tenure	Particulars of occupancy	Market Value in its existing state as at 31st March, 2010 *HK$*
1.	2 Car Parking Spaces (known as 4007/4111 and 4068) on 4/F and 2 Car Parking Spaces (known as 4067 and 4076) on 4/F, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong 4/10000th undivided shares of and in Inland Lot No. 8294. (the "Bank of America Property")	The Bank of America Property comprises 4 car parking spaces of a 37-storey (excluding refuge floors) building with car parking spaces and shopping facilities on lower floors of reinforced concrete construction. The building was completed in about 1975. The Bank of America Property is held under Conditions of Sale for a term of 75 years renewable for 75 years commencing from 29th September, 1972.	Please refer to Note 3 below for the occupancy details of the Bank of America Property.	3,950,000 (Hong Kong Dollars Three Million Nine Hundred and Fifty Thousand Only)

Notes:

1. As at the Valuation Date, the registered owner of the Bank of America Property was Harbour Rainbow Limited (wholly-owned subsidiary of the Company) for the consideration of HK$7,000,000.00 (PT.) vide memorial no. 08052301920154 dated 28th April, 2008.

2. As at the Valuation Date, the Bank of America Property was subject to the followings:

   i. Deed of Mutual Covenant vide memorial no. UB2095606 dated 5th June, 1981.

   ii. Supplemental Deed of Mutual Covenant vide memorial no. UB5856626 dated 30th November, 1993.

3. According to the information provided by the Company, the occupancy details of the Bank of America Property as at the Valuation Date were as follows:

   Licence:

Unit	Licensee	Licence Term	Licence Fee *(HK$)*
1. Car Parking Space No. 4067 on 4/F	The Hongkong and Shanghai Banking Corporation Limited	28/04/08 to 27/04/10	$4,800 per month incl. rates and management fee

   We are given to understand that the remaining car parking spaces of the Bank of America Property were owner-occupied as at the Valuation Date.

VALUATION CERTIFICATE

Group II – Property interests held by the Group for Development in Hong Kong

	Property	Description and tenure	Particulars of occupancy	Market Value in its existing state as at 31st March, 2010 *HK$*
2.	Nos. 703 and 705 Nathan Road, Kowloon Section B of Kowloon Inland Lot No. 1263 and the Remaining Portion of Kowloon Inland Lot No. 1263. (the "Nos. 703 and 705 Nathan Road Property")	The Nos. 703 and 705 Nathan Road Property is a development site. According to the site plans registered vide memorial nos. UB181942 and UB181948, the total site area of the subject property is approximately 2,433.11 sq.ft. The breakdown site areas are shown as below:	According to the information provided by the Company, the Nos. 703 and 705 Nathan Road Property was vacant as at the Valuation Date.	232,000,000 (Hong Kong Dollars Two Hundred and Thirty Two Million Only)

Lot No.	Street Name and No.	Area of Lot *(sq.ft.)*
K.I.L.No. 1263 s.B	703 Nathan Road	1,060.61
K.I.L. No. 1263 R.P.	705 Nathan Road	1,372.50
	Total:	2,433.11

According to the information provided by the Company, a multi-storey commercial building will be erected within the subject site. The Building Plans for a proposed commercial development has been approved by Building Authority on 11th September, 2008. The approved gross floor area is approximately 29,158 sq.ft.

Under Buildings Ordinance Cap. 123F Building (Planning) Regulations, the subject site is classified as "*Class B*".

As at the Valuation Date, the Nos. 703 and 705 Nathan Road Property was zoned as "Commercial" under the Mong Kok Outline Zoning Plan No. S/K3/26 dated 8th May, 2009.

The Nos. 703 and 705 Nathan Road Property is held under the Government Lease for a term of 75 years renewable for 75 years commencing from 18th February, 1910.

Notes:

1. As at the Valuation Date, the registered owners of the Nos. 703 and 705 Nathan Road Property were as follows:

   a. No. 703 Nathan Road

   Castle Win International Limited (a wholly-owned subsidiary of the Company)

   Assignment in favour of the above owner for the consideration of HK$166,300,000.00 vide memorial no. 08020602030075 dated 8th January, 2008.

   b. No. 705 Nathan Road

   Castle Win International Limited (a wholly-owned subsidiary of the Company)

   Assignment in favour of the above owner for the consideration of HK$63,500,000.00 vide memorial no. 08020602030089 dated 8th January, 2008.

2. As at the Valuation Date,

   The Nos. 703 and 705 Nathan Road Property was subject to following incumbrances:

   i. Debenture and Mortgage in favour of Industrial and Commercial Bank of China (Asia) Limited for the consideration see memorial (PT.) vide memorial no. 09081403050104 dated 28th July, 2009.

VALUATION CERTIFICATE

<table>
<tr><th></th><th>Property</th><th>Description and tenure</th><th>Particulars of occupancy</th><th>Market Value in its existing state as at 31st March, 2010
HK$</th></tr>
<tr>
<td>3.</td>
<td>Nos. 33-39 Tung Lo Wan Road, Nos. 19-21 Shelter Street and No. 7 Moreton Terrace (Excluding Flat B on 5th Floor and Roof at No. 7 Moreton Terrace, Shop No. 1E on Ground Floor, Flat Nos. 4 on 1st Floor, 5 on 3rd Floor and 4 on 6th Floor at Nos. 35-39 Tung Lo Wan Road), Hong Kong

Section C of Inland Lot No. 1580

Section B of Inland Lot No. 2321

The Remaining Portion of Sub-Section 1 of Section A of Inland Lot No. 1580

The Remaining Portion of Sub-Section 2 of Section A of Inland Lot No. 1580

Sub-Section 1 of Section C of Sub-Section 1 of Section A of Inland Lot No. 1580

The Remaining Portion of Section C of Sub-Section 1 of Section A of Inland Lot No. 1580

The Remaining Portion of Section B of Sub-Section 2 of Section A of Inland Lot No. 1580

Sub-Section 1 of Section B of Sub-Section 2 of Section A of Inland Lot No. 1580

(Please refer to the Notes below for the detailed address and shares of the lots)

(the "Mega Site Property")</td>
<td>The Mega Site Property comprises a redevelopment site with a total site area of approximately 11,730.55 sq.ft. or 1,089.79 sq.m. The breakdown site areas are shown as below:
<table>
<tr><th>Lot No.</th><th>Street Name and No.</th><th>Area of Lot
(sq.ft.)</th></tr>
<tr><td>I.L. 1580 S.A ss.1 S.C ss.1</td><td>33 Tung Lo Wan Road</td><td>1,146.66</td></tr>
<tr><td>I.L. 1580 S.A ss.1 S.C R.P.</td><td>35 Tung Lo Wan Road</td><td>1,236.70</td></tr>
<tr><td>I.L. 1580 S.A ss.2 S.B ss.1</td><td>37-39 Tung Lo Wan Road</td><td>1,987.00</td></tr>
<tr><td>I.L. 1580 S.A ss.2 S.B R.P.</td><td>37-39 Tung Lo Wan Road</td><td>1,275.10</td></tr>
<tr><td>I.L. 1580 S.A ss.2 R.P.</td><td>19 Shelter Street</td><td>1,962.72</td></tr>
<tr><td>I.L. 1580 S.A ss.1 R.P.</td><td>21 Shelter Street</td><td>1,879.87</td></tr>
<tr><td>I.L. 1580 S.C</td><td>7 Moreton Terrace</td><td>1,873.00</td></tr>
<tr><td>I.L. 2321 S.B</td><td>7 Moreton Terrace</td><td>369.50</td></tr>
<tr><td></td><td>Total:</td><td>11,730.55</td></tr>
</table>
Currently there are 4 composite buildings and tenement blocks of reinforced concrete construction erected on the Mega Site Property which was completed between 1967 and 1982. Ground floors of these existing buildings are used for retail purpose whilst the upper floors are for residential use.</td>
<td>Please refer to the Notes below for the occupancy details of the Moreton Property, the Nam Fung Property, the Yuet Wah Property and the Yue King Property.</td>
<td>880,000,000

(Hong Kong Dollars Eight Hundred and Eighty Million Only)</td>
</tr>
</table>

Property	Description and tenure	Particulars of occupancy	Market Value in its existing state as at 31st March, 2010 *HK$*
	According to the development scheme provided by the Company, a 37-story hotel and residential composite building will be erected on the subject site with a total gross floor area of approximately 131,245 sq.ft. or 12,193 sq.m. The hotel and residential gross floor areas are 101,548 sq.ft. or 9,434 sq.m. and 29,698 sq.ft. or 2,759 sq.m. respectively. The details of the scheme are summarised as follows: **Residential Portion** No. of Floors : 9 No. of Flats/Floor : 2 Total No. of Flats : 18 Average Flat Size (Net) : 1,313 sq.ft. (i.e. 122.00 sq.m.) Area of Clubhouse : 1,485 sq.ft. (i.e. 138.00 sq.m.) **Hotel Portion** No. of Floors : 17 No. of Rooms/Floor : 18 Total No. of Rooms : 306 Average Room Size (Net) : 194 sq.ft. (i.e. 18.00 sq.m.) Under Buildings Ordinance Cap. 123F Building (Planning) Regulations, the subject site is classified as "*Class A*". As at the Valuation Date, the Mega Site Property was zoned as "Commercial/Residential" under the Causeway Bay (HPA 6) Outline Zoning Plan No. S/H6/14 dated 13th September, 2005. The lots of the Mega Site Property are held under various Government Leases for a term of 75 years renewable for 75 years commencing from 29th January, 1900.		

Notes:

Shop Space on G/F, Cockloft and the Whole of Front Terrace, Flat A on 1/F and Flat Roof, Flat B on 1/F and Flat Roof, Flats A and B on 2/F, Flats A and B on 3/F, Flats A and B on 4/F, Flat A on 5/F and Portion A of the Main Roof, No. 7 Moreton Terrace, Hong Kong comprising 15/16th undivided shares of and in Section C of Inland Lot No. 1580 and Section B of Inland Lot No. 2321. (the "Moreton Property")

1. As at the Valuation Date, the registered owner of the Moreton Property was Keen Step Corporation Limited (a wholly-owned subsidiary of the Company) via the followings:

   a. Shop Space on G/F, Cockloft and the Whole of Front Terrace:

      Assignment in favour of the above owner for the consideration of HK$61,800,000.00 vide memorial no. 08091200960091 dated 18th August, 2008.

   b. Flat A on 1/F and Flat Roof:

      Assignment in favour of the above owner for the consideration of HK$8,640,000.00 vide memorial no. 08123000800049 dated 11th December, 2008.

c. Flat B on 1/F and Flat Roof:

Assignment in favour of the above owner for the consideration of HK$8,400,000.00 vide memorial no. 08123000800050 dated 11th December, 2008.

d. Flat A on 2/F:

Assignment in favour of the above owner for the consideration of HK$7,800,000.00 vide memorial no. 08081501160107 dated 31st July, 2008.

e. Flat B on 2/F:

Assignment in favour of the above owner for the consideration of HK$7,458,000.00 vide memorial no. 09012000790067 dated 31st December, 2008.

f. Flat A on 3/F:

Assignment in favour of the above owner for the consideration of HK$7,656,000.00 vide memorial no. 09012000790073 dated 31st December, 2008.

g. Flat B on 3/F:

Assignment in favour of the above owner for the consideration of HK$7,436,000.00 vide memorial no. 08081101160160 dated 31st July, 2008.

h. Flat A on 4/F:

Assignment in favour of the above owner for the consideration of HK$7,634,000.00 vide memorial no. 08090201050053 dated 5th August, 2008.

i. Flat B on 4/F:

Assignment in favour of the above owner for the consideration of HK$7,414,000.00 vide memorial no. 08090201050077 dated 5th August, 2008.

j. Flat A on 5/F and Portion A of the Main Roof:

Assignment in favour of the above owner for the consideration of HK$8,800,000.00 vide memorial no. 09012000790087 dated 31st December, 2008.

2. As at the Valuation Date, the Moreton Property was subject to following incumbrances:

i. Deed of Covenant vide memorial no. UB1170317 dated 9th May, 1975.

ii. Mortgage and Assignment of Interests in favour of Citic Ka Wah Bank Limited vide memorial no. 09112302660243 dated 28th October, 2009. (Remarks: To secure all moneys in respect of general banking facilities (including but not limited to a term loan facility of a principal amount of HK$300,000,000.00) and interests thereon and all other moneys in respect thereof)

iii. Order No. DR00436/HK/09 by the Building Authority under S.28(3) of the Buildings Ordinance vide memorial no. 09112600420141 dated 19th October, 2009. (Remarks: For external areas including underground and common areas) (According to the Letter issued from Buildings Department dated 18th January, 2010 provided by the Company, the Order No. DR00436/HK/09 is considered to have been complied)

The Shop Space on G/F and Cockloft and the Whole of Front Terrace was also subject to following incumbrances:

i. Tenancy Agreement with plans in favour of CHE-CHE Concept Limited for the rental consideration of HK$81,000.00 per month (PT.) vide memorial no. 07061301390016 dated 4th June, 2007. (Remarks: For 4 years from 1.6.2007 to 31.5.2011 with an option to renew for a further term of 3 years)

3. According to the information provided by the Company, the occupancy details of the Moreton Property as at the Valuation Date were as follows:

No.	**Unit**	**Tenant**	**Lease Term**	**Monthly Rent** *(HK$)*
1.	Shop Space on G/F, Cockloft and the Whole of Front Terrace	CHE-CHE CONCEPT LIMITED	01/06/2007 to 31/05/2011	81,000 (excl. rates)
			Total Monthly Rental:	81,000

The remaining units of the Moreton Property are vacant as at the Valuation Date.

4. In our valuation, we have not taken into account the effect of the orders under the Buildings Ordinance by the Building Authority as stated in Note 2 and their effect of the value of the Moreton Property is not reflected on our valuation.

Ground Floor, Flat A on 1/F and Flat Roofs, Flat B on 1/F and Flat Roofs, Flats A and B on 2/F, Flats A and B on 3/F, Flats A and B on 4/F, Flats A and B on 5/F, Flats A and B on 6/F, Flats A and B on 7/F, Flats A and B on 8/F, Flat A on 9/F, Flat B on 9/F and Flat Roof, Flats A and B on 10/F, Flat A on 11/F and Flat Roof, Flat B on 11/F and Flat Roof, Flats A and B on 12/F, Flats A and B on 13/F, Roofs A and B, Yuet Wah Court, 19-21 Shelter Street, Hong Kong comprising all the undivided shares of and in The Remaining Portion of Sub-Section 1 of Section A of Inland Lot No. 1580 and The Remaining Portion of Sub-Section 2 of Section A of Inland Lot No. 1580. (the "Yuet Wah Property")

1. As at the Valuation Date, the registered owner of the Yuet Wah Property was Pine Cheer Limited (a wholly-owned subsidiary of the Company) via the followings:

a. Ground Floor:

Assignment in favour of the above owner for the consideration of HK$82,368,000.00 vide memorial no. 08062001310175 dated 3rd June, 2008.

b. Flat A on 1/F and Flat Roofs:

Assignment in favour of the above owner for the consideration of HK$6,500,000.00 vide memorial no. 09012201690041 dated 5th January, 2009.

c. Flat B on 1/F and Flat Roofs:

Assignment in favour of the above owner for the consideration of HK$7,800,000.00 vide memorial no. 08071801200142 dated 18th June, 2008.

d. Flat A on 2/F:

Assignment in favour of the above owner for the consideration of HK$5,130,000.00 vide memorial no. 08062001310187 dated 6th June, 2008.

e. Flat B on 2/F:

Assignment in favour of the above owner for the consideration of HK$6,780,000.00 vide memorial no. 08062001310197 dated 3rd June, 2008.

f. Flat A on 3/F:

Assignment in favour of the above owner for the consideration of HK$5,200,000.00 vide memorial no. 08062701300093 dated 20th June, 2008.

g. Flat B on 3/F:

Assignment in favour of the above owner for the consideration of HK$6,780,000.00 vide memorial no. 08062001310202 dated 10th June, 2008.

h. Flat A on 4/F:

Assignment in favour of the above owner for the consideration of HK$6,060,000.00 vide memorial no. 09012000790035 dated 31st December, 2008.

i. Flat B on 4/F:

Assignment in favour of the above owner for the consideration of HK$6,790,000.00 vide memorial no. 08111200990023 dated 31st October, 2008.

j. Flat A on 5/F:

Assignment in favour of the above owner for the consideration of HK$5,200,000.00 vide memorial no. 09012201690068 dated 31st December, 2008.

k. Flat B on 5/F:

Assignment in favour of the above owner for the consideration of HK$6,800,000.00 vide memorial no. 08070401150152 dated 18th June, 2008.

l. Flat A on 6/F:

Assignment in favour of the above owner for the consideration of HK$5,200,000.00 vide memorial no. 08062601480110 dated 18th June, 2008.

m. Flat B on 6/F:

Assignment in favour of the above owner for the consideration of HK$6,900,000.00 vide memorial no. 09041701100035 dated 31st March, 2009.

n. Flat A on 7/F:

Assignment in favour of the above owner for the consideration of HK$5,300,000.00 vide memorial no. 08120100700058 dated 13th November, 2008.

o. Flat B on 7/F:

Assignment in favour of the above owner for the consideration of HK$6,820,000.00 vide memorial no. 08072201320029 dated 30th June, 2008.

p. Flat A on 8/F:

Assignment in favour of the above owner for the consideration of HK$5,200,000.00 vide memorial no. 08081101160170 dated 30th June, 2008.

q. Flat B on 8/F:

Assignment in favour of the above owner for the consideration of HK$7,000,000.00 vide memorial no. 08062601480120 dated 13th June, 2008.

r. Flat A on 9/F:

Assignment in favour of the above owner for the consideration of HK$5,300,000.00 vide memorial no. 08081101160196 dated 14th July, 2008.

s. Flat B on 9/F and Flat Roof:

Assignment in favour of the above owner for the consideration of HK$6,030,000.00 vide memorial no. 08082001320118 dated 11th August, 2008.

t. Flat A on 10/F:

Assignment in favour of the above owner for the consideration of HK$5,300,000.00 vide memorial no. 08090201050031 dated 4th August, 2008.

u. Flat B on 10/F:

Assignment in favour of the above owner for the consideration of HK$5,600,000.00 vide memorial no. 09012000790048 dated 31st December, 2008.

v. Flat A on 11/F and Flat Roof:

Assignment in favour of the above owner for the consideration of HK$3,700,000.00 vide memorial no. 08071801200167 dated 18th June, 2008.

w. Flat B on 11/F and Flat Roof:

Assignment in favour of the above owner for the consideration of HK$3,530,000.00 vide memorial no. 09012000790058 dated 31st December, 2008.

x. Flat A on 12/F:

Assignment in favour of the above owner for the consideration of HK$4,000,000.00 vide memorial no. 08070401150172 dated 5th June, 2008.

y. Flat B on 12/F:

Assignment in favour of the above owner for the consideration of HK$3,350,000.00 vide memorial no. 08062601480132 dated 18th June, 2008.

z. Flat A on 13/F, Roofs A and B:

Assignment in favour of the above owner for the consideration of HK$6,633,000.00 vide memorial no. 08062001310210 dated 3rd June, 2008.

aa. Flat B on 13/F:

Assignment in favour of the above owner for the consideration of HK$3,360,000.00 vide memorial no. 08062001310222 dated 30th May, 2008.

2. As at the Valuation Date, the Yuet Wah Property was subject to following incumbrances:

i. Deed of Mutual Covenant vide memorial no. UB2398851 and re-registered vide memorial no. UB3240984 dated 18th March, 1983.

ii. Mortgage and Assignment of Interests in favour of Citic Ka Wah Bank Limited vide memorial no. 09112302660250 dated 28th October, 2009. (Remarks: To secure all moneys in respect of general banking facilities (including but not limited to a term loan facility of a principal amount of HK$300,000,000.00) and interests thereon and all other moneys in respect thereof)

Flat A on 1/F and Flat Roofs was also subject to following incumbrances:

i. Notice No. WNZ/U09-04/0001/04 by the Building Authority under S.24C(1) of the Buildings Ordinance vide memorial no. 08012100900095 dated 11th July, 2007.

Flat B on 1/F and Flat Roofs was also subject to following incumbrances:

i. Notice No. WNZ/U09-04/0002/04 by the Building Authority under S.24C(1) of the Buildings Ordinance vide memorial no. 08011602140093 dated 11th July, 2007.

Flat B on 2/F was also subject to following incumbrances:

i. Superseding Order No. C/TB/004681/08/HK by the Building Authority under S.24(1) of the Buildings Ordinance vide memorial no. 08111301020019 dated 13th October, 2008.

ii. Notice No. WNZ/U09-04/0004/04 by the Building Authority under S.24C(1) of the Buildings Ordinance vide memorial no. 08011602140117 dated 11th July, 2007.

Flat B on 11/F and Flat Roof was also subject to following incumbrances:

i. Notice No. WNZ/U09-04/0005/04 by the Building Authority under S.24C(1) of the Buildings Ordinance vide memorial no. 08011602140120 dated 11th July, 2007.

Roof A was also subject to following incumbrances:

i. Notice No. WNZ/U09-04/0006/04 by the Building Authority under S.24C(1) of the Buildings Ordinance vide memorial no. 08011602140135 dated 11th July, 2007.

Roof B was also subject to following incumbrances:

i. Notice No. WNZ/U09-04/0007/04 by the Building Authority under S.24C(1) of the Buildings Ordinance vide memorial no. 08011602140143 dated 11th July, 2007.

3. According to the information provided by the Company, all the units of the Yuet Wah Property were vacant as at the Valuation Date.

4. In our valuation, we have not taken into account the effect of the Notices under the Buildings Ordinance by the Building Authority as stated in Note 2 and their effect of the value of the Yuet Wah Property is not reflected on our valuation.

Ground Floor and Cockloft, 1st Floor and Flat Roof, 2nd Floor, 3rd Floor, 4th Floor, 5th Floor and Roof of Nam Fung Building, No. 33 Tung Lo Wan Road, Hong Kong comprising all the undivided shares of and in Sub-Section 1 of Section C of Sub-Section 1 of Section A of Inland Lot No. 1580. (the "Nam Fung Property")

1. As at the Valuation Date, the registered owner of the Nam Fung Property was Sino Able Investments Limited (a wholly-owned subsidiary of the Company) via the followings:

   a. Ground Floor and Cockloft:

      Assignment in favour of the above owner for the consideration of HK$30,300,000.00 vide memorial no. 09011500650110 dated 31st December, 2008.

   b. 1st Floor and Flat Roof:

      Assignment in favour of the above owner for the consideration of HK$8,880,000.00 vide memorial no. 08050700970060 dated 22nd April, 2008.

   c. 2nd Floor:

      Assignment in favour of the above owner for the consideration of HK$8,500,000.00 vide memorial no. 09011500650089 dated 31st December, 2008.

   d. 3rd Floor:

      Assignment in favour of the above owner for the consideration of HK$8,500,000.00 vide memorial no. 08103000790020 dated 30th September, 2008.

   e. 4th Floor:

      Assignment in favour of the above owner for the consideration of HK$8,500,000.00 vide memorial no. 09011500650093 dated 31st December, 2008.

   f. 5th Floor and Roof:

      Assignment in favour of the above owner for the consideration of HK$8,880,000.00 vide memorial no. 08050700970076 dated 23rd April, 2008.

2. As at the Valuation Date, the Nam Fung Property was subject to following incumbrances:

   i. Deed of Mutual Covenant vide memorial no. UB1487708 dated 16th January, 1978.

   ii. Mortgage and Assignment of Interests in favour of Citic Ka Wah Bank Limited vide memorial no. 09112302660262 dated 28th October, 2009. (Remarks: To secure all moneys in respect of general banking facilities (including but not limited to a term loan facility of a principal amount of HK$300,000,000.00) and interests thereon and all other moneys in respect thereof).

3. According to the information provided by the Company, the occupancy details of the Nam Fung Property as at the Valuation Date were as follows:

No.	Unit	Tenant	Lease Term	Monthly Rent *(HK$)*
1.	Ground and Cockloft	Leighton Piano Studio	01/01/2010 to 31/03/2010	30,000 (excl. rates) As informed by the Company, there is only verbal agreement regarding the tenancy.
			Total Monthly Rental:	30,000

The remaining units of the Nam Fung Property were vacant as at the Valuation Date.

Shops Nos. 1A, 1B, 1C, 1D and 2 on Ground Floor, Flats Nos. 1, 2, 3 on 1st Floor, Flat No. 5 and Portion of Flat Roof, Flats Nos. 1, 2, 3, 4 and 5 on 2nd Floor, Flats Nos. 1, 2, 3 and 4 on 3rd Floor, Flats Nos. 1, 2, 3, 4 and 5 on 4th Floor, Flats Nos. 1, 2, 3, 4 and 5 on 5th Floor, Flats Nos. 1, 2, 3 and 5 on 6th Floor, Flats Nos. 1, 2, 3, 4 and 5 on 7th Floor, Flats Nos. 1, 2, 3, 4 and 5 on 8th Floor, Flats Nos. 1, 2, 3, 4 and 5 on 9th Floor and Portions of Main Roof of Yue King Mansion, Nos. 35, 37, 39-39A, 39B & 39C, Tung Lo Wan Road, Hong Kong comprising 103.5/110 shares of and in The Remaining Portion of Section C of Sub-Section 1 of Section A of Inland Lot No. 1580, The Remaining Portion of Section B of Sub-Section 2 of Section A of Inland Lot No. 1580 and Sub-Section 1 of Section B of Sub-Section 2 of Section A of Inland Lot No. 1580. (the "Yue King Property")

1. As at the Valuation Date, the registered owner of the Yue King Property was Fortress Jet International Limited (owned as to 50% by Charm Noble Group Limited and Favor Gain Group Limited, both wholly-owned subsidiaries of the Company, respectively) via the followings:

   a. Shop 1A on Ground Floor:

      Assignment in favour of the above owner for the consideration of HK$3,080,000.00 vide memorial no. 08061000760059 dated 28th May, 2008.

   b. Shop 1B on Ground Floor:

      Assignment in favour of the above owner for the consideration of HK$6,100,000.00 vide memorial no. 08051901710135 dated 30th April, 2008.

   c. Shop 1C on Ground Floor:

      Assignment in favour of the above owner for the consideration of HK$14,000,000.00 vide memorial no. 08040100950234 dated 8th March, 2008.

   d. Shop 1D on Ground Floor:

      Assignment in favour of the above owner for the consideration of HK$19,000,000.00 vide memorial no. 08040100950214 dated 6th March, 2008.

e. Shop 2 on Ground Floor:

Assignment in favour of the above owner for the consideration of HK$14,000,000.00 vide memorial no. 08040100950226 dated 8th March, 2008.

f. Flat 1 on 1st Floor and Portion of Flat Roof:

Assignment in favour of the above owner for the consideration of HK$3,680,000.00 vide memorial no. 08043001640011 dated 10th April, 2008.

g. Flat 2 on 1st Floor:

Assignment in favour of the above owner for the consideration of HK$3,080,000.00 vide memorial no. 08060301340079 dated 14th May, 2008.

h. Flat 3 on 1st Floor and Portion of the Flat Roof:

Assignment in favour of the above owner for the consideration of HK$5,100,000.00 vide memorial no. 08031401380208 dated 28th February, 2008.

i. Flat 5 on 1st Floor and Portion of Flat Roof:

Assignment in favour of the above owner for the consideration of HK$4,800,000.00 vide memorial no. 08073001040038 dated 9th July, 2008.

j. Flat 1 on 2nd Floor:

Assignment in favour of the above owner for the consideration of HK$2,600,000.00 vide memorial no. 08031201620228 dated 19th February, 2008.

k. Flat 2 on 2nd Floor:

Assignment in favour of the above owner for the consideration of HK$4,000,000.00 vide memorial no. 08042801530071 dated 25th March, 2008.

l. Flat 3 on 2nd Floor:

Assignment in favour of the above owner for the consideration of HK$3,840,000.00 vide memorial no. 08052201280047 dated 30th April, 2008.

m. Flat 4 on 2nd Floor:

Assignment in favour of the above owner for the consideration of HK$4,300,000.00 vide memorial no. 08041701010195 dated 19th March, 2008.

n. Flat 5 on 2nd Floor:

Assignment in favour of the above owner for the consideration of HK$3,300,000.00 vide memorial no. 08073001040048 dated 9th July, 2008.

o. Flat 1 on 3rd Floor:

Assignment in favour of the above owner for the consideration of HK$3,030,000.00 vide memorial no. 08071601160010 dated 3rd July, 2008.

p. Flat 2 on 3rd Floor:

Assignment in favour of the above owner for the consideration of HK$3,620,000.00 vide memorial no. 08072201320010 dated 23rd June, 2008.

q. Flat 3 on 3rd Floor:

Assignment in favour of the above owner for the consideration of HK$3,900,000.00 vide memorial no. 08060301340085 dated 14th May, 2008.

r. Flat 4 on 3rd Floor:

Assignment in favour of the above owner for the consideration of HK$3,300,000.00 vide memorial no. 08081801410072 dated 4th August, 2008.

s. Flat 1 on 4th Floor:

Assignment in favour of the above owner for the consideration of HK$3,520,000.00 vide memorial no. 08041701010201 dated 20th March, 2008.

t. Flat 2 on 4th Floor:

Assignment in favour of the above owner for the consideration of HK$3,380,000.00 vide memorial no. 08041801120092 dated 20th March, 2008.

u. Flat 3 on 4th Floor:

Assignment in favour of the above owner for the consideration of HK$3,800,000.00 vide memorial no. 08042101600114 dated 28th March, 2008.

v. Flat 4 on 4th Floor:

Assignment in favour of the above owner for the consideration of HK$3,650,000.00 vide memorial no. 08043001640024 dated 10th April, 2008.

w. Flat 5 on 4th Floor:

Assignment in favour of the above owner for the consideration of HK$3,800,000.00 vide memorial no. 08061000760069 dated 22nd May, 2008.

x. Flat 1 on 5th Floor:

Assignment in favour of the above owner for the consideration of HK$3,550,000.00 vide memorial no. 08031401380199 dated 23rd February, 2008.

y. Flat 2 on 5th Floor:

Assignment in favour of the above owner for the consideration of HK$3,880,000.00 vide memorial no. 08042300990122 dated 27th March, 2008.

z. Flat 3 on 5th Floor:

Assignment in favour of the above owner for the consideration of HK$4,800,000.00 vide memorial no. 08073001040053 dated 10th July, 2008.

aa. Flat 4 on 5th Floor:

Assignment in favour of the above owner for the consideration of HK$3,900,000.00 vide memorial no. 08040100950261 dated 19th March, 2008.

bb. Flat 5 on 5th Floor:

Assignment in favour of the above owner for the consideration of HK$3,650,000.00 vide memorial no. 08081101160118 dated 31st July, 2008.

cc. Flat 1 on 6th Floor:

Assignment in favour of the above owner for the consideration of HK$3,950,000.00 vide memorial no. 08073001040063 dated 9th July, 2008.

dd. Flat 2 on 6th Floor:

Assignment in favour of the above owner for the consideration of HK$3,000,000.00 vide memorial no. 08070401150180 dated 11th June, 2008.

ee. Flat 3 on 6th Floor:

Assignment in favour of the above owner for the consideration of HK$4,200,000.00 vide memorial no. 08052701700047 dated 8th May, 2008.

ff. Flat 5 on 6th Floor:

Assignment in favour of the above owner for the consideration of HK$3,680,000.00 vide memorial no. 08052001330080 dated 30th April, 2008.

gg. Flat 1 on 7th Floor:

Assignment in favour of the above owner for the consideration of HK$1,500,000.00 vide memorial no. 08032701060240 dated 29th February, 2008.

hh. Flat 2 on 7th Floor:

Assignment in favour of the above owner for the consideration of HK$5,800,000.00 vide memorial no. 08032800980189 dated 29th February, 2008.

ii. Flat 3 on 7th Floor:

Assignment in favour of the above owner for the consideration of HK$5,500,000.00 vide memorial no. 08041701010220 dated 18th March, 2008.

jj. Flat 4 on 7th Floor:

Assignment in favour of the above owner for the consideration of HK$3,330,000.00 vide memorial no. 08050601220021 dated 10th April, 2008.

kk. Flat 5 on 7th Floor:

Assignment in favour of the above owner for the consideration of HK$3,320,000.00 vide memorial no. 08061000760078 dated 21st May, 2008.

ll. Flat 1 on 8th Floor:

Assignment in favour of the above owner for the consideration of HK$3,100,000.00 vide memorial no. 08061000760082 dated 30th May, 2008.

mm. Flat 2 on 8th Floor:

Assignment in favour of the above owner for the consideration of HK$4,180,000.00 vide memorial no. 08091600740038 dated 18th August, 2008.

nn. Flat 3 on 8th Floor:

Assignment in favour of the above owner for the consideration of HK$4,550,000.00 vide memorial no. 08081501160082 dated 22nd July, 2008.

oo. Flat 4 on 8th Floor:

Assignment in favour of the above owner for the consideration of HK$3,300,000.00 vide memorial no. 08052001330096 dated 30th April, 2008.

pp. Flat 5 on 8th Floor:

Assignment in favour of the above owner for the consideration of HK$3,600,000.00 vide memorial no. 08040100950240 dated 18th March, 2008.

qq. Flat 1 on 9th Floor:

Assignment in favour of the above owner for the consideration of HK$3,530,000.00 vide memorial no. 08042300990116 dated 27th March, 2008.

rr. Flat 2 on 9th Floor:

Assignment in favour of the above owner for the consideration of HK$3,270,000.00 vide memorial no. 08042101600093 dated 1st April, 2008.

ss. Flat 3 on 9th Floor:

Assignment in favour of the above owner for the consideration of HK$4,320,000.00 vide memorial no. 08042101600108 dated 1st April, 2008.

tt. Flat 4 on 9th Floor and Portions of Main Roof:

Assignment in favour of the above owner for the consideration of HK$5,200,000.00 vide memorial no. 08061701060030 dated 3rd June, 2008.

uu. Flat 5 on 9th Floor:

Assignment in favour of the above owner for the consideration of HK$4,000,000.00 vide memorial no. 08031401380182 dated 27th February, 2008.

2. As at the Valuation Date, the Yue King Property was subject to following incumbrances:

   i. Deed of Mutual Covenant vide memorial no. UB575893 dated 8th March, 1967.

   ii. Mortgage and Assignment of Interests in favour of Citic Ka Wah Bank Limited vide memorial no. 09112302660237 dated 28th October, 2009. (Remarks: To secure all moneys in respect of general banking facilities (including but not limited to a term loan facility of a principal amount of HK$300,000,000.00) and interests thereon and all other moneys in respect thereof).

   Shops 1A, 1B, 1C, 1D on G/F were also subject to following incumbrances:

   i. Sub-Deed of Mutual Covenant vide memorial no. UB599829 dated 13th September, 1967. (Remarks: Re the whole of Shop 1 on G/F).

   Shops 1B, 1C, 1D on G/F were also subject to following incumbrances:

   i. Sub-Deed of Mutual Covenant vide memorial no. UB717511 dated 18th December, 1969.

   Shop 1C on G/F was also subject to following incumbrances:

   i. Notice No. WNZ/U09-01/0001/04 by the Building Authority under S.24C(1) of the Buildings Ordinance vide memorial no. 07122701760155 dated 11th July, 2007.

   Shop 1D on G/F was also subject to following incumbrances:

   i. Notice No. WNZ/U09-01/0002/04 by the Building Authority under S.24C(1) of the Buildings Ordinance vide memorial no. 07122701760148 dated 11th July, 2007.

   Shop 2 on G/F was also subject to following incumbrances:

   i. Order No. UBZ/U09-01/0005/04 by the Building Authority under S.24(1) of the Buildings Ordinance vide memorial no. 06020301270120 dated 31st January, 2005.

   Flat No. 1 on 1/F and Portion of Flat Roof were also subject to following incumbrances:

   i. Order No. UBF/F01-158/0001/08 by the Building Authority under S.24(1) of the Buildings Ordinance vide memorial no. 09032701450139 dated 10th February, 2009.

   Flat No. 2 on 1/F and Portion of Flat Roof were also subject to following incumbrances:

   i. Order No. UBF/F01-158/0005/08 by the Building Authority under S.24(1) of the Buildings Ordinance vide memorial no. 09032701450177 dated 10th February, 2009.

   Flat No. 3 on 1/F and Portion of the Flat Roof were also subject to following incumbrances:

   i. Notice No. WNZ/U09-01/0003/04 by the Building Authority under S.24C(1) of the Buildings Ordinance vide memorial no. 07122701760134 dated 11th July, 2007.

   Flat No. 5 on 1/F and Portion of Flat Roof were also subject to following incumbrances:

   i. Notice No. WNZ/U09-01/0010/04 by the Building Authority under S.24C(1) of the Buildings Ordinance vide memorial no. 07122701760127 dated 11th July, 2007.

   Flat No. 1 on 2/F was also subject to following incumbrances:

   i. Order No. UBF/F01-158/0002/08 by the Building Authority under S.24(1) of the Buildings Ordinance vide memorial no. 09032701450142 dated 10th February, 2009.

Flat No. 1 on 4/F was also subject to following incumbrances:

i. Order No. UBZ/U09-01/0018/04 by the Building Authority under S.24(1) of the Buildings Ordinance vide memorial no. 06020301270153 dated 1st February, 2005.

Flat No. 2 on 4/F was also subject to following incumbrances:

i. Order No. UBF/F01-158/0006/08 by the Building Authority under S.24(1) of the Buildings Ordinance vide memorial no. 09032701450183 dated 10th February, 2009.

Flat No. 3 on 4/F was also subject to following incumbrances:

i. Order No. UBF/F01-158/0008/08 by the Building Authority under S.24(1) of the Buildings Ordinance vide memorial no. 09032701450203 dated 10th February, 2009.

Flat No. 3 on 5/F was also subject to following incumbrances:

i. Order No. UBF/F01-158/0009/08 by the Building Authority under S.24(1) of the Buildings Ordinance vide memorial no. 09032701450213 dated 10th February, 2009.

Flat No. 4 on 5/F was also subject to following incumbrances:

i. Order No. UBF/F01-158/0011/08 by the Building Authority under S.24(1) of the Buildings Ordinance vide memorial no. 09032701450232 dated 10th February, 2009.

Flat No. 1 on 6/F was also subject to following incumbrances:

i. Order No. UBF/F01-158/0003/08 by the Building Authority under S.24(1) of the Buildings Ordinance vide memorial no. 09032701450153 dated 10th February, 2009.

Flat No. 1 on 7/F was also subject to following incumbrances:

i. Order No. UBF/F01-158/0004/08 by the Building Authority under S.24(1) of the Buildings Ordinance vide memorial no. 09032701450161 dated 10th February, 2009.

Flat No. 2 on 8/F was also subject to following incumbrances:

i. Order No. UBF/F01-158/0007/08 by the Building Authority under S.24(1) of the Buildings Ordinance vide memorial no. 09032701450190 dated 10th February, 2009.

Flat No. 3 on 9/F was also subject to following incumbrances:

i. Order No. UBF/F01-158/0010/08 by the Building Authority under S.24(1) of the Buildings Ordinance vide memorial no. 09032701450227 dated 10th February, 2009.

Flat No. 4 on 9/F and Portions of Main Roof were also subject to following incumbrances:

i. Superseding Notice No. WNZ/U09-01/0008/04 under S.24C(1) of the Buildings Ordinance vide memorial no. 08022001620322 dated 23rd October, 2010. (Remarks: By The Building Authority)

3. According to the information provided by the Company, the occupancy details of the Yue King Property as at the Valuation Date were as follows:

No.	Unit	Tenant	Lease Term	Monthly Rent *(HK$)*
1.	Shop 2 on Ground Floor	Frankwell Limited	01/01/2010 to 31/03/2010	30,000 (excl. rates) As informed by the Company, there is only verbal agreement regarding the tenancy.
			Total Monthly Rental:	30,000

The remaining units of the Yue King Property were vacant as at the Valuation Date.

4. In our valuation, we have not taken into account the effect of the Orders and Notices under the Buildings Ordinance by the Building Authority as stated in Note 2 and their effect of the value of the Yue King Property is not reflected on our valuation.

VALUATION CERTIFICATE

Group III – Property interests held by the Group for Sale in Hong Kong

	Property	Description and tenure	Particulars of occupancy	Market Value in its existing state as at 31st March, 2010 *HK$*
4.	Office on 1st Floor together with the Appurtenant Flat Roof and the Staircase(s), Flat C on 9th Floor and Corresponding Balcony, Flat C on 10th Floor and Corresponding Balcony, Flat B on 22nd Floor and Corresponding Balcony, Flat C on 22nd Floor and Corresponding Balcony, Flat C on 23rd Floor and Corresponding Balcony, Flat C on 25th Floor and Corresponding Balcony, Talon Tower, No. 38 Connaught Road West, Hong Kong 5,677/67,361st parts or shares of and in Marine Lot No. 522, the Remaining Portion of Inland Lot No. 3267, the Remaining Portion of Inland Lot No. 7129, the Remaining Portion of Section B of Marine Lot No. 237 and the Remaining Portion of Inland Lot No. 3268. (the "Talon Property")	The Talon Property comprises all office units on Level 1, a flat roof appurtenant thereto and the staircase(s) and a total of 6 residential units of Talon Tower, which is a 25-storey composite building with shops and office units on the lower levels of reinforced concrete construction. It was completed in 2002. The gross floor area of all the office units on Level 1 is approximately 4,000 sq. ft., and the flat roof appurtenant thereto is approximately 80 sq. ft.. The total gross floor area and saleable area of the domestic portion of the Talon Property is approximately 4,275 sq. ft. and 2,939 sq. ft. respectively. (Please refer to Note 3 below for the area breakdown) The Talon Property is held under various Government Leases for terms of 999 years commencing from 25th June, 1871, 1st December, 1900 and 9th April, 1901 respectively.	According to the information provided by the Company, the Talon Property was vacant as at the Valuation Date.	41,600,000 (Hong Kong Dollars Forty One Million and Six Hundred Thousand Only)

Notes:

1. As at the Valuation Date, the registered owner of the Talon Property were as follows:

   Master Super Development Limited (a wholly-owned subsidiary of the Company)

   i. Assignment in favour of the above owner for the consideration of HK$165,000,000.00 vide memorial no. UB7085634 dated 3rd April, 1997. (Remarks: Assignment of ML 522)

   ii. Assignment in favour of the above owner for the consideration of HK$76,950,000.00 vide memorial no. UB7085635 dated 30th April, 1997. (Remarks: Assignment of IL 7129 R.P., ML 237 S.B R.P., PRML 237 R.P. & 6/8 of IL 3267 R.P.)

   iii. Assignment in favour of the above owner for the consideration of HK$12,750,000.00 vide memorial no. UB7085636 dated 30th April, 1997. (Remarks: Assignment of 2/8 of IL 3267 R.P.)

   iv. Assignment in favour of the above owner for the consideration of HK$5,600,000.00 vide memorial no. UB7185218 dated 5th July, 1997. (Remarks: Assignment re 2/9 of 45/85 of IL 3268 R.P.)

   v. Assignment in favour of the above owner for the consideration of HK$4,800,000.00 vide memorial no. UB7185219 dated 5th July, 1997. (Remarks: Assignment of 10/85 of IL 3268 R.P.)

   vi. Assignment in favour of the above owner for the consideration of HK$5,500,000.00 vide memorial no. UB7185220 dated 5th July, 1997. (Remarks: Assignment of 10/85 of IL 3268 R.P.)

   vii. Assignment in favour of the above owner for the consideration of HK$4,400,000.00 vide memorial no. UB7185221 dated 5th July, 1997. (Remarks: Assignment of 10/85 of IL 3268 R.P.)

   viii. Assignment in favour of the above owner for the consideration of HK$2,200,000.00 vide memorial no. UB7196449 dated 5th July, 1997. (Remarks: Assignment re 1/2 of 10/85 of IL 3268 R.P.)

   ix. Assignment in favour of the above owner for the consideration of HK$2,200,000.00 vide memorial no. UB7196450 dated 5th July, 1997. (Remarks: Assignment re 1/2 of 10/85 of IL 3268 R.P.)

   x. Assignment in favour of the above owner for the consideration of HK$12,500,000.00 vide memorial no. UB7206368 dated 5th July, 1997. (Remarks: Assignment re 7/9 of 45/85 of IL 3268 R.P.)

2. As at the Valuation Date, the Talon Property was subject to following incumbrances:

   i. Occupation Permit No.HK39/2002 vide memorial no. UB8825786 dated 20th September, 2002. (Remarks: Re IL 3267 R.P., IL 3268 R.P., IL 7129 R.P., ML 237 S.B R.P., ML 237 PR R.P. & ML 522)

   ii. Deed of Mutual Covenant and Management Agreement in favour of Paul Y. Building Management Limited vide memorial no. UB8859775 dated 31st December, 2002.

3. The area breakdown of the Talon Property are listed as follows:

Office Portion

	Gross Floor Area (square feet) (About)	Ancillary Area (square feet) (About)
Office on 1st Floor	4,000	–
Flat roof appurtenant to 1st Floor	–	80
TOTAL	4,000	80

Domestic Portion

	Gross Floor Area (square feet) (About)	Saleable Area (including balcony area and excluding bay window area) (square feet) (About)
Unit C on 9th Floor	717	490
Unit C on 10th Floor	717	490
Unit B on 22nd Floor	690	489
Unit C on 22nd Floor	717	490
Unit C on 23rd Floor	717	490
Unit C on 25th Floor	717	490
TOTAL	4,275	2,939

VALUATION CERTIFICATE

Group IV – Property interests held by the Group for Sale in Macau

	Property	Description and tenure	Particulars of occupancy	Market Value in its existing state as at 31st March, 2010 *HK$*
5.	29 Residential units in Edifício Comercial Zhu Kuan Mansion, Rua De Londres N° 170, Macau	The property comprises 29 residential units of a 24-storey composite building (including basement) of reinforced concrete construction. The building was completed in about 1997. According to the searches from Macau Land Registry, the total saleable area of the subject property is 26,457.48 sq. ft. (2,457.96 sq. m.) or thereabouts. The property is held under Concessao Por Arrendamento (政府租賃批地) for a term to be expired on 27th July, 2015.	As advised by the Company, the property was vacant as at the Valuation Date.	87,000,000 (Hong Kong Dollars Eighty Seven Million Only)

Notes:

1. The property comprises the following residential units:

Floor	Residential Units	Floor	Residential Units
4	W, X	10	X
5	U, V, X, Z	11	U
6	U, X, Y	12	U
7	V, X	14	U, V, X
8	X	15	U, X, Y
9	U, Z	16	U, V, W, X, Y, Z

2. According to land searches from Macau Land Registry and the advices given by the Company's Macau legal adviser, Leong Hon Man Advogado, the owner of the property as the Valuation Date was Hayton Limited (a wholly-owned subsidiary of the Company).

3. Pursuant to a preliminary agreement of sale and purchase dated 7th December, 2009 entered into between Hayton Limited ("Party A") and Choy Wang Kong ("Party B"), an independent third party, Party A agreed to sell 44 residential units (namely units V4, W4, X4, Y4, U5, V5, X5, Y5, Z5, U6, X6, Y6, Z6, U7, V7, X7, Z7, U8, V8, X8, Z8, U9, V9, Z9, V10, X10, U11, U12, U14, V14, W14, X14, U15, V15, W15, X15, Y15, Z15, U16, V16, W16, X16, Y16 and Z16) with total saleable area of approximately 40,193 sq.ft. (3,734 sq.m.) to Party B at a consideration of HK$132,093,600.00.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market Value in its existing state as at 31st March, 2010 *HK$*
6.	14 Residential Units and 14 Car Parking Spaces in Pearl on the Lough (Bloco 1), Estrada Nordeste Da Taipa N° 312, Taipa, Macau	The property comprises 14 residential units and 14 car parking spaces of a 25-storey composite building (including basement) of reinforced concrete construction. The building was completed in about 2005. According to the searches from Macau Land Registry, the total saleable area of the property (excluding area for car parking spaces) is 27,404 sq. ft. (2,545.9 sq. m.) or thereabouts. The property is held under Concessao Por Arrendamento (政府租賃批地) for a term of 25 years commencing from 16th September, 1991.	As advised by the Company, the property was vacant as at the Valuation Date.	128,000,000 (Hong Kong Dollars One Hundred Twenty Eight Million Only)

Notes:

1. The property comprises the following 14 residential units and 14 car parking spaces:

Floor	Residential Units
1	A
3	B, C
4	A, B, C, D
9	A, D
11	C, D
13	A, C, D

Car Parking Spaces

A236C/V, A8C/V, A140C/V, A234C/V, A7C/V, A139C/V, A108C/V, A24C/V, A201C/V, A179C/V, A199C/V, A189C/V, A181C/V, A197C/V

2. The registered owner of the property is Smarteam Limited (a wholly-owned subsidiary of the Company) vide memorial no. 158513 G dated 7th August, 2007.

3. Pursuant to a preliminary agreement of sale and purchase dated 7th January, 2010 entered into between Smarteam Limited ("Party A") and Huang Jinbiao ("Party B"), an independent third party, Party A agreed to sell the residential unit C on 3/F; unit D on 13/F and car parking spaces A140C/V and A197C/V to Party B at an aggregate consideration of HK$18,221,130.00.

4. The property is subject to a mortgage in favour of Bank of China Limited vide memorial no. 94586C dated 6th April, 2009.

VALUATION CERTIFICATE

Group V – Property interests held by the Group for Owner Occupation in the PRC

	Property	Description and tenure	Particulars of occupancy	Market Value in its existing state as at 31st March, 2010 *HK$*
7.	Sanya Yalong Bay Sun Valley Golf Club Bohou Village, Yalong Bay, National Resort Area, Sanya City, Hainan Province, the PRC	Sanya Yalong Bay Sun Valley Golf Club is a large-scale comprehensive development with a total site area of approximately 2,767,789.99 sq. m., it has been developed into a 18-hole golf course, a 9-hole golf course, a 2-storey golf clubhouse, a reservoir and some back-of house facilities. The property comprises a 18-hole golf course, a 9-hole golf course and a 2-storey golf clubhouse with a gross floor area of approximately 4,601 sq. m.. The clubhouse was completed in September 2006. As advised by the Company, a portion of the property with a site area of approximately 192,270.45 sq. m. is planned to be a hotel development with a total gross floor area of approximately 66,801.42 sq. m.. The approval of the proposed development has been obtained. The land use rights of a portion of the property are held for a term expiring on 31st January, 2050 for entertainment, cultural and commercial uses.	The 18-hole golf course and the 9-hole golf course are currently operated by the Group as a golf course use; the 2-storey golf club is currently operated by the Group as country club use.	No commercial value

Notes:

1. Pursuant to a Land Use Rights Certificate – Jun Yong Zi Di No. 0000750 issued by 廣州軍區房地產管理局 dated 5th July, 2000, the land use rights of a portion of the subject land with a site area of approximately 192,270.45 sq. m. is held by 三亞亞龍灣風景高爾夫文化公園有限公司 (Sanya Yalong Bayview Golf Garden Co., Ltd.) ("Sanya Company") commencing on 1st February, 2000 and expiring on 31st January, 2050 for entertainment, cultural and commercial uses. Sanya Company is a joint venture company set up between Donson (International) Development Limited ("Donson"), a wholly-owned subsidiary of the Company, and 三亞博后經濟開發有限公司("三亞博后"), and held as to 80% by Donson and 20% by 三亞博后, to develop the land parcel mentioned in Agreement No. 1 in Note 3 below as a 18-hole golf course and provide necessary ancillary facilities.

2. Pursuant to various agreements entered into between Sanya Company and various independent third parties, Sanya Company has been granted with operating rights in certain portion of the subject land with a total site area of 710.27 mu (or 473,515.70 sq. m.) with details as follows:

No.	Party Name	Date of Agreement	Site Area *(mu)*	Term
1.	博后新坡一、三合作經濟社；田獨鎮博後村委會	18-May-2000	168.00	10-May-2000 to 10-May-2050
2.	博后村委會紅光三隊、田獨鎮博後村委會	12-Jul-2000	10.20	12-Jul-2000 to 12-Jul-2050
3.	博后村委會新坡一、二隊；田獨鎮博後村委會	1-Mar-2001	10.20	50 years from 1-Mar-2001
4.	六盤村委會、紅色村	5-Mar-2001	2.40	50 years from 5-Mar-2001
5.	博后村委員會、塘豐村	5-Mar-2001	26.37	50 years from 5-Mar-2001
6.	博后紅旗經濟合作社、博后村委會	27-May-2003	250.00	50 years from 27-Sept-1999
			4.20	N/A
			5.00	N/A
			6.00	From 30-Jun-1999
7.	博后新坡一、三合作經濟社、田獨鎮博後村民委員會	30-Oct-2003	2.00	31-Oct-2003 to 31-Oct-2053
8.	博后村委會新坡二合作經濟社	26-Aug-2006	0.81	From 26-Aug-2006
9.	博后村委會新坡二合作經濟社	28-Nov-2006	1.62	From 28-Nov-2006
10.	新坡第二合作經濟社	9-Sep-2004	0.47	24-April-2004 to 24-Apr-2054
11.	新坡第二合作經濟社	9-Sep-2004	23.00	N/A
12.	博后村委會新坡二村小組	26-Aug-2009	200.00	1-Jan-2007 to 1-Jan-2057
		TOTAL:	710.27	

3. Pursuant to various agreements entered into between 三亞博后 and various independent third parties, 三亞博后 has been granted with operating rights in certain portion of the subject land with a total site area of 3,152.99 mu (or 2,102,003.84 sq. m.) with details as follows:

No.	Party Name	Date of Agreement	Site Area (mu)	Term
1.	三亞市田獨鎮博后村民委員會	28-May-1999	1,804.49	6-Jun-1999 to 6-Jun-2049
2.	三亞市田獨鎮博后村民委員會	N/A	1,000.00	29-Jul-2002 to 29-Jul-2052
3.	三亞市田獨鎮博后村民委員會	10-Jan-2000	230.00	1-Feb-2000 to 1-Feb-2050
4.	博后糖豐村民小組	31-May-2007	41.50	18-May-2007 to 18-May-2049
5.	博后糖豐村民小組	1-Nov-2003	77.00	1-Feb-2000 to 1-Feb-2050
		TOTAL:	3,152.99	

4. Pursuant to a Real Estate Title Certificate, San Tu Fang 2003 Zi Di No. 1309, the land use rights of a portion of the land parcel as mentioned in Agreement No. 1 in Note 3 above with a site area of 441,667.04 sq. m. were administratively allocated to 三亞博后 for a term of 50 years commencing on 1st March, 2001 and expiring on 1st March, 2051 for entertainment, cultural and sport uses.

5. Pursuant to the two documents, San Fu [2000] No. 185 and Qiong Tu Huan Zi Han [2001] No. 52 issued by the Municipal Government of Sanya City and the Land and Environmental Resources Bureau of Hainan Province respectively, the portion of the land parcel as mentioned in Note 4 is permitted to be used for golf and cultural park subject to a land use rights term of 50 years; in addition, a portion of it with a site area of approximately 205,543 sq. m. is permitted for real estate development.

6. Pursuant to the Construction Project Commencement Permit No. [2005] 131 dated 2nd November, 2005 issued by Sanya City Commission of Construction, the construction work of a 2-storey clubhouse building with a gross floor area of 4,601 sq. m. was permitted to be constructed commencing on 3rd November, 2005 to 30th January, 2006.

7. As advised by the Company, the operation rights of the land parcel as mentioned in Agreement Nos. 2, 3, 4 and 5 in Note 3 above was vested in Sanya Company.

8. In the course of our valuation, we have attributed no commercial value to the property as the land use rights of the property are prohibited from being assigned, leased, charged or otherwise disposed of in the market. For reference purposes, we are of the opinion that the market values of the property in its existing state as at the Valuation Date, assuming that the property is free from any agreements/licences entered into between the existing golf club members and the existing owner relating to the use of the property, all land premium, taxes and expenses have been fully settled and are entitled to be freely disposed of in the market, would be HK$797,800,000.00 (equivalent to approximately RMB702,000,000.00.

9. The major certificates of the property are summarised as follow:

(i)	State-owned Land Use Rights Certificate	Part
(ii)	Real Estate Title Certificate	Part

10. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal adviser, Guangdong Code Law Office, which contains, inter alia, the following:

    (i) Sanya Company and 三亞博后, collectively have the right to use the property but are not entitled to transfer, mortgage or dispose of the property; and

    (ii) The property is not subject to any mortgage or pledged to any parties.

2. THE NEWSKILL GROUP

DTZ 戴德梁行

16th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

31st May, 2010

The Directors
ITC Properties Group Limited
Unit 3102, 31st Floor
Bank of America Tower
12 Harcourt Road
Central
Hong Kong

Dear Sirs,

Re: ***The parcel of land (the "Property") situated at the junction of Zhongshan Wu Road and Education Road, Yuexiu District, Guangzhou, Guangdong Province, the People's Republic of China (the "PRC")***

INSTRUCTION, PURPOSE AND DATE OF VALUATION

In accordance with the instruction of ITC Properties Group Limited (the "Company") for us to carry out the valuation of the market value of the Property held by Guangzhou Jierong Real Estate Development Co., Ltd. (廣州捷榮房地產開發有限公司) (the "Project Company"), we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we considered necessary for the purpose of providing you with our opinion of the value of the Property in its existing state as at 28th February, 2010 (the "date of valuation").

DEFINITION OF MARKET VALUE

Our valuation of the Property represents 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 of the Property exclude 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 the course of our valuation of the Property situated in the PRC, we have assumed that transferable land use rights in respect of the Property for its specific term at nominal annual land use fee have been granted and that any premium payable has already been fully paid by the Project Company. We have relied on the information and advice given by the Project Company and the opinion of the Company's PRC legal adviser, Guangdong Code Law Office (廣東科德律師事務所) (the "PRC Legal Adviser"), regarding the title to the Property and the interest in the Property. In valuing the Property, we have assumed that the owners have enforceable title to the Property and have free and uninterrupted rights to use, occupy or assign the Property for the whole of the unexpired term as granted.

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

METHOD OF VALUATION

We have valued the Property by direct comparison method by making reference to comparable sales evidences as available in the relevant market.

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.

SOURCE OF INFORMATION

We have relied to a very considerable extent on the information given by the Project Company and the opinion of the PRC Legal Adviser as to the PRC laws. We have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of property, particulars of occupancy, development scheme, construction costs, site and floor areas and all other relevant matters.

Dimension, measurements and areas included in this valuation report are based on the information provided to us and are therefore only approximation. We have had no reason to doubt the truth and accuracy of the information provided to us by the Project Company which is material to the valuation. We were also advised that no material facts have been omitted from the information supplied.

We would point out that the copies of documents provided to us are mainly compiled in Chinese characters and the transliteration into English represents our understanding of the contents. We would therefore advise the Company to make reference to the original Chinese edition of the documents and consult your legal adviser regarding the legality and interpretation of these documents.

TITLE INVESTIGATION

We have been provided by the Project Company with copies or extracts of documents. However, we have not searched the original documents to verify ownership or to ascertain any amendments. All documents have been used for reference only and all dimensions, measurements and areas are approximate.

SITE INSPECTION

We have inspected the exterior of the Property. However, we have not carried out any soil investigations 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 expenses or delays will be incurred during the construction period.

We have not been able to carry out detailed on-site measurements to verify the site areas of the Property and we have assumed that the areas shown on the copies of documents handed to us are correct.

CURRENCY

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

REMARK

We must point out that our 戴德梁行房地產顧問(廣州)有限公司 has issued a valuation certificate in August 2009 to the Project Company; our valuation this time for the Company is prepared independently on an impartial basis without bias to any party concerned.

We attach herewith our valuation certificate.

Yours faithfully,
For and on behalf of
DTZ Debenham Tie Leung Limited
Philip C Y Tsang
Registered Professional Surveyor (GP)
China Real Estate Appraiser
Msc, MRICS, MHKIS
Director

Note: Mr. Philip C Y Tsang is a Registered Professional Surveyor who has over 17 years' experience in the valuation of properties in the PRC.

VALUATION CERTIFICATE

Property held for Future Development in the PRC

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 28th February, 2010
The parcel of land situated at the junction of Zhongshan Wu Road and Education Road, Yuexiu District, Guangzhou, Guangdong Province, the PRC	The Property comprises a parcel of land with a gross site area of approximately 9,710 sq.m. (in which net granted site area is 6,883 sq.m. and 2,827 sq.m. will be set back as road area). According to the development scheme, the Property is planned to be developed into a shopping arcade with 4 basement floors and 7-storey above ground. Level 1 to 7 and Basement 1 to 2 are planned as commercial use; Basement 3 to 4 are planned as car parks. The development project of the Property is expected to comprise shops, food and beverage outlets, cinema and car parks with corridors directly connecting to the Gongyuanqian Subway Station.	Portion of the site is being occupied as a temporary single storey commercial building. The remaining site is currently under demolition and resettlement. According to the PRC legal opinion, about 1,000 sq.m. site is yet to be cleared.	RMB1,100,000,000 (on the basis that the Property is a cleared and vacant site) (Please see note 1)

	Planned Gross Floor Area *(sq.m.)*
7-storey above ground (commercial & ancillary)	33,700
2 basement floors (commercial)	13,674
2 basement floors (car parks & ancillary)	16,780
Grand Total	64,154

According to the PRC legal opinion, the land use rights of the Property is for commercial and financial uses. The land use term has been granted for a term of 40 years for commercial use commenced from 4th November, 1994, which is the date of the State-owned Land Use Certificate issued.

Notes:

(1) According to the PRC legal opinion, the Property is subject to a Foreclosure Order. Before the expiration of the Foreclosure Order, the Property cannot be transferred, mortgaged or disposed of. The valuation is prepared on the basis that the Property is freely transferrable.

(2) We have also prepared a valuation of the Property as at 31st December, 2009 to the Company. The valuations were the same as at 31st December, 2009 and 28th February, 2010.

(3) According to Replying Letter about Design Planning of the Construction No. (2007) 7550 dated 4th September, 2007, the site was planned to construct a 7-storey shopping arcade (portion 5 storey, and a 4-level basement), Guangzhou Urban Planning Bureau commented that the total gross floor area above ground should not exceed 33,700 sq.m.

(4) According to Approval for the Construction Use of Land No. (2006) 264 dated 18th August, 2006:

(i)	Constructor	:	Guangzhou Jierong Real Estate Development Co., Ltd. (廣州捷榮房地產開發有限公司) (the "Project Company")
(ii)	Location	:	Aboveground of the metro station, south of Zhongshan Wu Road and east of Education Road, Yuexiu District
(iii)	Site Area	:	approximately 9,710 sq.m. (gross) (including the site area of approximately 6,883 sq.m. and the road area of approximately 2,827 sq.m.)
(iv)	Valid Period	:	Till October 2009.

(5) According to Construction Land Planning Permit No. (2000)130 dated 5th September, 2000:

(i)	Constructor	:	The Project Company
(ii)	Location	:	Aboveground of the metro station, south of Zhongshan Wu Road and east of Education Road, Yuexiu District
(iii)	Land use	:	Land used for commercial and office uses, land used for commercial and financial uses
(iv)	Site Area	:	Approximately 9,710 sq.m. (gross) (including the site area of approximately 6,883 sq.m. and the road area of approximately 2,827 sq.m.)

(6) According to Grant Contract of Land Use Rights No. (93) 386 dated 18th November, 1993 and its Supplement dated 1st August, 2006, the land use rights was granted to the Project Company:

(i)	Location	:	Situated at the south of Zhongshan Wu Road, east of Education Road and west of Damazhan.
(ii)	Lot No.	:	JY-1
(iii)	Site Area	:	Approximately 9,710 sq.m. (including the site area of approximately 6,883 sq.m. and the road area (set back area) of approximately 2,827 sq.m.)
(iv)	Land Use Term	:	40 years for commercial use
(v)	Total Land Premium	:	RMB40,712,490

(7) According to State-owned Land Use Certificate No. (1994) 015 dated 4th November, 1994:

(i) Owner : The Project Company

(ii) Location : The junction of Zhongshan Wu Road and Education Road, Yuexiu District

(iii) Use : Apartment and commercial

(iv) Site Area : Approximately 7,594 sq.m.

(v) Land Use Term : 70 years for apartment use, 40 years for commercial use

(8) According to Replying Letter of Consent to the Amendment of the Land Use No. (1996) 40 dated 18th February, 1996, Guangzhou Urban Planning Bureau agreed that the land, with a site area of approximately 7,594 sq.m., be changed to commercial and office uses.

(9) According to Business License Registration No. 004791, the Project Company was established on 23rd December, 1993 with a registered capital of HK$324,080,000.

(10) According to the PRC legal opinion prepared by the PRC Legal Adviser:

(i) The Project Company was established on 23rd December, 1993, with a registered capital of HK$324,080,000. Its valid operation period is from 23rd December, 1993 to 22nd October, 2010;

(ii) The site JY-1 has a site area of approximately 9,710 sq.m. (in which net granted site area is approximately 6,883 sq.m. and approximately 2,827 sq.m. will be set back as road area). The planning of the land has deleted the apartment use and changed to commercial development for 7-storey high with a plot ratio of about 4.2;

(iii) The Project Company has obtained Approval for the Construction Use of Land No. (2006) 264 with a valid period till October 2009, the Project Company should apply for its extension according to the relevant regulations;

(iv) The permitted resettlement period has expired on 8th October, 2008, the Project Company should apply for its extension according to the relevant regulations;

(v) The building consent as per Approval for the Construction Use of Land No. (2006) 264 has lapsed. However, a temporary commercial building has been approved and erected on the site. The Property is thus not considered as an idle land.

(11) The status of title and grant of major approvals, licenses in accordance with the PRC legal opinion and the information provided by the Project Company are as follows:

Replying Letter about Design Planning of the Construction	Yes
Approval for the Construction Use of Land	Yes (expired)
Construction Land Planning Permit	Yes
Grant Contract of State-owned Land Use Rights	Yes
State-owned Land Use Certificate	Yes (subject to Foreclosure Order)
Replying Letter of Consent to the Amendment of the Land Use	Yes
Business License	Yes

1. UNAUDITED PRO FORMA FINANCIAL INFORMATION ON THE ENLARGED GROUP

A. INTRODUCTION

On 15th December, 2009, Macau Prime Property (China) Limited (the "Purchaser"), an indirect wholly owned subsidiary of the Company, entered into an agreement (the "BSP Acquisition Agreement") with Bright Sino Profits Limited ("BSP"), an independent third party, pursuant to which the Purchaser has conditionally agreed to purchase and BSP has conditionally agreed to sell 92% of the issued share capital of Newskill Investments Limited ("Newskill") and the shareholder's loan owing by Newskill and its subsidiaries (the "Newskill Group") to BSP at an aggregate cash consideration of approximately HK$883.2 million (the "BSP Acquisition").

Separately on 15th December, 2009, the Purchaser entered into an agreement (the "CTL Acquisition Agreement") with Cango Trading Limited ("CTL"), a wholly owned subsidiary of Hanny Holdings Limited, pursuant to which the Purchaser has conditionally agreed to purchase and CTL has conditionally agreed to sell 8% of the issued share capital of Newskill and the shareholder's loan owing by Newskill Group to CTL at an aggregate cash consideration of approximately HK$76.8 million (the "CTL Acquisition", together with the BSP Acquisition hereinafter referred to as the "Acquisitions").

Upon completion of the Acquisitions, which is deemed as acquisition of assets through acquisition of a subsidiary, the directors in 廣州捷榮房地產開發有限公司 (Guangzhou Jierong Real Estate Development Co., Ltd.) (the "Project Company") assigned by the joint venture partner, 廣州市地下鐵道總公司 (Guangzhou Metro Corporation) will be directed to resign; thereafter, the Project Company will become a subsidiary of the Group (together with the Newskill Group and the Project Company hereinafter collectively referred to as the "Enlarged Group").

Since the completion of BSP Acquisition or CTL Acquisition are not conditional on each other, two scenarios will be presented to illustrate the financial impact of the aquisitions.

Under scenario 1, the BSP Acquisition is assumed to complete and followed by completion of CTL Acquisition. Under scenario 2, only CTL Acquisition is assumed to complete.

Under scenario 1, the unaudited pro forma consolidated statements of financial position of the Enlarged Group have been prepared based on (1) the unaudited condensed consolidated statement of financial position of the Group as at 30th September, 2009, as extracted from the Company's interim report for the six months ended 30th September, 2009, and (2) the consolidated statement of financial position of the Newskill Group as at 31st December, 2009, as extracted from the accountants' report set out in Appendix II to this circular, and adjusted by the pro forma adjustments described in notes thereto ("Pro Forma Adjustments") as if the Acquisitions had been completed on 30th September, 2009. Under scenario 2, the unaudited pro forma consolidated statement of financial position of the Group has been prepared based on (1) as described above in this paragraph and adjusted by the Pro Forma Adjustments.

Under scenario 1, the unaudited pro forma consolidated statements of comprehensive income of the Enlarged Group have been prepared based on (1) the audited consolidated statement of comprehensive income of the Group for the year ended 31st March, 2009, as extracted from the Company's annual report for the year ended 31st March, 2009, and (2) the consolidated statement of comprehensive income of the Newskill Group for the year ended 31st December, 2009, as extracted from the accountants' report set out in Appendix II to this circular, and adjusted by the Pro Forma Adjustments as if the Acquisitions had been completed on 1st April, 2008. Under scenario 2, the unaudited pro forma consolidated statement of comprehensive income of the Group has been prepared based on (1) as described above in this paragraph and adjusted by the Pro Forma Adjustments.

Under scenario 1, the unaudited pro forma consolidated statement of cash flows of the Enlarged Group has been prepared based on (1) the audited consolidated statement of cash flows of the Group for the year ended 31st March, 2009, as extracted from the Company's annual report for the year ended 31st March, 2009, and (2) the consolidated statement of cash flows of the Newskill Group for the year ended 31st December, 2009, as extracted from the accountants' report set out in Appendix II to this circular, and adjusted by the Pro Forma Adjustments as if the Acquisitions had been completed on 1st April, 2008. Under scenario 2, the unaudited pro forma consolidated statement of cash flows of the Group has been prepared based on (1) as described above in this paragraph and adjusted by the Pro Forma Adjustments.

The unaudited pro forma financial information is prepared by the directors for illustrative purposes only and is based on a number of assumptions, estimates and uncertainties and currently available information, to illustrate the information on the Group only as if acquisitions are completed. As it is prepared for illustrative purposes only, it does not purport to present the financial position, results and cash flows of the Group upon the completion of the Acquisitions or at any future date.

B. UNAUDITED PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE ENLARGED GROUP

As at 30th September, 2009

Scenario 1

	The Group HK$'000 30/9/2009	The Newskill Group HK$'000 31/12/2009	Sub-total HK$'000	Pro forma adjustments HK$'000	Notes	Enlarged Group as if BSP Acquisition was completed HK$'000	Pro forma adjustments HK$'000	Notes	Enlarged Group as if both BSP Acquisition and CTL Acquisition were completed HK$'000
Non-current assets									
Property, plant and equipment	183,958	1	183,959	342	*1*	184,301			184,301
Prepaid lease payments of leasehold land	20,557	–	20,557			20,557			20,557
Premium on prepaid lease payments of leasehold land	110,190	–	110,190			110,190			110,190
Investment properties	221,000	–	221,000	1,154,803	*1 and 4*	1,375,803	43,541	*5*	1,419,344
Available-for-sale investments	51,568	–	51,568			51,568			51,568
Interests in joint ventures	51,771	422,187	473,958	(422,187)	*1*	51,771			51,771
Advance to a jointly controlled entity	1,300	–	1,300			1,300			1,300
Interests in associates	212,210	–	212,210			212,210			212,210
Unsecured loans and interest due from associates	993,687	–	993,687			993,687			993,687
Debt portion of convertible bonds	38,984	–	38,984			38,984			38,984
Deposits and expenses paid for acquisition of a land use right	47,275	–	47,275			47,275			47,275
Other loan receivables	3,852	–	3,852			3,852			3,852
	1,936,352	422,188	2,358,540			3,091,498			3,135,039
Current assets									
Inventories	2,545	–	2,545			2,545			2,545
Properties held for sale	948,380	–	948,380			948,380			948,380
Debt portion of convertible bonds	1,179	–	1,179			1,179			1,179
Financial assets at fair value through profit or loss	189,522	–	189,522			189,522			189,522
Debtors, deposits and prepayments	560,613	–	560,613	(362,154)	*1, 2 and 3*	198,459			198,459
Other loan receivables	173,014	–	173,014			173,014			173,014
Prepaid lease payments of leasehold land	530	–	530			530			530
Amounts due from associates	2,426	–	2,426			2,426			2,426
Unsecured loans and interest due from a related company	49,841	–	49,841			49,841			49,841
Pledged bank deposits	42,200	–	42,200			42,200			42,200
Bank balances and cash	145,730	33	145,763	(377,103)	*1 and 2*	(231,340)	(76,800)	*5*	(308,140)
	2,115,980	33	2,116,013			1,376,756			1,299,956

Scenario 1

	The Group HK$'000 30/9/2009	The Newskill Group HK$'000 31/12/2009	Sub-total HK$'000	Pro forma adjustments HK$'000	Notes	Enlarged Group as if BSP Acquisition was completed HK$'000	Pro forma adjustments HK$'000	Note	Enlarged Group as if both BSP Acquisition and CTL Acquisition were completed HK$'000
Current liabilities									
Creditors, deposits and accrued charges	97,769	16,971	114,740	226,692	*1 and 3*	341,432			341,432
Amount due to a minority shareholder of a subsidiary	256	–	256			256			256
Amount due to immediate holding company/ a former shareholder	–	359,586	359,586	(359,586)	*3*	–			–
Consideration payable for acquisition of a subsidiary	–	–	–	139,000	2	139,000			139,000
Tax payable	11,626	–	11,626			11,626			11,626
Convertible note payables – due within one year	513,795	–	513,795			513,795			513,795
Obligations under finance leases – due within one year	83	–	83			83			83
Bank and other borrowings – due within one year	12,729	–	12,729			12,729			12,729
	636,258	376,557	1,012,815			1,018,921			1,018,921
Net current assets	1,479,722	(376,524)	1,103,198			357,835			281,035
Total asset less current liabilities	3,416,074	45,664	3,461,738			3,449,333			3,416,074
Non-current liabilities									
Convertible note payables – due after one year	867,097	–	867,097			867,097			867,097
Obligations under finance leases – due after one year	200	–	200			200			200
Bank and other borrowings – due after one year	378,999	–	378,999			378,999			378,999
Deferred tax liabilities	27,547	–	27,547			27,547			27,547
	1,273,843	–	1,273,843			1,273,843			1,273,843
	2,142,231	45,664	2,187,895			2,175,490			2,142,231
Capital and reserves									
Share capital	4,709	1	4,710	(1)	*4*	4,709			4,709
Reserves	2,130,337	45,663	2,176,000	(46,383)	*4*	2,129,617	720	*2*	2,130,337
Equity attributable to owners of the Company	2,135,046	45,664	2,180,710			2,134,326			2,135,046
Minority interests	7,185	–	7,185	33,979	*4*	41,164	(33,979)	*5*	7,185
	2,142,231	45,664	2,187,895			2,175,490			2,142,231

UNAUDITED PRO FORMA CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME OF THE ENLARGED GROUP

For the year ended 31st March, 2009

Scenario 1

	The Group	The Newskill Group	Sub-total	Pro forma adjustments	Notes	Enlarged Group as if BSP Acquisition was completed	Pro forma adjustments	Note	Enlarged Group as if both BSP Acquisition and CTL Acquisition were completed
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*Notes*	*HK$'000*	*HK$'000*	*Note*	*HK$'000*
	31/3/2009	31/12/2009							
Turnover									
– Gross proceeds	145,121	–	145,121			145,121			145,121
Revenue	92,670	–	92,670			92,670			92,670
Property sale and rental income	25,751	–	25,751			25,751			25,751
Golf and leisure income	44,058	–	44,058			44,058			44,058
	69,809	–	69,809			69,809			69,809
Cost of sales	(25,726)	–	(25,726)			(25,726)			(25,726)
Gross profit	44,083	–	44,083			44,083			44,083
Income from loan financing	21,772	–	21,772			21,772			21,772
Net loss on financial instruments	(169,337)	–	(169,337)			(169,337)			(169,337)
Other income	33,995	–	33,995	5,135	*1*	39,130			39,130
Administrative expenses	(133,113)	(23)	(133,136)	(3,235)	*1 and 2*	(136,371)	720	2	(135,651)
Finance costs	(108,357)	–	(108,357)			(108,357)			(108,357)
Impairment losses on property interests	(146,712)	–	(146,712)			(146,712)			(146,712)
Share of results of a jointly controlled entity	(212)	2,620	2,408	(2,620)	*1*	(212)			(212)
Share of results of associates	(4,404)	–	(4,404)			(4,404)			(4,404)
Loss before taxation	(462,285)	2,597	(459,688)			(460,408)			(459,688)
Taxation	469	–	469			469			469
Loss for the year	(461,816)	2,597	(459,219)			(459,939)			(459,219)
Attributable to:									
Equity holders of the Company	(461,816)	2,597	(459,219)			(460,147)			(459,219)
Minority interests	–	–	–	208	*1*	208	(208)	*5*	–
	(461,816)	2,597	(459,219)			(459,939)			(459,219)

UNAUDITED PRO FORMA CONSOLIDATED STATEMENTS OF CASH FLOWS OF THE ENLARGED GROUP

For the year ended 31st March, 2009

Scenario 1

	The Group HK$'000 31/3/2009	The Newskill Group HK$'000 31/12/2009	Sub-total HK$'000	Pro forma adjustments HK$'000	Note	Enlarged Group as if BSP Acquisition was completed HK$'000	Pro forma adjustment HK$'000	Note	Enlarged Group as if both BSP Acquisition and CTL Acquisition were completed HK$'000
OPERATING ACTIVITIES									
(Loss) Profit before taxation	(462,285)	2,597	(459,688)	(720)	2	(460,408)	720	2	(459,688)
Adjustments for:									
Finance costs	108,357	–	108,357			108,357			108,357
Share of result of a jointly controlled entity	212	(2,620)	(2,408)	2,620	1	212			212
Share of result of associates	4,404	–	4,404			4,404			4,404
Bank interest income	(4,676)	–	(4,676)	(3)	1	(4,679)			(4,679)
Interest income on convertible bonds	(5,502)	–	(5,502)			(5,502)			(5,502)
Interest income on unsecured loan due from an associate	(14,417)	–	(14,417)			(14,417)			(14,417)
Depreciation of property, plant and equipment	11,507	1	11,508	60	1	11,568			11,568
Allowance for bad and doubtful debts	5,313	–	5,313			5,313			5,313
Release of prepaid lease payments of leasehold land	525	–	525			525			525
Amortisation of premium on prepaid lease payment of leasehold land	2,736	–	2,736			2,736			2,736
Equity-settled share-based payments expense	5,547	–	5,547			5,547			5,547
Impairment loss on property interests	146,712	–	146,712			146,712			146,712
Loss on disposal of property, plant and equipment	171	–	171			171			171
Net loss on financial instruments	169,456	–	169,456			169,456			169,456
Operating cash flows before movements in working capital	(31,940)	(22)	(31,962)			(30,005)			(29,285)
Decrease in other loan receivables	14,569	–	14,569			14,569			14,569
Increase in inventories	(932)	–	(932)			(932)			(932)
Increase in properties held for sales	(39,691)	–	(39,691)			(39,691)			(39,691)
Increase in investment properties	(2,268)	–	(2,268)			(2,268)			(2,268)
Increase in financial assets at fair value through profit or loss	(279,072)	–	(279,072)			(279,072)			(279,072)
Decrease in debtors, deposits and prepayments	44,008	–	44,008	949	1	44,957			44,957
Decrease in unsecured loan and interest due from related companies	9,814	–	9,814			9,814			9,814
Decrease in creditors, deposits and accrued charges	(2,761)	–	(2,761)	(2,219)	1	(4,980)			(4,980)
Cash used in operation	(288,273)	(22)	(288,295)			(287,608)			(286,888)
Hong Kong profits tax paid	(1,498)	–	(1,498)			(1,498)			(1,498)
Interest paid	(16,113)	–	(16,113)			(16,113)			(16,113)
NET CASH USED IN OPERATING ACTIVITIES	(305,884)	(22)	(305,906)			(305,219)			(304,499)

Scenario 1

	The Group HK$'000 31/3/2009	The Newskill Group HK$'000 31/12/2009	Sub-total HK$'000	Pro forma adjustments HK$'000	Notes	Enlarged Group as if BSP Acquisition was completed HK$'000	Pro forma adjustment HK$'000	Note	Enlarged Group as if both BSP Acquisition and CTL Acquisition were completed HK$'000
INVESTING ACTIVITIES									
Acquisition of subsidiaries (net of cash and cash equivalents acquired)	(200,837)	–	(200,837)	(378,480)	6	(579,317)			(579,317)
Loan advance to a jointly controlled entity	(58,811)	–	(58,811)			(58,811)			(58,811)
Deposits and expenses paid for acquisition of subsidiaries	(47,244)	–	(47,244)			(47,244)			(47,244)
Purchase of convertible bonds	(33,750)	–	(33,750)			(33,750)			(33,750)
Refundable earnest money paid	(32,670)	–	(32,670)			(32,670)			(32,670)
Loan advance to a joint venture	(29,629)	–	(29,629)			(29,629)			(29,629)
Purchase of property, plant and equipment	(15,635)	–	(15,635)			(15,635)			(15,635)
Purchase of available-for-sale investments	(5,631)	–	(5,631)			(5,631)			(5,631)
Advance to associates	(18)	–	(18)			(18)			(18)
Investment in associates	(2)	–	(2)			(2)			(2)
Proceeds from redemption/disposal of convertible bonds	57,000	–	57,000			57,000			57,000
Proceeds from disposal of available-for-sale investments	17,896	–	17,896			17,896			17,896
Refundable earnest money refunded	10,000	–	10,000			10,000			10,000
Decrease in pledged bank deposits	7,192	–	7,192			7,192			7,192
Decrease in debtors, deposits and prepayments	–	6,722	6,722			6,722			6,722
Interest received	5,722	–	5,722	3	1	5,725			5,725
Dividend received	2,501	–	2,501			2,501			2,501
Proceeds from disposal of property, plant and equipment	974	–	974			974			974
NET CASH USED IN INVESTING ACTIVITIES	(322,942)	6,722	(316,220)			(694,697)			(694,697)
FINANCING ACTIVITIES									
Proceeds from issue of shares	650,059	–	650,059			650,059			650,059
New bank and other borrowings raised	20,247	–	20,247			20,247			20,247
Increase in other payable	–	22	22			22			22
Repayment to a former shareholder of a subsidiary	(58,758)	–	(58,758)			(58,758)			(58,758)
Repayment of bank and other borrowings	(51,327)	–	(51,327)			(51,327)			(51,327)
Share repurchase and cancellation	(26,679)	–	(26,679)			(26,679)			(26,679)
Expenses paid in connection with issue of shares	(23,183)	–	(23,183)			(23,183)			(23,183)
Repayment to a shareholder	–	(6,722)	(6,722)			(6,722)			(6,722)
Repayment to minority shareholders of subsidiaries	(517)	–	(517)			(517)			(517)
Repayment of obligation under finance leases	(59)	–	(59)			(59)			(59)
NET CASH FROM FINANCING ACTIVITIES	509,783	(6,700)	503,083			503,083			503,083

Scenario 1

	The Group HK$'000	The Newskill Group HK$'000	Sub-total HK$'000	Pro forma adjustments HK$'000	Notes	Enlarged Group as if BSP Acquisition was completed HK$'000	Pro forma adjustment HK$'000	Enlarged Group as if both BSP Acquisition and CTL Acquisition were completed HK$'000
NET DECREASE IN CASH AND CASH EQUIVALENTS	(119,043)	–	(119,043)			(496,833)		(496,113)
CASH AND BANK BALANCES AT THE BEGINNING OF THE YEAR	243,038	33	243,071	(33)	6	243,038		243,038
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	40	–	40			40		40
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR representing bank balances and cash	124,035	33	124,068			(253,755)		(253,035)

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE ENLARGED GROUP

As at 30th September, 2009

Scenario 2

	The Group	Pro forma adjustments		The Group
	HK$'000	*HK$'000*	*Note*	*HK$'000*
	30/9/2009			
Non-current assets				
Property, plant and equipment	183,958			183,958
Prepaid lease payments of leasehold land	20,557			20,557
Premium on prepaid lease payments of leasehold land	110,190			110,190
Investment properties	221,000			221,000
Available-for-sale investments	51,568	77,520	*8*	129,088
Interests in joint ventures	51,771			51,771
Advance to a jointly controlled entity	1,300			1,300
Interests in associates	212,210			212,210
Unsecured loans and interest due from associates	993,687			993,687
Debt portion of convertible bonds	38,984			38,984
Deposits and expenses paid for acquisition of a land use right	47,275			47,275
Other loan receivables	3,852			3,852
	1,936,352			2,013,872
Current assets				
Inventories	2,545			2,545
Properties held for sale	948,380			948,380
Debt portion of convertible bonds	1,179			1,179
Financial assets at fair value through profit or loss	189,522			189,522
Debtors, deposits and prepayments	560,613			560,613
Other loan receivables	173,014			173,014
Prepaid lease payments of leasehold land	530			530
Amounts due from associates	2,426			2,426
Unsecured loans and interest due from a related company	49,841			49,841
Pledged bank deposits	42,200			42,200
Bank balances and cash	145,730	(85,800)	*8*	59,930
	2,115,980			2,030,180

Scenario 2

	The Group *HK$'000* 30/9/2009	Pro forma adjustments *HK$'000*	*Note*	The Group *HK$'000*
Current liabilities				
Creditors, deposits and accrued charges	97,769			97,769
Amount due to a minority shareholder of a subsidiary	256			256
Amount due to immediate holding company/ a former shareholder	–			–
Consideration payable for acquisition of a subsidiary	–			–
Tax payable	11,626			11,626
Convertible note payables – due within one year	513,795			513,795
Obligations under finance leases – due within one year	83			83
Bank and other borrowings – due within one year	12,729			12,729
	636,258			636,258
Net current assets	1,479,722			1,393,922
Total asset less current liabilities	3,416,074			3,407,794
Non-current liabilities				
Convertible note payables – due after one year	867,097			867,097
Obligations under finance leases – due after one year	200			200
Bank and other borrowings – due after one year	378,999			378,999
Deferred tax liabilities	27,547			27,547
	1,273,843			1,273,843
	2,142,231			2,133,951
Capital and reserves				
Share capital	4,709			4,709
Reserves	2,130,337	(8,280)	*8*	2,122,057
Equity attributable to owners of the Company	2,135,046			2,126,766
Minority interests	7,185			7,185
	2,142,231			2,133,951

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF THE GROUP

For the year ended 31st March, 2009

Scenario 2

	The Group	**Pro Forma adjustments**		**The Group**
	HK$'000	*HK$'000*	*Note*	*HK$'000*
	31/3/2009			
Turnover				
– Gross proceeds	145,121			145,121
Revenue	92,670			92,670
Property sale and rental income	25,751			25,751
Golf and leisure income	44,058			44,058
	69,809			69,809
Cost of sales	(25,726)			(25,726)
Gross profit	44,083			44,083
Income from loan financing	21,772			21,772
Net loss on financial instruments	(169,337)			(169,337)
Other income	33,995			33,995
Administrative expenses	(133,113)	(8,280)	*8*	(141,393)
Finance costs	(108,357)			(108,357)
Impairment losses on property interests	(146,712)			(146,712)
Share of results of a jointly controlled entity	(212)			(212)
Share of results of associates	(4,404)			(4,404)
Loss before taxation	(462,285)			(470,565)
Taxation	469			469
Loss for the year	(461,816)			(470,096)

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS OF THE GROUP
For the year ended 31st March, 2009

Scenario 2

	The Group *HK$'000* 31/3/2009	**Pro forma adjustments** *HK$'000*	**The Group** *HK$'000*
OPERATING ACTIVITIES			
(Loss) Profit before taxation	(462,285)	(8,280)	(470,565)
Adjustments for:			
Finance costs	108,357		108,357
Share of result of a jointly controlled entity	212		212
Share of result of associates	4,404		4,404
Bank interest income	(4,676)		(4,676)
Interest income on convertible bonds	(5,502)		(5,502)
Interest income on unsecured loan due from an associate	(14,417)		(14,417)
Depreciation of property, plant and equipment	11,507		11,507
Allowance for bad and doubtful debts	5,313		5,313
Release of prepaid lease payments of leasehold land	525		525
Amortisation of premium on prepaid lease payment of leasehold land	2,736		2,736
Equity-settled share-based payments expense	5,547		5,547
Impairment loss on property interests	146,712		146,712
Loss on disposal of property, plant and equipment	171		171
Net loss on financial instruments	169,456		169,456
Operating cash flows before movements in working capital	(31,940)		(40,220)
Decrease in other loan receivables	14,569		14,569
Increase in inventories	(932)		(932)
Increase in properties held for sales	(39,691)		(39,691)
Increase in investment properties	(2,268)		(2,268)
Increase in financial assets at fair value through profit or loss	(279,072)		(279,072)
Decrease in debtors, deposits and prepayments	44,008		44,008
Decrease in unsecured loan and interest due from related companies	9,814		9,814
Decrease in creditors, deposits and accrued charges	(2,761)		(2,761)
Cash used in operation	(288,273)		(296,553)
Hong Kong profits tax paid	(1,498)		(1,498)
Interest paid	(16,113)		(16,113)
NET CASH USED IN OPERATING ACTIVITIES	(305,884)		(314,164)

Scenario 2

	The Group HK$'000 31/3/2009	Pro forma adjustments HK$'000	Note	The Group HK$'000
INVESTING ACTIVITIES				
Acquisition of subsidiaries (net of cash and cash equivalents acquired)	(200,837)			(200,837)
Loan advance to a jointly controlled entity	(58,811)			(58,811)
Deposits and expenses paid for acquisition of subsidiaries	(47,244)			(47,244)
Purchase of convertible bonds	(33,750)			(33,750)
Refundable earnest money paid	(32,670)			(32,670)
Loan advance to a joint venture	(29,629)			(29,629)
Purchase of property, plant and equipment	(15,635)			(15,635)
Purchase of available-for-sale investments	(5,631)	(77,520)	8	(83,151)
Advance to associates	(18)			(18)
Investment in associates	(2)			(2)
Proceeds from redemption/disposal of convertible bonds	57,000			57,000
Proceeds from disposal of available-for-sale investments	17,896			17,896
Refundable earnest money refunded	10,000			10,000
Decrease in pledged bank deposits	7,192			7,192
Decrease in debtors, deposits and prepayments	–			–
Interest received	5,722			5,722
Dividend received	2,501			2,501
Proceeds from disposal of property, plant and equipment	974			974
NET CASH USED IN INVESTING ACTIVITIES	(322,942)			(400,462)
FINANCING ACTIVITIES				
Proceeds from issue of shares	650,059			650,059
New bank and other borrowings raised	20,247			20,247
Repayment to a former shareholder of a subsidiary	(58,758)			(58,758)
Repayment of bank and other borrowings	(51,327)			(51,327)
Share repurchase and cancellation	(26,679)			(26,679)
Expenses paid in connection with issue of shares	(23,183)			(23,183)
Repayment to minority shareholders of subsidiaries	(517)			(517)
Repayment of obligation under finance leases	(59)			(59)
NET CASH FROM FINANCING ACTIVITIES	509,783			509,783

Scenario 2

	The Group	Pro forma adjustments	The Group
	HK$'000	*HK$'000*	*HK$'000*
	31/3/2009		
NET DECREASE IN CASH AND CASH EQUIVALENTS	(119,043)		(204,843)
CASH AND BANK BALANCES AT THE BEGINNING OF THE YEAR	243,038		243,038
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	40		40
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR representing bank balances and cash	124,035		38,235

C. NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION ON THE ENLARGED GROUP

1. Upon completion of the BSP Acquisition, the Project Company will become a subsidiary of the Enlarged Group. Accordingly, the BSP Acquisition is regarded as an acquisition of assets through acquisition of the subsidiaries since the major asset of the Project Company is the interests in land. The adjustments reflect the derecognition of interest in a jointly controlled entity and share of results of a jointly controlled entity and recognition of assets, liabilities, income and expenses of the Project Company on a line by line basis. Accordingly, office equipment and motor vehicles of HK$342,000, investment property of HK$733,471,000, other receivables of HK$425,333,000, bank balances and cash of HK$2,906,000, other payables and accruals of HK$739,865,000, other income of HK$5,135,000, administrative expenses of HK$2,515,000, allocation a profit to 8% minority interests at HK$208,000 and cash flows of the Project Company were recognised.

2. The adjustments reflect the total consideration for the BSP Acquisition amounting to HK$872,200,000 and the direct transaction asset of HK$9,000,000.

   For the purpose of this unaudited pro forma financial information, the direct transaction cost of HK$9,000,000 is payable in cash. Among total transaction cost of HK$9,000,000, under scenario 1, upon completion of BSP Acquisition, HK$720,000 will be recognised in the profit or loss and the remaining amount will be capitalised as part of cost of acquisition (on the basis that 92% of the issued share capital of Newskill will be acquired). Upon completion of both BSP Acquisition and CTL Acquisition, the whole amount will be capitalised as part of cost of acquisition. Under scenario 2, HK$8,280,000 will be charged to profit or loss and the remaining will be capitalised as part of cost of acquisition (on the basis that 8% of the issued share capital of Newskill will be acquired).

   For the total principal amount of consideration of HK$883,200,000 (i) HK$362,191,000 had been paid in the form of earnest money by the Group and recorded in "debtors, deposits and prepayments" in the consolidated statement of financial position of the Group as at 30th September, 2009; (ii) HK$371,009,000 will be settled by cash upon completion of the BSP Acquisition in which the Group faces a cash shortfall of HK$222,340,000 which will be recorded as bank overdraft (for pro forma purpose only) upon completion; and (iii) HK$150,000,000 will be paid subsequently when certain conditions are met. However, the amount stated in (iii) above carries no interest and is expected to be paid by 18 months from date of completion of the BSP Acquisition. The present value of principal amount of HK$150,000,000 is HK$139,000,000 which is arrived at based on the discount rate of 5% per annum and the Directors consider that the present value of the payable approximate its fair value as if the completion 30th September 2009. However, since the rate of 5% is determined based on the Directors' best estimate for the purpose of the preparation of the unaudited pro forma financial information and is subject to change upon actual completion of the BPS Acquisition. Therefore, the present value of the total consideration is to be HK$872,200,000 after taking into account this discounting factor.

3. The adjustments reflect the assignment of other receivable of HK$425,296,000 and, at a consideration of RMB10 (equivalent to HK$11), it was agreed to transfer and assign all amounts owing by the Newskill Group to 廣州宏峰投資諮詢有限公司 (Guangzhou Hongfeng Investment Consultancy Limited), an independent third party, to Bright Sino Profits Limited, the vendor as well as the undertaking and warranty by Bright Sino Profits Limited, one of the vendors, under the BSP Acquisition Agreement to fully discharge all the amounts due to 廣州市地下鐵道總公司 (Guangzhou Metro Corporation) and that other than the Sale Loan, any amount owing to Guangzhou Hongfeng Investment Consultancy Limited and consolidated liabilities not exceeding RMB300 million, the Newskill Group does not have any liabilities, otherwise the consideration will be adjusted downward accordingly. Accordingly, other payables and accruals of HK$513,173,000 due to 廣州宏峰投資諮詢有限公司 (Guangzhou Hongfeng Investment Consultancy Limited) 、廣州市地下鐵道總公司 (Guangzhou Metro Corporation) and 廣州市人民政府 (People's Government of Guangzhou City) and an amount due to the Vendor of HK$359,586,000 were waived. The difference between the receivables assigned and liabilities waived of HK$447,463,000 and the consideration of HK$11 will be the adjustment to the net assets of the Newskill Group upon completion of acquisition.

   The pro forma adjustment on the other receivable is therefore HK$362,154,000 which is HK$425,333,000 as set out in note 1 less HK$362,191,000 set out in note 2 and HK$425,296,000 as set out in this note above.

   The pro forma adjustment on the other payable is therefore HK$226,692,000 which is HK$739,865,000 as set out in note 1 less HK$513,173,000 as set out in this note above.

   For the purpose of this unaudited pro forma financial information, the foreign exchange rate used for translation of Hong Kong dollars to Renminbi is HK$1 = RMB0.8821.

4. The adjustments reflect the elimination of share capital of HK$1,000 and pre-acquisition reserve of HK$45,663,000, respectively. In addition, the difference of HK$387,352,000 between the share capital of HK$1,000, pre-acquisition reserve of HK$45,663,000, the adjustment to the net assets of the Newskill Group of HK$447,463,000 as set out in note 3 above, the fair value of consideration of HK$872,200,000 for the BSP Acquisition and the transaction cost capitalised of HK$8,280,000 is recognised into investment property as set out in note 2. At the same time, minority interests of HK$33,979,000 is recognized based on the 8% shareholding of minority shareholders on the net assets of Newskill Group upon completion date of acquisition and the adjustment to the net assets of the Newskill Group.

   The pro forma adjustment on the investment property is therefore HK$1,154,803,000 which is the sum of HK$733,471,000 as set out in note 1 and HK$421,332,000 as set out in this note.

5. The adjustments reflect the recognition of consideration of HK$76,800,000 (for pro forma purpose only) payable in cash upon Completion of the CTL Acquisition immediately following the Completion of BSP Acquisition in which the Group faces a cash shortfall. With the assumption that the Acquisitions were to be completed simultaneously, the difference between the consideration of HK$76,800,000 and the minority interests acquired of HK$33,979,000 amounting to HK$42,821,000 is included as part of the cost of acquisition of investment properties. In addition, for the unaudited pro forma consolidated statement of comprehensive income, the minority interests of HK$208,000 as set out in note 1 above will also be reversed due to no minority interests under scenario 1 assuming both BSP Completion and CTL Completion have taken place on 1st April, 2008. For the unaudited pro forma consolidated statement of financial position, the minority interests of HK$33,979,000 will also be reversed under scenario 1 assuming both BSP Completion and CTL Completion have taken place on 1st April, 2008.

6. For the purpose of the unaudited pro forma consolidated statement of cash flows of the Enlarged Group, which is prepared as if the completion of the BSP Acquisition had taken place on 1st April, 2008, the net cash outflow arising on the BSP Acquisition is the payment of the cash consideration of HK$371,009,000 as referred to in note 2 plus the sum of the cash and bank balances acquired at the beginning of the year of the Newskill Group of HK$33,000 and of the Project Company of HK$1,496,000 plus the transaction cost paid of HK$9,000,000.

7. The negative balance of cash and cash equivalents of the Enlarged Group at the end of the year represents the amount of net decrease in cash and cash equivalents of the Enlarged Group in excess of the cash and cash equivalents at the beginning of the year and the effect of foreign exchange rate changes after accounting for the payment of the cash considerations as referred to notes 2 and 5 and the transaction cost paid of HK$9,000,000.

8. The adjustments reflect the acquisition of the Newskill Group as available-for-sale investment at consideration of HK$76,800,000 payable in cash fully under scenario 2 and the transaction cost payable in cash of HK$9,000,000 of which HK$720,000 will be capitalized as part of cost of the available-for-sale investments and the remaining amount will be charged to profit or loss. For the purpose of the unaudited pro forma financial information, the consideration of HK$76,800,000 is assumed to be the fair value of the available-for-sale investment.

9. Because of the significance of the possible effects of the limitations in the scope of our examination work and the effects of the other matters discussed in Appendix II to this circular, the reporting accountants do not express an opinion on whether the financial information of the Newskill Group gives, for the purpose of this report, a true and fair view of the state of affairs of the Newskill Group as at 31st December, 2009 and of the results and cash flows of the Newskill Group for the year ended 31st December, 2009.

2. ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

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

Deloitte.
德勤

TO THE DIRECTORS OF ITC PROPERTIES GROUP LIMITED

We report on the unaudited pro forma financial information of ITC Properties Group 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 acquisition of Newskill Investments Limited ("Newskill") might have affected the financial information presented, for inclusion in Appendix IV of the circular dated 31st May, 2010 (the " Circular"). The basis of preparation of the unaudited pro forma financial information is set out on pages IV-1 and IV-17 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 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 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 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 Group as enlarged by the acquisition of Newskill (the "Enlarged Group") with Newskill as a 92% held subsidiary, the Enlarged Group with Newskill as an 8% held available-for-sale investment or the Enlarged Group with Newskill as a wholly owned subsidiary as at 30th September, 2009 or any future date; and

- the results and cash flows of the Enlarged Group with Newskill as a 92% held subsidiary, the Enlarged Group with Newskill as an 8% held available-for-sale investment or the Enlarged Group with Newskill as a wholly owned subsidiary for the year ended 31st March, 2009 or any future period.

Opinion

In our opinion:

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

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

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

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong, 31st May, 2010

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

(a) Interests of the Directors or chief executive of the Company

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

(i) Interests in the Shares and underlying Shares under equity derivatives (as defined in Part XV of the SFO)

Name of Director	Long position/ Short position	Capacity	Number of issued Shares	Number of underlying Shares (under equity derivatives of the Company)	Aggregate interest	Approximate percentage of the issued share capital of the Company *(%)*
Mr. Cheung Hon Kit ("Mr. Cheung")	Long position	Beneficial owner	12,000,000	–	12,000,000	2.55
Mr. Lai Tsan Tung, David ("Mr. Lai")	Long position	Interest of controlled corporation	–	3,079,502 *(Note)*	3,079,502	0.65

Note: Mr. Lai, an executive director of the Company, was deemed to be interested in 3,079,502 underlying Shares in respect of a principal amount of HK$17,476,177 zero coupon convertible notes due 2010 issued by the Company on 8th June, 2006 at the adjusted conversion price of HK$5.675 per Share held by Green Label Investments Limited ("Green Label") by virtue of his beneficial interest in the entire issued share capital of Green Label.

(ii) Interests in the share options of the Company

Name of Director	Date of grant	Option period	Exercise price per Share *HK$*	Number of share options	Approximate percentage of the issued share capital of the Company *(%)*
Mr. Cheung	29th March, 2010	29th March, 2010 – 28th March, 2014	2.22	3,900,000	0.83
Mr. Chan Fut Yan ("Mr. Chan")	29th March, 2010	29th March, 2010 – 28th March, 2014	2.22	2,900,000	0.62
Mr. Cheung Chi Kit	29th March, 2010	29th March, 2010 – 28th March, 2014	2.22	2,100,000	0.45
Mr. Lai	29th March, 2010	29th March, 2010 – 28th March, 2014	2.22	1,500,000	0.32
Mr. Chan Yiu Lun, Alan	29th March, 2010	29th March, 2010 – 28th March, 2014	2.22	1,500,000	0.32
Mr. Ma Chi Kong, Karl	29th March, 2010	29th March, 2010 – 28th March, 2014	2.22	370,000	0.08
Mr. Qiao Xiaodong	29th March, 2010	29th March, 2010 – 28th March, 2014	2.22	370,000	0.08
Mr. Wong Chi Keung, Alvin	29th March, 2010	29th March, 2010 – 28th March, 2014	2.22	370,000	0.08
Mr. Kwok Ka Lap, Alva	29th March, 2010	29th March, 2010 – 28th March, 2014	2.22	370,000	0.08
				13,380,000	

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (c) were required, pursuant to the Model Code adopted by the Company, to be notified to the Company and the Stock Exchange.

(b) Interests of Shareholders discloseable pursuant to the SFO

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company based on the register maintained by the Company pursuant to Part XV of the SFO, the following persons (other than a Director or chief executive of the Company) had, or were deemed or taken to have, interests or short positions in the shares and underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Enlarged Group or had any option in respect of such capital:

(i) Interests in the Shares

Name of Shareholder	Long position/ Short position	Capacity	Number of issued Shares	Approximate percentage of the issued share capital of the Company *(%)*
Loyal Concept Limited ("Loyal Concept")	Long position	Beneficial owner	76,402,763 *(Note 1)*	16.22
Hanny Magnetics (B.V.I.) Limited ("Hanny Magnetics")	Long position	Interest of controlled corporation	76,402,763 *(Note 1)*	16.22
Hanny	Long position	Interest of controlled corporation	76,402,763 *(Note 1)*	16.22
Famex Investment Limited ("Famex")	Long position	Interest of controlled corporation	76,402,763 *(Note 1)*	16.22
Mankar Assets Limited ("Mankar")	Long position	Interest of controlled corporation	76,402,763 *(Note 1)*	16.22
Selective Choice Investments Limited ("Selective Choice")	Long position	Beneficial owner	36,593,400 *(Note 1)*	7.77

Name of Shareholder	Long position/ Short position	Capacity	Number of issued Shares	Approximate percentage of the issued share capital of the Company *(%)*
ITC Investment Holdings Limited ("ITC Investment")	Long position	Interest of controlled corporations	112,996,163 *(Note 1)*	23.99
ITC Corporation Limited ("ITC")	Long position	Interest of controlled corporations	112,996,163 *(Note 1)*	23.99
Dr. Chan Kwok Keung, Charles ("Dr. Chan")	Long position	Interest of controlled corporations	112,996,163 *(Note 1)*	23.99
	Long position	Beneficial owner	6,066,400 *(Note 1)*	1.29
			119,062,563	25.28
Ms. Ng Yuen Lan, Macy ("Ms. Ng")	Long position	Interest of spouse	119,062,563 *(Note 1)*	25.28
Stark Master Fund, Ltd. ("Stark Master")	Long position	Beneficial owner	22,142,211 *(Note 2)*	4.70
Stark Investments (UK) LLP (formerly known as Stark Investments (UK) Limited) ("Stark UK")	Long position	Investment manager	30,424,233 *(Note 3)*	6.46

(ii) Interests in the underlying Shares under equity derivatives (as defined in Part XV of the SFO)

Name of Shareholder	Long position/ Short position	Capacity	Number of underlying Shares (under equity derivatives of the Company)	Approximate percentage of the issued share capital of the Company *(%)*
Loyal Concept	Long position	Beneficial owner	88,066,676 *(Note 1)*	18.70
Hanny Magnetics	Long position	Interest of controlled corporation	88,066,676 *(Note 1)*	18.70
Hanny	Long position	Interest of controlled corporation	88,066,676 *(Note 1)*	18.70
Famex	Long position	Interest of controlled corporation	88,066,676 *(Note 1)*	18.70
Mankar	Long position	Interest of controlled corporation	88,066,676 *(Note 1)*	18.70
Selective Choice	Long position	Beneficial owner	7,091,412 *(Note 1)*	1.51
ITC Investment	Long position	Interest of controlled corporations	95,158,088 *(Note 1)*	20.21
ITC	Long position	Interest of controlled corporations	95,158,088 *(Note 1)*	20.21
Dr. Chan	Long position	Interest of controlled corporations	95,158,088 *(Note 1)*	20.21
Ms. Ng	Long position	Interest of spouse	95,158,088 *(Note 1)*	20.21
Stark Master	Long position	Beneficial owner	6,669,604 *(Note 2)*	1.42
Stark UK	Long position	Investment manager	9,339,208 *(Note 3)*	1.98

Notes:

1. Hanny and Hanny Magnetics were taken to have interest in 164,469,439 Shares (of which 88,066,676 Shares relate to their derivative interests) which were held by Loyal Concept, being a wholly-owned subsidiary of Hanny Magnetics which, in turn, was a wholly-owned subsidiary of Hanny, the issued shares of which are listed on the Stock Exchange. Famex, a wholly-owned subsidiary of Mankar, was the controlling shareholder of Hanny. Mankar was a wholly-owned subsidiary of ITC Investment which, in turn, was a wholly-owned subsidiary of ITC. Famex and Mankar were deemed to be interested in 164,469,439 Shares (of which 88,066,676 Shares relate to their derivative interests) which were held by Loyal Concept. Selective Choice, a wholly-owned subsidiary of ITC Investment which, in turn, was a wholly-owned subsidiary of ITC, owned 43,684,812 Shares (of which 7,091,412 Shares relate to its derivative interest). ITC Investment and ITC were deemed to be interested in 208,154,251 Shares (of which 95,158,088 Shares relate to their derivative interests) which were held by Loyal Concept and Selective Choice. Dr. Chan was the controlling shareholder of ITC. Ms. Ng is the spouse of Dr. Chan. Dr. Chan owned 6,066,400 Shares and was deemed to be interested in 208,154,251 Shares (of which 95,158,088 Shares relate to his derivative interest) which were held by Loyal Concept and Selective Choice. Ms. Ng was deemed to be interested in 214,220,651 Shares (of which 95,158,088 Shares relate to her derivative interest) which were held by Dr. Chan, Loyal Concept and Selective Choice.

2. Stark Master owned 28,811,815 Shares (of which 6,669,604 Shares relate to its derivative interest).

3. Stark UK was taken to have an interest as an investment manager in 39,763,441 Shares (of which 9,339,208 Shares relate to its derivative interest).

(iii) Other member of the Enlarged Group

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, the following persons (not being a Director or chief executive of the Company) were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the other member of the Group:

Name of subsidiary	**Name of shareholder**	**Approximate percentage of the existing issued share capital/registered capital** *(%)*
三亞亞龍灣風景高爾夫文化公園有限公司 (Sanya Yalong Bayview Golf Garden Co., Ltd.)	三亞博后經濟開發有限公司	20
Fame State Investment Limited	Banh Dinh Huy	20
	Chan Siu Chi	10
Forever Fame Corporation Limited	Banh Dinh Huy	20
	Chan Siu Chi	10
Guangdong International Marina Club Limited	Pui Mung Ying	20

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company based on the register maintained by the Company pursuant to Part XV of the SFO, no other persons (not being a Director or chief executive of the Company) had, or were deemed or taken to have, any interests or short positions in the shares or underlying shares which were required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, nor were there any persons, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group or held any option in respect of such capital.

(c) Competing interests

As at the Latest Practicable Date, interests of a Director and his associates in competing businesses of the Enlarged Group were as follows:

Name of Director	Name of company	Nature of competing business	Nature of interest
Mr. Cheung	Wing On Travel (Holdings) Limited and its subsidiaries	Property business and hotel operation in Hong Kong and the PRC	As the chairman
	China Development Limited	Property investment in Hong Kong	As a director and shareholder
	Artnos Limited	Property investment in Hong Kong	As a director and shareholder
	Co-Forward Development Ltd.	Property investment in Hong Kong	As a director and shareholder
	Orient Centre Limited	Property investment in Hong Kong	As a shareholder
	Super Time Limited	Property investment in Hong Kong	As a director and shareholder

Name of Director	Name of company	Nature of competing business	Nature of interest
Mr. Cheung	Asia City Holdings Ltd.	Property investment in Hong Kong	As a director and shareholder
	Supreme Best Ltd.	Property investment in Hong Kong	As a shareholder
	Orient Holdings Limited	Property investment in Hong Kong	As a director and shareholder
	Link Treasure International Limited	Property investment in Hong Kong	As a director and shareholder
	Silver City Limited	Property investment in Hong Kong	As a director and shareholder

Mr. Cheung is the chairman of the Company who is principally responsible for the Group's strategic planning and management of the operations of the Board. His role is clearly separated from that of the managing Director, Mr. Chan, who is principally responsible for the Group's operation and business development.

In addition, any significant business decision of the Group is to be determined by the Board. A Director who has interest in the subject matter being resolved will abstain from voting. In view of the above, the Board considers that the interests of Mr. Cheung in other companies will not prejudice his capacity as Director nor compromise the interests of the Enlarged Group and the Shareholders.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or their respective associates was interested in any business apart from the Enlarged Group's businesses which competes or is likely to compete, either directly or indirectly, with the businesses of the Enlarged Group.

(d) Other interests

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have, since 31st March, 2009 (being the date to which the latest published audited accounts of the Company were made up), been (i) acquired or disposed of by; or (ii) leased to; or (iii) proposed to be acquired or disposed of by; or (iv) proposed to be leased to, any member of the Enlarged Group.

Save as disclosed above, none of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Enlarged Group.

3. MATERIAL CONTRACTS

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

(i) The Group

1. the underwriting agreement dated 2nd June, 2008 entered into between the Company and Kingston Securities Limited in relation to the underwriting and certain other arrangements in respect of the issue by way of rights on the basis of three rights shares (with warrants to be issued in the proportion of four warrants for every fifteen rights shares subscribed) for every share held on the record date at a subscription price of HK$0.07 per rights share;

2. the shareholders' agreement entered into among Maxter Limited ("Maxter"), United Sun Investments Limited ("United Sun") and Keen Step Corporation Limited ("Keen Step") on 31st July, 2008 in relation to their rights and obligations in Keen Step;

3. the sale and purchase agreement dated 2nd September, 2008 entered into between Maxter and United Sun in relation to the purchase of 50% interest in Keen Step by Maxter at a cash consideration of HK$1;

4. the agreement dated 30th October, 2008 entered into between Mr. George Wang and Mandung Limited in relation to the sale and purchase of the entire issued share capital of Pine Cheer Limited and the entire amount of the shareholder's loan owing by Pine Cheer Limited to Mr. George Wang on the date of completion (the "Pine Cheer Sale Loan") of the said acquisition, at an aggregate consideration of approximately HK$189.8 million (based on the amount of the Pine Cheer Sale Loan as at the date of the agreement);

5. the agreement dated 30th December, 2008 entered into between Vincent Asset Holdings Limited ("Vincent Asset") and Macau Prime Property (Hong Kong) Limited ("Macau Prime (HK)") in relation to the sale and purchase of the entire issued share capital of and shareholder's loan due by Adventura International Limited;

6. another agreement also dated 30th December, 2008 and also entered into between Vincent Asset and Macau Prime (HK) in relation to the sale and purchase of the entire issued share capital of and shareholder's loans due by Charm Noble Group Limited and Favor Gain Group Limited;

7. the agreement dated 5th November, 2009 entered into between ITC (China) Properties Group Limited ("ITC China") and 貴州宏能温泉旅游開發有限公司 (Guizhou Hong Neng Hot Spring Resort Tourism Development Company Limited) ("Hong Neng") in relation to the formation of 貴州宏德商務咨詢有限公司 (Guizhou Hong De Business Consulting Co., Ltd.) (the "JV Company");

8. the joint venture agreement dated 23rd December, 2009 entered into between ITC China and Hong Neng;

9. the memorandum of understanding dated 6th January, 2010 entered into between ITC China and Hong Neng in relation to the proposed increase in contributions to the JV Company;

10. the subscription agreement dated 5th February, 2010 entered into among ITC Golf & Leisure Group Limited ("ITC Golf"), Ocean Growth Enterprises Limited ("Ocean Growth"), 貴州宏能投資有限公司 (Guizhou Hong Neng Investment Company Limited) ("Hong Neng Investment") and Business Action Holdings Limited ("Business Action") in relation to the subscription of new shares in the share capital of Business Action;

11. the shareholders' agreement dated 5th February, 2010 entered into among ITC Golf, Ocean Growth, Hong Neng Investment and Business Action to provide for the basis on which the Business Action group companies shall be operated, managed and administered;

12. the amending agreement dated 2nd March, 2010 entered into between ITC China and Hong Neng in relation to the joint venture agreement referred to in item 8 above;

13. the placing agreement dated 19th May, 2010 (the "Placing Agreement") entered into between the Company as issuer and CCB International Capital Limited as placing agent (the "Placing Agent") in relation to the placing of up to 94,000,000 new shares of HK$0.01 each in the share capital of the Company at a price of HK$1.60 per placing share by the Placing Agent on a best effort basis pursuant to the terms of the Placing Agreement; and

14. the Acquisition Agreements.

(ii) The Newskill Group

15. the letter of commitment dated 21st July, 2009 from Guangzhou Company to apply to Intermediate People's Court of Guangzhou relating to the release of the Foreclosure Order.

4. CLAIMS AND LITIGATION

As at the Latest Practicable Date, there were foreclosure orders against the Land relating to outstanding principal amount of approximately RMB232 million together with interest accrued thereon due to Guangzhou Company by the Project Company. Save as aforesaid, no member of the Enlarged Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Enlarged Group.

5. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Enlarged Group which does not expire or is not determinable by the Enlarged Group within one year without payment of compensation (other than statutory compensation).

6. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have been named in this circular or have given opinions or advice which are contained in this circular:

Name	Qualification
Deloitte Touche Tohmatsu ("DTT")	Certified public accountants
First Shanghai	Independent financial adviser
RHL Appraisal Limited ("RHL")	Professional valuer
DTZ Debenham Tie Leung Limited ("DTZ")	Professional valuer
Guangdong Code Law Office ("Guangdong Code")	PRC legal adviser

Each of DTT, First Shanghai, RHL, DTZ and Guangdong Code has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, none of DTT, First Shanghai, RHL, DTZ and Guangdong Code had any shareholding, directly or indirectly, in any member of the Enlarged Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Enlarged Group.

As at the Latest Practicable Date, none of DTT, First Shanghai, RHL, DTZ and Guangdong Code had any direct or indirect interests in any assets which had been, since 31st March, 2009 (being the date to which the latest published audited accounts of the Company were made up), (i) acquired or disposed of by; or (ii) leased to; or (iii) proposed to be acquired or disposed of by; or (iv) proposed to be leased to, any member of the Enlarged Group.

7. MATERIAL ADVERSE CHANGE

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

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the Company's principal place of business in Hong Kong at Unit 3102, 31st Floor, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong, from the date of this circular and up to and including the date of the SGM:

– the memorandum of association and the bye-laws of the Company;

– the material contracts referred to in the paragraph headed "Material contracts" in this appendix;

– the published annual reports of the Company for each of the two financial years ended 31st March, 2008 and 2009 and the published interim report of the Company for the six months ended 30th September, 2009;

– the accountants' report on the Newskill Group, the text of which is set out in Appendix II to this circular;

– the valuation reports on the property interests of the Enlarged Group, the text of which is set out in Appendix III to this circular;

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

– the letter of advice from First Shanghai as set out in this circular;

– the letters of consent referred to in the paragraph headed "Experts and consents" in this appendix; and

– a copy of each circular of the Company issued pursuant to the requirements set out in Chapter 14 and/or 14A of the Listing Rules since 31st March, 2009.

9. MISCELLANEOUS

– The company secretary of the Company is Ms. Yan Ha Hung, Loucia. She holds a master's degree in business administration *(MBA)*. She is an Associate Member (Practitioner's Endorsement) of both The Hong Kong Institute of Chartered Secretaries *(ACS)* and The Institute of Chartered Secretaries and Administrators *(ACIS)*.

– The registered office of the Company is at Clarendon House, Church Street, Hamilton HM 11, Bermuda.

– The Company's principal place of business in Hong Kong is situated at Unit 3102, 31st Floor, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong.

– The branch share registrar and transfer office of the Company in Hong Kong is Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

– The English texts of this circular, the notice of the SGM and the accompanying form of proxy prevail over their respective Chinese texts.

德祥地產集團有限公司*

ITC PROPERTIES GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code : 199)

NOTICE IS HEREBY GIVEN that a special general meeting of **ITC Properties Group Limited** (the "Company") will be held at Shop B27, Basement, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong, at 11:00 a.m. on Thursday, 17th June, 2010 for the purpose of considering and, if thought fit, passing with or without modifications the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

(1) "**THAT**,

(a) the sale and purchase agreement dated 15th December, 2009 (the "BSP Acquisition Agreement") (a copy of which, signed by the Chairman of the meeting for the purpose of identification, has been produced to the meeting marked "A") entered into among Macau Prime Property (China) Limited (the "Purchaser"), an indirect wholly-owned subsidiary of the Company, as purchaser, Bright Sino Profits Limited (the "Vendor") as vendor, Mr. Tang Chi Ming as guarantor of the Vendor and the Company as guarantor of the Purchaser, the terms and conditions thereof and the transactions contemplated thereunder, and the execution of the BSP Acquisition Agreement be and are hereby approved, confirmed and ratified; and

(b) the board of directors of the Company (the "Board") be and is hereby authorised to do all such acts and things and sign all such documents and to take such steps as it considers necessary or expedient or desirable in connection with or to give effect to the BSP Acquisition Agreement and to implement the transactions contemplated thereunder and to agree to such variation, amendment or waiver as are, in the opinion of the Board, in the interest of the Company."

(2) "**THAT**,

(a) the sale and purchase agreement dated 15th December, 2009 (the "CTL Acquisition Agreement") (a copy of which, signed by the Chairman of the meeting for the purpose of identification, has been produced to the meeting marked "B") entered into between Macau Prime Property (China) Limited as purchaser and Cango Trading Limited as vendor, the terms and conditions thereof and the transactions contemplated thereunder, and the execution of the CTL Acquisition Agreement be and are hereby approved, confirmed and ratified; and

* *For identification purpose only*

(b) the Board be and is hereby authorised to do all such acts and things and sign all such documents and to take such steps as it considers necessary or expedient or desirable in connection with or to give effect to the CTL Acquisition Agreement and to implement the transactions contemplated thereunder and to agree to such variation, amendment or waiver as are, in the opinion of the Board, in the interest of the Company."

By order of the Board
Yan Ha Hung, Loucia
Company Secretary

Hong Kong, 31st May, 2010

Registered office:
Clarendon House
Church Street
Hamilton HM 11
Bermuda

Principal place of business in Hong Kong:
Unit 3102, 31st Floor
Bank of America Tower
12 Harcourt Road
Central
Hong Kong

Notes:

1. Any shareholder of the Company entitled to attend and vote at the meeting of the Company may appoint another person as his proxy to attend and vote instead of him. A shareholder of the Company who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the meeting. A proxy need not be a shareholder of the Company. In addition, a proxy or proxies representing either a shareholder of the Company who is an individual or a shareholder of the Company which is a corporation shall be entitled to exercise the same power on behalf of the shareholder of the Company which he or they represent as such shareholder of the Company could exercise.

2. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof, it shall be assumed, unless the contrary appears, that such officer was duly authorised to sign such instrument of proxy on behalf of the corporation without further evidence of the facts.

3. The instrument appointing a proxy and (if required by the Board) the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for the holding of the meeting or any adjourned meeting thereof at which the person named in the instrument proposes to vote and, in default, the instrument of proxy shall not be treated as valid.

4. Completion and return of an instrument appointing a proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting or on the poll concerned and, in such event, the instrument appointing a proxy shall be deemed to have been revoked.

5. Where there are joint holders of any share of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at the meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

As at the date of this notice, the directors of the Company are as follows:

Executive Directors:
Mr. Cheung Hon Kit *(Chairman)*
Mr. Chan Fut Yan *(Managing Director)*
Mr. Cheung Chi Kit
Mr. Lai Tsan Tung, David
Mr. Chan Yiu Lun, Alan

Non-executive Director:
Mr. Ma Chi Kong, Karl

Independent non-executive Directors:
Mr. Qiao Xiaodong *(Vice Chairman)*
Mr. Wong Chi Keung, Alvin
Mr. Kwok Ka Lap, Alva