



CHUANG'S  
CHINA  
INVESTMENTS LIMITED

2014  
ANNUAL REPORT



Chuang's Le Papillon



Imperial Garden



Chuang's Mid-town

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# CHAIRMAN'S STATEMENT

## Financial Review

Revenues of the Group for the year ended 31st March, 2014 increased by 58.0% to HK\$804.7 million (2013: HK\$509.5 million), comprising sales of properties in the People's Republic of China (the "PRC") of approximately HK\$783.0 million (2013: HK\$485.6 million), rental and management fees income of HK\$10.9 million (2013: HK\$8.7 million), and income from manufacturing business of HK\$10.8 million (2013: HK\$15.2 million).

During the year under review, gross profit increased by 51.0% to HK\$276.8 million (2013: HK\$183.3 million) mainly attributable to the increase in sales of properties in the PRC. Other income and net gain increased to HK\$137.9 million (2013: HK\$31.7 million) mainly due to the gain on disposal of a subsidiary as announced on 27th May, 2013 and the fair value gain on transfer of properties from properties for sale to investment properties. A breakdown of other income and net gain is shown in note 7 to the consolidated financial statements of this report. During the year under review, the Group recorded a slight gain on change in fair value of investment properties in the PRC of HK\$1.7 million (2013: HK\$32.1 million).

On the costs side, selling and marketing expenses increased by 64.8% to HK\$49.6 million (2013: HK\$30.1 million) as a result of rise in sales of properties and marketing expenses on launching of new projects. Administrative and other operating expenses increased by 24.3% to HK\$155.7 million (2013: HK\$125.3 million) as a result of general increase in overheads and increase in business activities of the Group as well as certain one-off provisions for the restructuring of the manufacturing division of the Group during the year.

Finance costs increased to HK\$1.1 million (2013: HK\$0.7 million) as a result of increase in bank borrowings in the PRC during the year. Share of profit of an associated company was HK\$0.8 million (2013: loss of HK\$0.5 million) and was

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attributed by the Group's 25% interest in Treasure Auctioneer International Limited ("Treasure Auctioneer"). Taxation increased to HK\$104.4 million (2013: HK\$54.4 million) and was mainly due to provisions of land appreciation tax and corporate income tax resulting from increase in sales of properties in the PRC.

Taking into account the above, profit attributable to equity holders of the Company for the year ended 31st March, 2014 increased by about 173.0% to HK\$110.3 million (2013: HK\$40.4 million). Earnings per share was 7.00 HK cents (2013: 2.62 HK cents).

### Dividends

After taking into account the working capital requirements for the Group's projects and businesses and for the acquisition of suitable investments, the board of Directors (the "Board") has resolved to recommend for the shareholders' approval at the forthcoming annual general meeting of the Company the payment of a final dividend of 4.0 HK cents (2013: 2.0 HK cents) per share for the year ended 31st March, 2014. The final dividend, if approved, will be paid on or before 14th November, 2014 by allotment of new shares with a cash option to the shareholders whose names appear on the Company's register of members on 3rd October, 2014.



Subject to the Listing Committee of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granting listing of and permission to deal in the new shares to be issued pursuant to the scrip dividend scheme, new share entitlements will be calculated by reference to the par value of the shares of the Company, being HK\$0.05, or the average of the closing prices on the Stock Exchange of the shares of the Company for the five consecutive trading days up to and including 3rd October, 2014, whichever is higher. A circular giving full details of the scrip dividend scheme and a form of election will be sent to the shareholders as soon as practicable.

An interim dividend of 1.0 HK cent (2013: 1.0 HK cent) per share has been paid in respect of the current financial year. Total dividends for the year will amount to 5.0 HK cents (2013: 3.0 HK cents) per share, representing an increase of 66.7%.

# BUSINESS REVIEW

**TOTAL**  
Developable Properties

**1,137,000**  
(Gross floor area ("GFA") in sq. m.)

## *Property Development*

The PRC property market continued to be overshadowed by the tightening regulative measures by the government, with focus on supporting end-user demand while suppressing speculations. Currently, the Group's major projects for development are as follows:



Locations	Projects	Developable properties (GFA in sq. m.)
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**Southern China**

Guangzhou	Chuang's Le Papillon (Block J, L, P and Q to X)	<b>206,000</b>
Dongguan	Imperial Garden (Block 9 to Block 55)	<b>423,000</b>



Xiamen	sáv Resort & Spa	<b>18,000</b>
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**Sub-total** **647,000**



**Northern China**

Anshan	Chuang's Mid-town	<b>100,000</b>
	Chuang's Plaza	<b>390,000</b>

**Sub-total** **490,000**

# GUANGZHOU, GUANGDONG





CHUANG'S

# LE PAPIILLON

100% OWNED





Chuang's Le Papillon is an integrated residential and commercial community with a total GFA of over 420,000 *sq. m.* and is divided into different phases. Phase I and II (Block A to P) have an aggregate GFA of 260,800 *sq. m.*, providing an aggregate of 2,077 residential flats and 22 villas, commercial podium and club houses with a total GFA of 8,780 *sq. m.* and 1,497 carparking spaces.



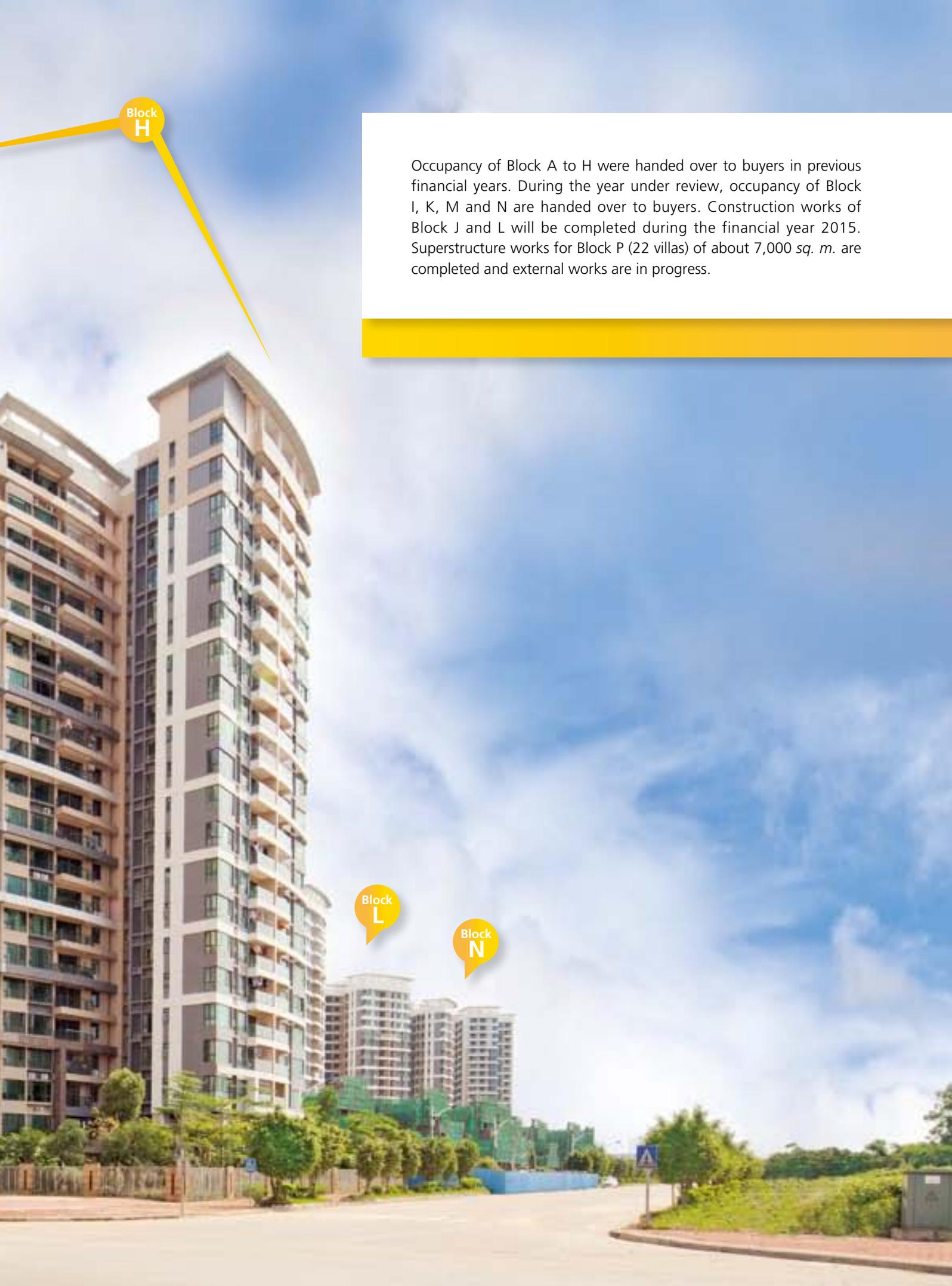


Block  
F

Block  
G

8465 6888

6888



Block  
H

Occupancy of Block A to H were handed over to buyers in previous financial years. During the year under review, occupancy of Block I, K, M and N are handed over to buyers. Construction works of Block J and L will be completed during the financial year 2015. Superstructure works for Block P (22 villas) of about 7,000 sq. m. are completed and external works are in progress.

Block  
L

Block  
N

# High-Rise Completed





Villas under construction





### Phase III Site



Phase III (Block Q to X) has a total GFA of about 166,000 *sq. m.*. The Group is reviewing the development schedule in view of the prevailing market condition. In the meantime, the Group will also carry out a review of the product mix and plot ratio of the development in order to achieve a higher return as the local community continues to mature.

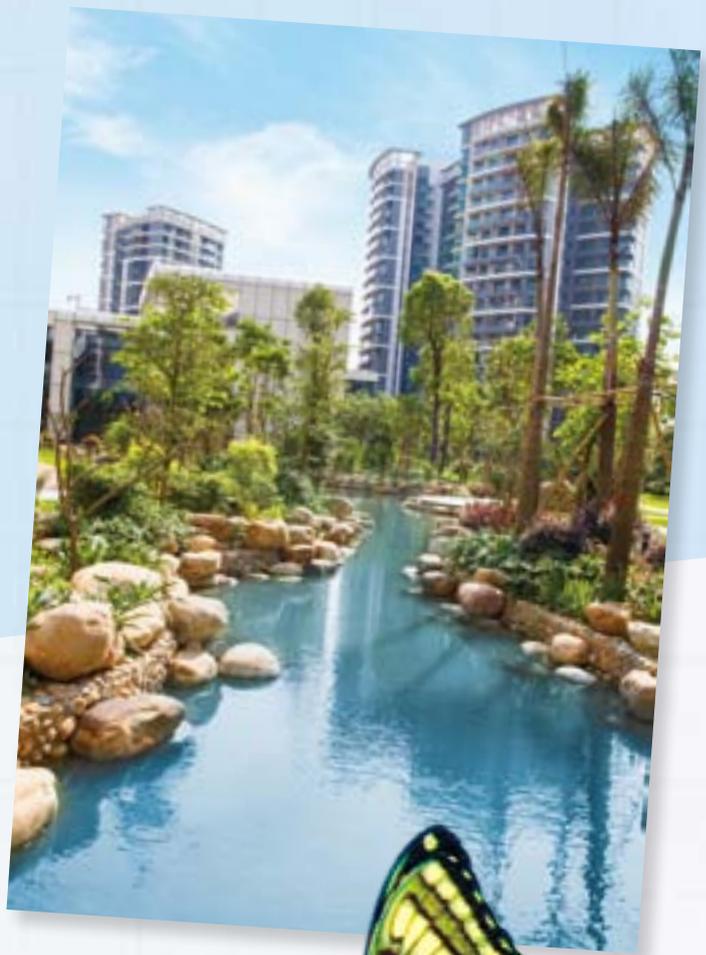


Phase III Perspective



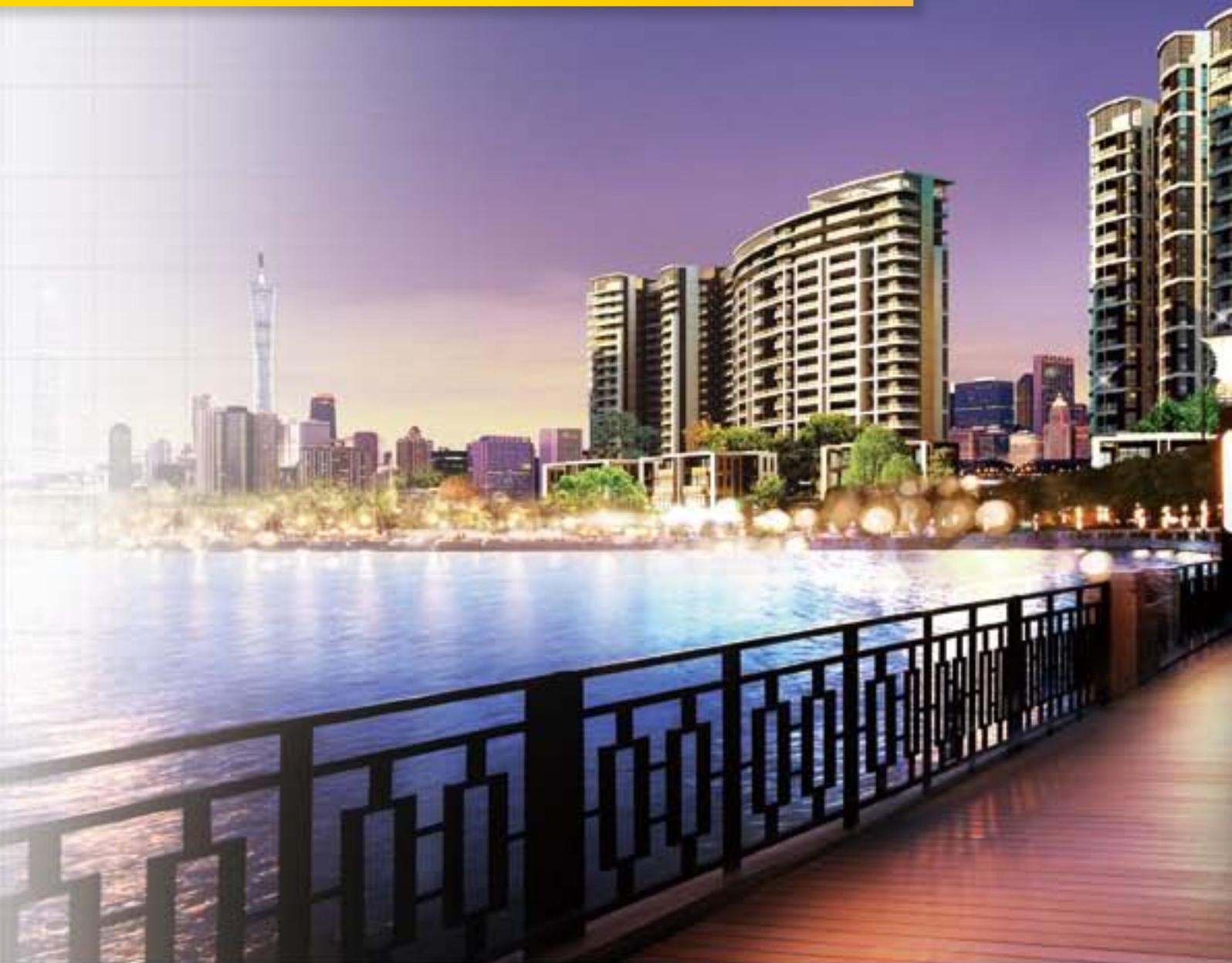
# *Green Environment*





CHUANG'S

# LE PAPILLON



As for sales progress for Phase I and II, all high-rise blocks (Block A to N) have been launched to the market. Presale of Block P (22 villas) will be postponed in view of the selling price control on first hand properties. From the beginning of the financial year 2014 up to the date hereof, sales of this project amounted to over RMB573 million. As of to-date, properties available for sales (excluding Block P) amounted to about RMB349 million. Total sales of this project which have not yet been completed amounted to about RMB460 million (equivalent to approximately HK\$572 million), and will be recognized as revenues when these sales are completed and properties are handed over to buyers.



# DONGGUAN, GUANGDONG





# IMPERIAL GARDEN

CHUANG'S NEW CITY 100% OWNED



Chuang's New City has a total GFA of about 520,000 *sq. m.*, comprising 95,700 *sq. m.* of completed properties and 423,000 *sq. m.* for development. It is well equipped with ancillary facilities such as club house, kindergarten, sports arena and shopping mall to meet residents' pursuit of a refined lifestyle.

Phase I (Block 1 to 8) has been completed and provides 665 residential units with an aggregate GFA of approximately 89,000 *sq. m.*, a modern commercial shopping complex of about 6,666 *sq. m.* and 184 carparking spaces.

Block  
8





Block  
1



Phase II (Block 9 to 14) has a total GFA of 61,272 sq. m., providing 574 flats ranging from 56 sq. m. to 127 sq. m.. Superstructure works for Block 9 to 14 have been completed. External works and landscaping are progressing satisfactorily.



Block  
14

Block  
9

Block  
8

## *CONSTRUCTION IN PROGRESS*



The Group will embark on Phase III development plan of Block 15 to 55 comprising GFA of about 356,000 *sq. m.* in accordance with local market sentiments and sales progress.





Block 9 to 14 were launched for presale during the year. From the beginning of the financial year 2014 up to the date hereof, sales of this project amounted to over RMB233 million. As of to-date, properties available for sales (Block 1 to 14) amounted to about RMB244 million. Total sales of the project which have not yet been completed amounted to about RMB225 million (equivalent to approximately HK\$280 million), and will be recognized as revenues when these sales are completed and properties are handed over to buyers.





Block  
31

Block  
30

Block  
29

Perspective

# XIAMEN, FUJIAN





# sáy Resort & Spa

59.5% OWNED



Our luxurious hotel and resort development occupies a site with an area of about 27,574 sq. m.. Superstructure works are completed, while interior and fitting out works are in progress. Focusing on a low density development, the project has 18,000 sq. m. in GFA and stands out in its master planning, architectural and landscape design. Within this development, 27 villas with an aggregate GFA of about 8,400 sq. m. will be rented out on long lease. An exclusive resort with 80 keys and 3 private pool villas (total GFA of 9,600 sq. m.) will be operated as hotel and resort.





ANSHAN,

CHUANG'S  
MID-TOWN

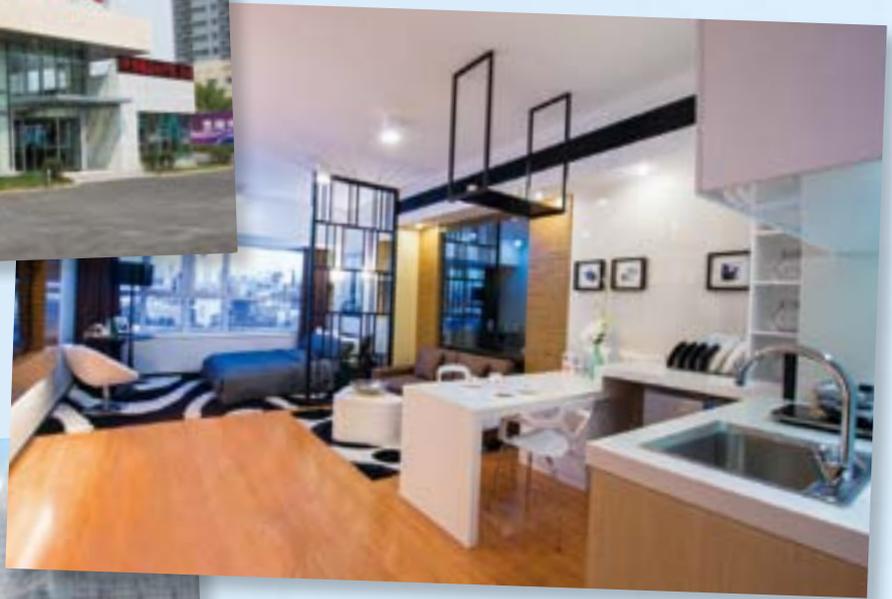


# LIAONING

## CHUANG'S PLAZA



## Chuang's Mid-town (100% owned)



Situated right next to the Anshan rail station, this site is located at the core city centre of Tie Dong Qu (鐵東區). The development will provide integrated community with residential, shopping areas, specialty business activities, SOHO and office space with a total GFA of about 100,000 sq. m.. Master planning for the project has been approved by the relevant PRC bureau. Works for excavation and lateral support have been completed. Foundation works are in progress and superstructure works of the commercial podium will be closely following. Marketing of the project has commenced.



## Chuang's Plaza (100% owned)

Adjacent to Chuang's Mid-town, the second site acquired by the Group is located in the prime city centre of Tie Dong Qu (鐵東區). With a developable GFA of 390,000 *sq. m.*, the site will provide a mega integrated development including office towers, retail, food and beverage and entertainment facilities together with residential blocks. Master layout planning has been submitted for approval by the relevant authority.



# CHAIRMAN'S STATEMENT (CONTINUED)

## Property Development (Continued)

### Others

The Group holds a 54% interest in a property development project in Changsha. As at 31st March, 2014, the total investment costs of the Group in this project amounted to about HK\$84 million. Properties available for sales (total residential GFA of 19,800 *sq. m.* and commercial GFA of 11,600 *sq. m.*) of this project have a total book costs of about HK\$124 million. The operating license of the joint venture company in the PRC has expired since 2012 and the Group will take appropriate steps with a view to orderly dissolve this joint venture company in the PRC.

The Group has, since 2007, held a 51% development interest in a project in Chengdu. In view of the complexity of the project which will involve resettlements and will drag on a long time, the Group is evaluating different alternatives in order to speed up the return of this investment. Currently, the Group is in discussion with the partner of this project for the repayment of the total investments of the Group in this project by the partner and such discussion may or may not be materialized.

### Property Investment

The Group holds an aggregate GFA of over 50,000 *sq. m.* of commercial properties in Guangzhou, Dongguan, Chengdu and Anshan for investments purposes. As at 31st March, 2014, the aggregate book value of the investment properties amounted to approximately HK\$257.7 million. On 12th June, 2014, the Group disposed of an investment property in Guangzhou with GFA of about 1,804 *sq. m.* at a consideration of approximately RMB32.4 million (equivalent to approximately HK\$40.3 million). The transaction is expected to be completed on 10th October, 2014 and is expected to realize a net gain (including future fair value gain, if any) of approximately RMB3.7 million (equivalent to approximately HK\$4.6 million) to the Group. Details of the transaction were set out in the announcement of the Company dated 12th June, 2014.

### Other Businesses

As at 31st March, 2014, the aggregate net book value of the Group's other businesses amounted to approximately HK\$198.6 million. These include: (a) the 25% interest in Treasure Auctioneer; (b) the 16.81% interest in a quoted investment in CNT Group Limited; (c) the 3.62% interest in Shenzhen Homocentric Investment Funds Co., Ltd. (深圳市同心投资基金股份公司); and (d) the Group's wholly-owned subsidiary, Yuen Sang Watch Industries Limited ("Yuen Sang"), which is engaged in the manufacturing and sale of watch components. During the year, Yuen Sang restructured its business by focusing on sale and trading of higher margin watch components, and closed down its manufacturing factory in the PRC in view of its unprofitable performance. As a result, certain one-off provisions for property, plant and equipment, inventories, and severance payment aggregating to approximately HK\$9.0 million have been made.

### Financial Position

As at 31st March, 2014, the Group's cash and bank balances (including pledged bank balances) amounted to HK\$1,145.1 million (2013: HK\$1,011.5 million). As at the same date, bank borrowings of the Group amounted to HK\$404.7 million (2013: HK\$317.8 million). The Group has net cash of HK\$740.4 million (2013: HK\$693.7 million). The calculation of net debt to equity ratio was therefore not applicable (2013: Not applicable).

Approximately 32.8% of the Group's cash and bank balances were in Hong Kong dollar and United States dollar, 67.1% were in Renminbi and the balance of 0.1% were in other currencies. Approximately 19.4% of the Group's bank borrowings were in Hong Kong dollar with the remaining 80.6% in Renminbi. Accordingly, risk in exchange rate fluctuation would not be material.

Based on the agreed scheduled repayment dates in the loan agreements and ignoring the effect of any repayment on demand clause, approximately 3.7% of the Group's bank borrowings were repayable within the first year, 55.2% were repayable within the second year and the balance of 41.1% were repayable within the third to fifth years.

As at 31st March, 2014, the net asset value attributable to equity holders of the Company was HK\$2,558.1 million. Net asset value per share amounted to HK\$1.60, which is calculated based on the historical cost of the Group's land bank, before taking into account the appreciated value.

## Prospects

The Group is cautious about the property market in the PRC and expects adjustments in the property market to continue as property sales getting sluggish due to the higher mortgage rates and tightened liquidity. The Group will continue to adopt a flexible yet prudent approach to cope with market and policy changes, including making appropriate adjustments in future development plans, product mix, sales and marketing strategies under prevailing market conditions.

The Group has strong financial strength and maintains a strong net cash position of over HK\$740 million. Apart from actively launching its property development projects in the PRC for sale, the Group will identify suitable investment opportunities on new projects or in locations other than the PRC so as to bring in greater return to shareholders.

## Staff

The Group puts emphasis on training and cultivating elite talent. We are committed to providing a dynamic and enthusiastic working atmosphere and increase hiring talents of all fields. As at 31st March, 2014, the Group employed 351 staff. The Group provides its staff with other benefits including discretionary bonus, contributory provident fund, share options and medical insurance. Staff training is also provided as and when required.

## Appreciation

On behalf of the Board, I would like to thank my fellow Directors and our dedicated staff for their hard work and contribution during the year.

**Abraham Shek Lai Him**

*Chairman*

Hong Kong, 26th June, 2014

# CORPORATE INFORMATION

Honorary Chairman	Alan Chuang Shaw Swee
Directors	Abraham Shek Lai Him, G.B.S., J.P.* ( <i>Chairman</i> ) Lee Sai Wai ( <i>Deputy Chairman</i> ) Albert Chuang Ka Pun ( <i>Deputy Chairman</i> ) Ann Li Mee Sum ( <i>Managing Director</i> ) Chong Ka Fung Sunny Pang Chun Kit Wong Chung Wai David Chu Yu Lin, S.B.S., J.P.* Andrew Fan Chun Wah*
	* <i>Independent Non-Executive Directors</i>
Audit Committee/ Nomination Committee/ Remuneration Committee	Abraham Shek Lai Him, G.B.S., J.P.# David Chu Yu Lin, S.B.S., J.P. Andrew Fan Chun Wah
Corporate Governance Committee	Albert Chuang Ka Pun Ann Li Mee Sum# Chong Ka Fung
	# <i>Chairman of the relevant committee</i>
Company Secretary	Lee Wai Ching
Auditor	PricewaterhouseCoopers 22nd Floor, Prince's Building, 10 Chater Road, Central, Hong Kong
Registrars	<b>Bermuda:</b> MUFG Fund Services (Bermuda) Limited 26 Burnaby Street, Hamilton HM 11, Bermuda  <b>Hong Kong:</b> Tricor Progressive Limited Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong

## Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited  
HSBC Bank (China) Company Limited  
Hang Seng Bank Limited  
Hang Seng Bank (China) Limited  
Bank of China (Hong Kong) Limited  
China Construction Bank Corporation

## Registered Office

Clarendon House, 2 Church Street,  
Hamilton HM 11, Bermuda

## Principal Office in Hong Kong

25th Floor, Alexandra House,  
18 Chater Road, Central, Hong Kong  
Telephone: (852) 2522 2013  
Facsimile: (852) 2810 6213  
Email address: [chuangs@chuangs.com.hk](mailto:chuangs@chuangs.com.hk)  
Website: [www.chuang-china.com](http://www.chuang-china.com)

## Other Offices in Hong Kong and in the People's Republic of China (the "PRC")

### **Tsuen Wan Office**

Yuen Sang Watch Industries Limited  
1st Floor, 100 Texaco Road,  
Tsuen Wan, New Territories, Hong Kong

### **Beijing Office**

Chuang's Development (Beijing) Limited  
Unit 608B, 6th Floor, China Resources Building,  
No. 8 Jianguomenbei Avenue,  
Beijing, the PRC

### **Guangzhou Office**

Guangzhou Panyu Chuang's Real Estate Development Company Limited  
Liangang Road, Guangzhou,  
Guangdong, the PRC

### **Dongguan Office**

Dongguan Chuang's Real Estate Development Company Limited  
1st Floor, Chuang's New City Administrative Centre,  
No. 8 Chuang's Road, Dongguan,  
Guangdong, the PRC

# CORPORATE INFORMATION (CONTINUED)

## Other Offices in Hong Kong and in the PRC (Continued)

### **Anshan Office**

Anshan Chuang's Property Development Company Limited  
Anshan Chuang's Real Estate Development Company Limited  
No. 738 Jian Guo Road,  
Tie Dong Qu, Anshan,  
Liaoning, the PRC

### **Xiamen Office**

Xiamen Mingjia Binhai Resort Company Limited  
Room F, 24th Floor,  
International Bank Building,  
No. 8 Lujiang Road, Xiamen,  
Fujian, the PRC

### **Chengdu Office**

Chengdu Chuang's Investment Services Limited  
Room 1204, Block B,  
Air China Century Centre,  
No. 1 Hangkong Road,  
Chengdu, Sichuan, the PRC

## Sales Offices in the PRC

### **Chuang's Le Papillon Sales Office**

Liangang Road, Guangzhou,  
Guangdong, the PRC

### **Imperial Garden Sales Office**

Ground Floor, Chuang's New City Administrative Centre,  
No. 8 Chuang's Road, Dongguan,  
Guangdong, the PRC

### **Chuang's Mid-town Sales Office**

No. 738 Jian Guo Road,  
Tie Dong Qu, Anshan,  
Liaoning, the PRC

## Stock Code

298

# BIOGRAPHICAL DETAILS OF HONORARY CHAIRMAN, DIRECTORS AND SENIOR MANAGEMENT

## Honorary Chairman

**Mr. Alan Chuang Shaw Swee** (aged 62), the honorary chairman of the Company, is the chairman of Chuang's Consortium International Limited ("Chuang's Consortium", the controlling shareholder of the Company) and the honorary chairman of Midas International Holdings Limited ("Midas"), both are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). He has extensive experience in business development and investment in Hong Kong, the People's Republic of China (the "PRC") and Southeast Asia. With his substantial connections, he has been actively involved in the development and management of investments in Hong Kong, the PRC and Southeast Asia. He was an Adviser of Hong Kong Affairs and a member of the Selection Committee for the Government of the Hong Kong Special Administrative Region. He is a member of the National Committee of The Chinese People's Political Consultative Conference, a standing committee member of All-China Federation of Returned Overseas Chinese, the Honorary President of the Association for the Promotion of Global Chinese Traders Fraternity Ltd., the Honorary member of Guangzhou Panyu Overseas Exchanges Association, the Vice President of China Federation of Overseas Chinese Entrepreneurs and the Committee for the Promotion of Fujian-Taiwan Economic Cooperation, the Honorary President of Hunan Overseas Friendship Association and Fujian International Culture & Economy Exchange Foundation, an economic adviser to Chengdu, Sichuan, an overseas consultant to Sichuan Provincial Overseas Exchanges Association, an Honorary Citizen of Xiamen City, Guangzhou City and Chia-Yi, Taiwan and an executive director of the Board of Trustees of Jimei University, Xiamen City. He is also the Vice President of the Hong Kong Factory Owners Association, the Honorary President of the Hong Kong Federation of Overseas Chinese Association, a director of the Chinese General Chamber of Commerce, a director of The Real Estate Developers Association of Hong Kong, the Senate of the Democratic Alliance for the Betterment and Progress of Hong Kong, the Life Honorary President of the General Association of Xiamen (H.K.) Ltd., the Permanent President of Hong Kong Huian Natives Association, the Life Honorary President of Chuang & Yen Clansmen's General Association and a director of the Friends of Hong Kong Association Ltd..

## Directors

**Mr. Abraham Shek Lai Him** G.B.S., J.P., (aged 69), was appointed as the chairman and an independent non-executive director of the Company in April 2008. He is currently a member of the Legislative Council for the Hong Kong Special Administrative Region, the Court of The Hong Kong University of Science & Technology, the Court and the Council of The University of Hong Kong and the vice chairman of Independent Police Complaints Council. He holds a Bachelor degree of Arts. He is also an independent non-executive director of Chuang's Consortium, Midas, Paliburg Holdings Limited, Lifestyle International Holdings Limited, NWS Holdings Limited, ITC Corporation Limited, Country Garden Holdings Company Limited, Hop Hing Group Holdings Limited, MTR Corporation Limited, SJM Holdings Limited, Dorsett Hospitality International Limited, ITC Properties Group Limited, China Resources Cement Holdings Limited, Lai Fung Holdings Limited and Cosmopolitan International Holdings Limited, all are listed on the Stock Exchange, and a director of The Hong Kong Mortgage Corporation Limited. Mr. Shek is also an independent non-executive director of Eagle Asset Management (CP) Limited, the manager of Champion Real Estate Investment Trust, and Regal Portfolio Management Limited, the manager of Regal Real Estate Investment Trust, both trusts are listed on the Stock Exchange.

**Mr. Lee Sai Wai** (aged 77), the deputy chairman, has over 29 years of experience in the manufacturing and property sectors. He is a graduate of Shanghai Fudan University. Mr. Lee was a member of The Seventh and The Eighth Sichuan Committee of The Chinese People's Political Consultative Conference. He is an executive council of Sichuan Overseas Friendship Association, Hunan Overseas Friendship Association, Guangzhou Panyu Overseas Friendship Association and Sichuan Provincial Overseas Exchanges Association, the vice president of Sichuan Association of Chinese Entrepreneurs, Chengdu Overseas Exchanges Association and Changsha Overseas Friendship Association, and an adviser of Chengdu Overseas Friendship Association and Hunan Federation of Returned Overseas Chinese. He is also the vice president of the Hong Kong Sichuan Friendship Association Company Limited and an executive council of the Hong Kong Factory Owners Association.

# BIOGRAPHICAL DETAILS OF HONORARY CHAIRMAN, DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

## Directors (Continued)

He is the brother-in-law of Mr. Alan Chuang Shaw Swee, the controlling shareholder and an executive director of Chuang's Consortium, and the uncle of Mr. Albert Chuang Ka Pun and Mr. Chong Ka Fung. He joined the Group in 1992.

**Mr. Albert Chuang Ka Pun** (aged 34), the deputy chairman, has over 10 years of experience in property business and general management. He is also an executive director of Chuang's Consortium. He holds a Bachelor degree of Arts with major in Economics. He is a committee member (the Hong Kong Special Administrative Region) of the Tianjin Municipal Committee of the Chinese People's Political Consultative Conference and the Eleventh All-China Youth Federation. Mr. Chuang is the son of Mr. Alan Chuang Shaw Swee. He is also the nephew of Mr. Lee Sai Wai and the brother of Mr. Chong Ka Fung. He joined the Group in 2008.

**Miss Ann Li Mee Sum** (aged 53), the managing director, has over 28 years of experience in accounting, finance, investment banking and business management. She holds a Master degree in Business Administration and is an associate member of the Chartered Institute of Management Accountants. She joined the Group in 1999.

**Mr. Chong Ka Fung** (aged 29), an executive director, has over 4 years of experience in architecture, interior design and general management. He is also an executive director of Chuang's Consortium. He holds a Bachelor degree of Fine Arts in Architecture Design covering architecture; interior; and urban planning. He is a member of The Y. Elites Association Limited, The Chinese General Chamber of Commerce, the Hong Kong Huian Natives Association, the China Green Building (Hong Kong) Council and the Hong Kong-Shanghai Youth Exchange Promotion Association, a director of the Hong Kong Chang Sha Chamber of Commerce and a committee member of the Hunan Youth Federation. Mr. Chong is the son of Mr. Alan Chuang Shaw Swee. He is also the nephew of Mr. Lee Sai Wai and the brother of Mr. Albert Chuang Ka Pun. He joined the Group in 2012.

**Mr. Sunny Pang Chun Kit** (aged 56), an executive director, has over 36 years of experience in construction and real estate development business. He holds a Master of Science degree in Construction and Project Management and is a member of the Chartered Institute of Building and the Architects and Surveyors Institute, United Kingdom and an associate member of the Hong Kong Institution of Engineers. He joined the Group in 1992.

**Mr. Wong Chung Wai** (aged 45), an executive director, has over 22 years of experience in architecture, project management and contract administration. He is also an executive director of Chuang's Consortium. He holds a Bachelor degree of Science in Building Technology and Management and is an associate member of both the Hong Kong Institute of Surveyors and the Royal Institution of Chartered Surveyors. He joined the Group in 2009.

**Mr. David Chu Yu Lin** S.B.S., J.P., (aged 70), was appointed as an independent non-executive director in 1997. Mr. Chu has extensive experience in finance, banking and property investment. He holds a Bachelor of Science degree and a Master of Science degree, both from Northeastern University, and a Master of Business Administration degree from Harvard University. Mr. Chu was conferred with an Honorary Doctorate Degree in Public Service by the Northeastern University. He is also an independent non-executive director of Chuang's Consortium, AVIC International Holding (HK) Limited and Zhuhai Holdings Investment Group Limited, all are listed on the Stock Exchange. Mr. Chu was elected as a deputy of the Hong Kong Special Administrative Region to the 10th National Congress of the PRC.

## Directors (Continued)

**Mr. Andrew Fan Chun Wah** (aged 35), was appointed as an independent non-executive director in 2013. He is a practising certified public accountant in Hong Kong with over 8 years of experience. He holds a Bachelor degree of Business Administration (accounting and finance) and a Bachelor degree in Laws. Mr. Fan is a member of the Association of Chartered Certified Accountants in the United Kingdom and an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Fan is an independent non-executive director of LT Holdings Limited and Milan Station Holdings Limited, both are listed on the Stock Exchange. He is also a committee member of the tenth and eleventh Chinese People's Political Consultative Conference of the Zhejiang Province, the fourth and fifth Chinese People's Political Consultative Conference of Shenzhen and the vice chairman of Zhejiang Province United Youth Association.

## Senior Management

**Mr. Huang Shi Zhao** (aged 58), the general manager of the Group's operation in Guangdong, the PRC. He has over 40 years of experience in legal field, electrical engineering, property development, construction project, administration and management. He is a university graduate in PRC laws and is a National Constructor (Class II) in the PRC. He is the vice president of Dongguan City Association of Enterprises with Foreign Investment and the executive vice president of The Association of Foreign Investment Enterprises of Shatian, Dongguan. He joined the Group in 1993.

**Mr. Wang Qingwu** (aged 44), the assistant director of the Group's PRC property division. He has 23 years of experience in land acquisition, business development, project management and general management. He holds a Bachelor degree in Architectural Engineering. He joined the Group in 2006.

**Mr. Tao Jun** (aged 50), the deputy general manager of the Group's development project in Panyu, the PRC. He has over 28 years of experience in construction project management. He is a university graduate with major in Industrial and Civil Construction and holds a senior engineer qualification in Hubei, the PRC. He joined the Group in 2004.

**Mr. Chen Feng** (aged 32), the deputy general manager of the Group's development project in Panyu, the PRC. He has over 7 years of experience in construction project management. He holds a Master degree in construction management. He joined the Group in 2007.

**Mr. Zhuang Xue Nong** (aged 40), the general manager of the Group's project in Changsha, Hunan, the PRC. He has over 19 years of experience in real estate and project management, construction, administration, marketing and finance. He holds a postgraduate certificate in Economic Management. He joined the Group in 2003.

**Mr. Zhuang Xueyu** (aged 41), the deputy general manager of the Group's hotel development and management project in Xiamen, the PRC. He has over 17 years of experience in architectural engineering. He holds a Bachelor degree in Architecture and the PRC Class I Registered Architect Qualification. He joined the Group in 2011.

**Mr. Liu Hua** (aged 40), the deputy general manager of the Group's development project in Dongguan, the PRC. He has over 21 years of experience in construction and project management. He joined the Group in 2003.

**Mr. Guo Caihong** (aged 44), the deputy general manager of the Group's operation in Chengdu and Anshan, the PRC. He has 22 years of experience in project planning, design and management. He joined the Group in 1992.

# BIOGRAPHICAL DETAILS OF HONORARY CHAIRMAN, DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

## Senior Management (Continued)

**Mr. David Yeung Man Yung** (aged 43), the general manager of the Group's manufacturing division. He has 21 years of experience in manufacturing management and trading business. He holds a Bachelor of Science degree in Electrical Engineering and a Master degree in Business Administration. He joined the Group in 2011.

**Ms. Lee Wai Ching** (aged 53), the company secretary, has over 30 years of experience in corporate services and office administration. She holds a Master degree in Business Administration and a Master degree in Laws. She is a fellow of both the Institute of Chartered Secretaries and Administrators in the United Kingdom and the Hong Kong Institute of Chartered Secretaries. She joined the Group in 1998.

# CORPORATE GOVERNANCE REPORT

## Introduction

The Company is committed to achieving a high standard of corporate governance that properly protects and promotes the interests of its shareholders.

The Company has adopted the code provisions set out in the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

## Report on corporate governance practices

### (A) The Board

The board of Directors (the “Board”) is responsible for overseeing the business and strategies of the Company and its subsidiaries (collectively as the “Group”) with the objective of enhancing value for its shareholders.

A Board diversity policy (the “Board Diversity Policy”) has been approved by the Board with effect from 1st September, 2013. A summary of the Board Diversity Policy is extracted below:

The Company continuously seeks to enhance the effectiveness of its Board and to maintain high standards of corporate governance and recognizes and embraces the benefits of diversity in the boardroom. The Company sees diversity as a wide concept and believes that a diversity of perspectives can be achieved through consideration of a number of factors, including but not limited to gender, age, cultural and educational background, and professional experience and skills. In informing its perspective on diversity, the Company will also take into account factors based on its own business model and specific needs from time to time.

The Company endeavours to ensure that its Board has the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of its business strategy for sustainable and balanced development.

Board appointments shall be made on a merit basis and candidates will be considered against objective criteria, with due regard for the benefits of diversity on the Board. The Board believes that such merit-based appointments will best enable the Company to serve its shareholders and other stakeholders as a whole.

# CORPORATE GOVERNANCE REPORT (CONTINUED)

## Report on corporate governance practices (Continued)

### (A) The Board (Continued)

(i) *Board composition*

The Board comprises 9 Directors as at the date of this report. The Board members are as follows:

<b>Name</b>	<b>Position</b>
Mr. Abraham Shek Lai Him ("Mr. Abraham Shek")	Chairman and Independent Non-Executive Director
Mr. Lee Sai Wai*	Deputy Chairman
Mr. Albert Chuang Ka Pun* ("Mr. Albert Chuang")	Deputy Chairman
Miss Ann Li Mee Sum ("Miss Ann Li")	Managing Director
Mr. Chong Ka Fung* ("Mr. Edwin Chong")	Executive Director
Mr. Sunny Pang Chun Kit ("Mr. Sunny Pang")	Executive Director
Mr. Wong Chung Wai	Executive Director
Mr. David Chu Yu Lin ("Mr. David Chu")	Independent Non-Executive Director
Mr. Andrew Fan Chun Wah ("Mr. Andrew Fan")	Independent Non-Executive Director

\* *Mr. Lee Sai Wai is the uncle of Mr. Albert Chuang and Mr. Edwin Chong. Mr. Albert Chuang is the brother of Mr. Edwin Chong.*

The composition of the Board is well balanced with each Director having sound knowledge, experience and/or expertise relevant to the business of the Group. The Board has on a regular basis reviewed the composition of the Board and the skills and experience required for both the Executive and Independent Non-Executive Directors of the Board, in the context of the business and strategies of the Company. Each of the Directors' respective biographical details are set out in the section headed "Biographical Details of Honorary Chairman, Directors and Senior Management" of this annual report.

(ii) *Appointment, re-election and removal of Directors*

There are formal, considered and transparent procedures for the appointment and removal of Directors. All Directors newly appointed to fill a casual vacancy are subject to election at the first general meeting after their appointment. Every Director is subject to retirement by rotation at least once every three years. All Independent Non-Executive Directors are appointed for a term of three years, subject to retirement by rotation as aforesaid.

## Report on corporate governance practices (Continued)

### (A) The Board (Continued)

#### (iii) *Nomination Committee*

A Nomination Committee was established by the Company with clear terms of reference to review the composition of the Board. The Nomination Committee of the Company shall review the Board Diversity Policy annually and recommend any proposed changes to the Board for approval. The Nomination Committee currently comprises three Independent Non-Executive Directors, Mr. Abraham Shek, Mr. David Chu and Mr. Andrew Fan. The committee met once during the year to review the structure, size and composition of the Board and to assess the independence of each Independent Non-Executive Director.

The attendance record of each committee member is as follows:

Name	No. of meeting attended/held
Mr. Abraham Shek*	1/1
Mr. David Chu	1/1
Mr. Andrew Fan	1/1

\* *Chairman of the Nomination Committee*

#### (iv) *Board meetings*

The Board held five meetings during the year. Arrangements were in place to ensure that sufficient notice and adequate information were given to each Director prior to the Board meetings. The Chairman, together with the Managing Director, established the agenda for each Board meeting. Other Directors were invited to include items in the agenda. Minutes of Board meetings were kept in sufficient details to reflect the decisions made in the relevant meetings.

The attendance record of each Director in Board meetings is as follows:

Name	Position	No. of meetings attended/held
Mr. Abraham Shek	Chairman and Independent Non-Executive Director	5/5
Mr. Lee Sai Wai	Deputy Chairman	5/5
Mr. Albert Chuang	Deputy Chairman	4/5
Miss Ann Li	Managing Director	5/5
Mr. Edwin Chong	Executive Director	3/5
Mr. Sunny Pang	Executive Director	4/5
Mr. Wong Chung Wai	Executive Director	5/5
Mr. David Chu	Independent Non-Executive Director	5/5
Mr. Andrew Fan	Independent Non-Executive Director	5/5

#### (v) *Chairman and Chief Executive Officer*

The roles of Chairman and Chief Executive Officer are separated. Currently, Mr. Abraham Shek is the Chairman and Miss Ann Li, the Managing Director, is the Chief Executive Officer.

# CORPORATE GOVERNANCE REPORT (CONTINUED)

## Report on corporate governance practices (Continued)

### (A) The Board (Continued)

#### (vi) Responsibilities of Directors

Each Director of the Company is required to keep abreast of his/her responsibilities as a Director of the Company and each Director is provided in a timely manner with appropriate information of the Group to enable him/her to make an informed decision and to discharge his/her duties and responsibilities as a Director of the Company. On appointment, new Directors will be given a comprehensive induction to the Group's business.

#### (vii) Directors' dealings in securities

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Listing Rules. Having made specific enquiries of all Directors of the Company, the Company received confirmations from all Directors that they have complied with the required standard as set out in the Model Code.

#### (viii) Independence of Independent Non-Executive Directors

The Company has received, from each of the Independent Non-Executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the Independent Non-Executive Directors are independent.

#### (ix) Directors' training

According to the code provision A.6.5 of the CG Code, all Directors should participate in a programme of continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. The Company should be responsible for arranging and funding training, placing an appropriate emphasis on the roles, functions and duties of the Directors of the Company.

During the year, the Company has arranged seminars and provided reading materials to the Directors that are relevant to their duties and responsibilities. A summary of the training record of each Director received by the Company is as follows:

Name	Reading regulatory updates relating to the director's duties and responsibilities or information relevant to the Group or its business	Reading newspapers, journals and updates relating to the economy, environment and social issues or the director's duties and responsibilities	Attending in-house seminar(s) or seminar(s) organized by external professional institution(s) or attending conference(s) relevant to the director's duties and responsibilities
Mr. Abraham Shek	✓	✓	✓
Mr. Lee Sai Wai	✓	✓	✓
Mr. Albert Chuang	✓	✓	✓
Miss Ann Li	✓	✓	✓
Mr. Edwin Chong	✓	✓	✓
Mr. Sunny Pang	✓	✓	✓
Mr. Wong Chung Wai	✓	✓	✓
Mr. David Chu	✓	✓	✓
Mr. Andrew Fan	✓	✓	✓

## Report on corporate governance practices (Continued)

### (B) Remuneration of Directors and senior management

(i) *Remuneration policy of Executive Directors and senior management*

The Group's remuneration policy seeks to provide a fair market remuneration so as to attract, retain and motivate high quality staff. The Group will set levels of remuneration to ensure comparability and competitiveness with companies competing within a similar talent pool.

(ii) *Fees paid to Independent Non-Executive Directors*

The Chairman, being an Independent Non-Executive Director, entitles to an annual fee of HK\$300,000. Each of the other Independent Non-Executive Directors of the Company entitles to an annual fee of HK\$100,000. In determining such fee, the Board has taken into account the current market conditions. Such fee is also subject to shareholders' approval in annual general meetings.

(iii) *Remuneration Committee*

A Remuneration Committee was established by the Company with clear terms of reference and is responsible for making recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and on the Company's establishment of a formal and transparent procedure for developing remuneration policy.

The Remuneration Committee comprises three Independent Non-Executive Directors, Mr. Abraham Shek, Mr. David Chu and Mr. Andrew Fan. The committee met once during the year to review the remuneration policy of the Group and the management's remuneration proposals with reference to the Board's corporate goals and objectives. The committee performs an advisory role to the Board with the Board retaining the final authority to approve the remuneration packages of Directors and senior management and the model (c)(ii) as stipulated in code provision B.1.2. of the CG Code was adopted.

The attendance record of each committee member is as follows:

<b>Name</b>	<b>No. of meeting attended/held</b>
Mr. Abraham Shek*	1/1
Mr. David Chu	1/1
Mr. Andrew Fan	1/1

\* *Chairman of the Remuneration Committee*

# CORPORATE GOVERNANCE REPORT (CONTINUED)

## Report on corporate governance practices (Continued)

### (C) Accountability and audit

#### (i) Financial reporting

The Board acknowledges that it is its responsibility to prepare the consolidated financial statements and to present a balanced, clear and comprehensive assessment of the performance, position and prospects of the Group in the interim and annual reports of the Group.

The reporting responsibility of the Company's auditor on the consolidated financial statements of the Group is set out in the "Independent Auditor's Report" on pages 65 to 66 of this annual report.

#### (ii) Internal Control

The Board acknowledges that it is its responsibility to ensure that the Group maintains an effective internal control system so as to safeguard the Group's assets and thus shareholders' investments.

In this respect, the Group has adopted internal control procedures relating to financial, operational, compliance and risk management. The objectives are to provide reasonable assurance that assets are safeguarded against unauthorized use or disposition, transactions are executed in accordance with management's authorization, the accounting records are reliable for preparing financial information within the business and for publication and risk is being identified and managed in an effective manner.

Qualified personnel throughout the Group maintains and monitors these internal control procedures on an ongoing basis. Upon the review of the effectiveness of the internal control system of the Group during the year and based on the assessment made by senior management of the Group, the Board, in conjunction with the Audit Committee, is satisfied that the existing internal control procedures of the Group are adequate for its present requirement.

#### (iii) Audit Committee

An Audit Committee was established by the Company with clear terms of reference to review and supervise the financial reporting process and internal controls of the Group. The Audit Committee comprises three Independent Non-Executive Directors, Mr. Abraham Shek, Mr. David Chu and Mr. Andrew Fan. The committee held four meetings during the year to discuss the relationship with the external auditor, to review the interim financial information and annual consolidated financial statements of the Group and to evaluate the internal control system of the Group. The committee has reviewed the consolidated results for the year ended 31st March, 2014 of the Group and this annual report.

The attendance record of each committee member is as follows:

Name	No. of meetings attended/held
Mr. Abraham Shek*	4/4
Mr. David Chu	3/4
Mr. Andrew Fan	4/4

\* Chairman of the Audit Committee

## Report on corporate governance practices (Continued)

### (C) Accountability and audit (Continued)

(iv) *Auditor's remuneration*

During the year, the remuneration paid or payable to the principal auditor, PricewaterhouseCoopers, is set out as follows:

Services rendered	HK\$'000
Audit and audit related services	1,200
Non-audit services	450
	1,650

### (D) Delegation by the Board

(i) *Board Committees*

The Company has established four committees, namely Audit Committee, Nomination Committee, Remuneration Committee and Corporate Governance Committee (the "CG Committee"). These committees were formed with specific clear terms of reference which deal clearly with the committees' authorities and duties.

(ii) *Management function*

The Board has determined which matters are to be retained by the full Board sanction and which matters are to be delegated to the executive management. The executive management has been given clear terms of reference, in particular, circumstances where the executive management should report to and obtain prior approval from the Board. All delegations to executive management are reviewed periodically to ensure that they remain appropriate.

### (E) Corporate Governance

The Board delegated the corporate governance functions to the CG Committee which was established with clear terms of reference and is responsible for developing and reviewing the Company's policies and practices on corporate governance. The CG Committee is also delegated the responsibility to review any potential inside information of the Group and to make recommendations to the Board for any disclosure requirement or actions required.

The CG Committee comprises three Executive Directors, Miss Ann Li, Mr. Albert Chuang and Mr. Edwin Chong. The committee met twice during the year to review the corporate governance matters of the Company to ensure that the Company has complied with the principles and applicable code provisions of the CG Code.

The attendance record of each committee member is as follows:

Name	No. of meetings attended/held
Miss Ann Li *	2/2
Mr. Albert Chuang	2/2
Mr. Edwin Chong	2/2

\* *Chairman of the CG Committee*

# CORPORATE GOVERNANCE REPORT (CONTINUED)

## Report on corporate governance practices (Continued)

### (F) Communication with shareholders

The Company has established a shareholders communication policy with the objectives of enabling its shareholders to exercise their rights in an informed manner and to allow the shareholders and the investment communities to engage actively with the Company. The Board has the responsibility to review the policy regularly to ensure its effectiveness. A summary of the policy is set out below:

(i) *Annual general meeting*

The Board regards annual general meeting as the principal opportunity to meet the shareholders of the Company. All Directors (including the Chairman and members of the respective Board Committees) attended the annual general meeting of the Company held on 19th September, 2013 (the "2013 AGM") to answer questions raised by the shareholders.

The attendance record of each Director in the 2013 AGM is as follows:

Name	Position	Attendance
Mr. Abraham Shek	Chairman and Independent Non-Executive Director	Yes
Mr. Lee Sai Wai	Deputy Chairman	Yes
Mr. Albert Chuang	Deputy Chairman	Yes
Miss Ann Li	Managing Director	Yes
Mr. Edwin Chong	Executive Director	Yes
Mr. Sunny Pang	Executive Director	Yes
Mr. Wong Chung Wai	Executive Director	Yes
Mr. David Chu	Independent Non-Executive Director	Yes
Mr. Andrew Fan	Independent Non-Executive Director	Yes

(ii) *Significant issues*

The Company has ensured that any significant issue to be dealt with in general meetings will be proposed as a separate resolution.

(iii) *Voting by poll*

Pursuant to Rule 13.39(4) of the Listing Rules, votes of shareholders in all general meetings of the Company have been taken by poll and results of the poll have been announced in accordance with the procedures prescribed under Rule 13.39(5) of the Listing Rules.

(iv) *Corporate documents available in websites of the Company and the Stock Exchange*

The Company has placed on the websites of the Company and the Stock Exchange the announcements, circulars, annual/interim reports, notices of general meetings and other information of the Company as required by the Listing Rules.

(v) *Shareholders' enquiries*

Shareholders of the Company may direct their questions about their shareholdings to the Company's share registrar and all other questions to the Board.

## Report on corporate governance practices (Continued)

### (G) Shareholders' rights

#### (i) *Convening a special general meeting*

Pursuant to Bye-law no. 57 of the Company, shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require a special general meeting ("SGM") to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three months from the said date. The written requisition must state the purposes of the general meeting and is signed by the shareholder(s) concerned and may consist of several documents in like form, each signed by one or more of those shareholders.

If the requisition is in order, the secretary of the Company will ask the Board to convene a SGM by serving sufficient notice in accordance with the statutory requirements to all the shareholders. On the contrary, if the requisition is invalid, the shareholders concerned will be advised of this outcome and accordingly, a SGM will not be convened as requested.

#### (ii) *Enquiries to the Board*

Shareholders of the Company will have the opportunity to ask questions to the Board in general meetings. Shareholders of the Company may also make enquires to the Board at their discretion. Such enquiries shall be made in writing directed to "The Board of Directors, Chuang's China Investments Limited" by one of the following means:

- By mail to : 25th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong
- By email to : china-board@chuangs.com.hk
- By facsimile to : (852) 2810 6213

The Board will respond promptly to proper enquiries raised by the shareholders.

# CORPORATE GOVERNANCE REPORT (CONTINUED)

## Report on corporate governance practices (Continued)

### (G) Shareholders' rights (Continued)

#### (iii) Putting forward proposals at shareholders' meetings

(a) Shareholders may put forward proposals relating to the election of Directors in general meetings as follows:

- Pursuant to Bye-law no. 88 of the Company, a shareholder or shareholders (not being the person to be proposed) who holds or collectively hold not less than 5% in the nominal value of the issued shares of any class of the Company may propose a person for election as a Director at any general meeting of the Company by giving the secretary of the Company a notice in writing:
  - of his/their intention to propose such person for election; and
  - signed by the person to be proposed of his willingness to be elected.
- Any notice given for such proposal must include such person's information as may from time to time be required to be disclosed under Rule 13.51(2) of the Listing Rules in the event that such person is elected as a Director or any other applicable laws, rules and regulations which the Company may be subject to. Currently, the following information are required:
  - Full name and age;
  - Positions held with the Company and other members of the Group (if any);
  - Experience including (i) other directorships held in the last three years in public companies, the securities of which are listed on any securities market in Hong Kong or overseas, and (ii) other major appointments and professional qualifications;
  - Length or proposed length of service with the Company;
  - Relationships with any Directors, senior management or substantial or controlling shareholders of the Company;
  - His interests in shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong);
  - Amount of the Director's or supervisor's emoluments and the basis of determining the Director's or supervisor's emoluments and how much of these emoluments are covered by a service contract; and
  - A declaration by the nominated person stating that he is not and has not been subject to any of the events provided for under Rule 13.51(2)(h) to (w) of the Listing Rules, or if any one or more of these provisions are applicable to him, full details thereof.

## Report on corporate governance practices (Continued)

### (G) Shareholders' rights (Continued)

#### (iii) Putting forward proposals at shareholders' meetings (Continued)

##### (a) (Continued)

- Any notice given for this purpose shall be directed to "The secretary, Chuang's China Investments Limited" by one of the following means:
    - By mail to : 25th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong
    - By email to : chuangs@chuangs.com.hk
    - By facsimile to : (852) 2810 6213
  - Any such shareholder(s) shall be one(s) that is/are entitled to attend and vote at the meeting for which such notice is given.
  - The minimum length of the period, during which such notice(s) are given, shall be at least seven (7) days and that the period for lodgement of such notice(s) shall commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting. If the notice is received less than fifteen (15) business days prior to that general meeting, the Company will need to consider adjournment of the general meeting in order to (i) assess the suitability of the proposed candidate; and (ii) publish an announcement or circulate a supplementary circular in relation to the proposal to the shareholders at least fourteen (14) clear days and not less than ten (10) business days prior to the general meeting.
- (b) Except for proposals relating to the election of Directors which should follow the procedures mentioned in (a) above, shareholders may put forward proposals at general meetings by following the requirements and procedures as set out in sections 79 and 80 of the Companies Act 1981 of Bermuda (the "Act"). Specifically, such shareholders should:
- Collectively hold not less than one-twentieth of the total voting rights of all shareholders of the Company having at the date of the requisition the right to vote at the meeting to which the requisition relates, or constitute not less than 100 shareholders.
  - Submit a written request stating the resolution intended to be moved at the annual general meeting ("AGM"), or a statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or business to be dealt with at that general meeting.

# CORPORATE GOVERNANCE REPORT (CONTINUED)

## Report on corporate governance practices (Continued)

### (G) Shareholders' rights (Continued)

#### (iii) Putting forward proposals at shareholders' meetings (Continued)

##### (b) (Continued)

- The written request/statement must be signed by such shareholders, or two more copies which between them contain the signatures of all such shareholders, and deposited at the registered office of the Company at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal office in Hong Kong at 25th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong, for the attention of the secretary of the Company:
  - In the case of a requisition requiring notice of a resolution, not less than six weeks before the meeting; and
  - In the case of any other requisition, not less than one week before the meeting, provided that if, after a copy of the requisition requiring notice of a resolution has been deposited at the registered office of the Company, an AGM is called for a date six weeks or less after the copy has been deposited, the copy though not deposited within the time required by section 80 of the Act shall be deemed to have been properly deposited for the purposes thereof.
- If the written request is in order, the secretary will ask the Board (i) to include the resolution in the agenda for the AGM; or (ii) to circulate the statement for the general meeting, provided that the shareholder(s) concerned have deposited a sum of money reasonably determined by the Board sufficient to meet the Company's expenses in serving the notice of the resolution and/or circulating the statement submitted by the shareholder(s) concerned in accordance with the statutory requirements to all the registered shareholders. On the contrary, if the requisition is invalid or the shareholder(s) concerned have failed to deposit sufficient money to meet the Company's expenses for the said purposes, the shareholder(s) concerned will be advised of this outcome and accordingly, the proposed resolution will not be included in the agenda for the AGM; or the statement will not be circulated for the general meeting.
- Any questions relating to putting forward proposals at shareholders' meetings should be directed in writing to "The Board of Directors, Chuang's China Investments Limited" by one of the following means:
  - By mail to : 25th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong
  - By email to : china-board@chuangs.com.hk
  - By facsimile to : (852) 2810 6213

### (H) Amendments to constitutional documents of the Company

No amendments had been made to the constitutional documents of the Company during the year ended 31st March, 2014.

## Conclusion

Except as mentioned above, the Company has complied with the code provisions of the CG Code for the year ended 31st March, 2014.

On behalf of the Board of  
**Chuang's China Investments Limited**

**Ann Li Mee Sum**  
*Managing Director*

Hong Kong, 26th June, 2014

# REPORT OF THE DIRECTORS

The board of Directors (the “Board”) presents the audited consolidated financial statements of the Company and its subsidiaries (collectively as the “Group”) for the year ended 31st March, 2014.

## Principal activities and geographical analysis of operations

The principal activity of the Company is investment holding and those of its principal subsidiaries are set out in note 42 to the consolidated financial statements.

Analysis of the performance of the Group for the year by business lines and geographical segments is set out in note 6 to the consolidated financial statements.

## Results and dividends

The consolidated results of the Group for the year are set out in the consolidated income statement on page 67.

After taking into account the working capital requirements for the Group’s projects and businesses and for the acquisition of suitable investments, the Board has resolved to recommend for the shareholders’ approval at the forthcoming annual general meeting of the Company (the “AGM”) the payment of a final dividend of 4.0 HK cents (2013: 2.0 HK cents) per share for the year ended 31st March, 2014. The final dividend, if approved, will be paid on or before 14th November, 2014 by allotment of new shares with a cash option to the shareholders whose names appear on the Company’s register of members on 3rd October, 2014.

Subject to the Listing Committee of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) granting listing of and permission to deal in the new shares to be issued pursuant to the scrip dividend scheme, new share entitlements will be calculated by reference to the par value of the shares of the Company, being HK\$0.05, or the average of the closing prices on the Stock Exchange of the shares of the Company for the five consecutive trading days up to and including 3rd October, 2014, whichever is higher.

An interim dividend of 1.0 HK cent (2013: 1.0 HK cent) per share has been paid in respect of the current financial year. Total dividends for the year will amount to 5.0 HK cents (2013: 3.0 HK cents) per share, representing an increase of 66.7%.

## Subsidiaries

Particulars regarding the principal subsidiaries of the Company are set out in note 42 to the consolidated financial statements.

## Property, plant and equipment

Movements in property, plant and equipment of the Group during the year are set out in note 16 to the consolidated financial statements.

## Share capital

Movements in share capital of the Company during the year are set out in note 32 to the consolidated financial statements.

## Donations

During the year, the Group made charitable donations and sponsorships amounting to approximately HK\$4,881,000.

## Pre-emptive rights

No pre-emptive rights exist in Bermuda being the jurisdiction in which the Company is incorporated.

## Reserves

Movements in reserves of the Company and the Group during the year are set out in note 33 to the consolidated financial statements. Total distributable reserves of the Company amounted to approximately HK\$602,353,000 as at 31st March, 2014.

## Particulars of principal properties

Particulars of principal properties held by the Group as at 31st March, 2014 are set out on page 130 to page 131.

## Financial summary

A summary of financial information of the Group for the last five financial years is set out on page 132.

## Directors

The Directors of the Company during the year and up to the date of this report are as follows:

Mr. Abraham Shek Lai Him ("Mr. Abraham Shek")

Mr. Lee Sai Wai

Mr. Albert Chuang Ka Pun ("Mr. Albert Chuang")

Miss Ann Li Mee Sum ("Miss Ann Li")

Mr. Chong Ka Fung ("Mr. Edwin Chong")

Mr. Sunny Pang Chun Kit ("Mr. Sunny Pang")

Mr. Wong Chung Wai

Mr. David Chu Yu Lin

Mr. Andrew Fan Chun Wah ("Mr. Andrew Fan")

In accordance with the Company's Bye-law nos. 86(2) and 86(3), and Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), Mr. Lee Sai Wai, Mr. Sunny Pang and Mr. Abraham Shek will retire from the Board at the AGM and, being eligible, will offer themselves for re-election at the AGM.

## Directors' rights to acquire shares or debentures

Other than the share option scheme adopted by the Company as disclosed in the section headed "Share option scheme" below, and the share option schemes adopted by Chuang's Consortium International Limited ("CCIL") and Midas International Holdings Limited ("Midas"), at no time during the year was the Company, any of its holding companies or its subsidiaries and fellow subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## REPORT OF THE DIRECTORS (CONTINUED)

### Directors' interests and short positions in shares, underlying shares and debentures

As at 31st March, 2014, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which have been notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Directors and chief executive of the Company would be taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of Part XV of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), to be notified to the Company and the Stock Exchange were as follows:

Name of Director	Interests in the Company		
	Number of shares	Capacity	Percentage of shareholding
Mr. Lee Sai Wai	808,000	Beneficial owner	0.05
Mr. Sunny Pang	620,000	Beneficial owner	0.04

Name of Director	Interests in CCIL		
	Number of shares	Capacity	Percentage of shareholding
Mr. Lee Sai Wai	208,331,296	Note	12.10
Mr. Albert Chuang	1,272,599	Beneficial owner	0.07

*Note: Interests in 207,608,072 shares in CCIL arose by attribution through his spouse who is a discretionary object and the trustee of a discretionary trust which owned such shares. The remaining interests in 723,224 shares in CCIL is beneficially owned by the Director.*

Name of Director	Interests in Midas		
	Number of shares	Capacity	Percentage of shareholding
Mr. Abraham Shek	30,000	Beneficial owner	0.0014

Save as disclosed, during the year under review, none of the Directors and chief executive of the Company nor their spouses or children under 18 years of age were granted or had exercised any right to subscribe for any securities of the Company or any of its associated corporations.

Other than as disclosed herein, as at 31st March, 2014, none of the Directors and chief executive of the Company had any interests or short positions in shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had to be notified to the Company and the Stock Exchange pursuant to the provisions of 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 which were required, pursuant to Section 352 of Part XV of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

## Directors' interests in contracts

There was no contract of significance in relation to the Company's business to which the Company or any of its subsidiaries was a party and in which a Director had, whether directly or indirectly, a material interest subsisted at the end of the year or at any time during the year.

## Directors' service contracts

None of the Directors has any service contract with the Company or any of its subsidiaries not terminable by the employing company within one year without payment of compensation (other than statutory compensation).

## Substantial shareholders

So far as is known to any Directors or chief executive of the Company and save as disclosed in the section headed "Directors' interests and short positions in shares, underlying shares and debentures" above, as at 31st March, 2014, the interests and short positions of person in the shares and underlying shares of the Company which would fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required, pursuant to Section 336 of Part XV of the SFO, to be entered in the register referred to therein were as follows:

Name of Shareholder	Number of shares of the Company	Capacity	Percentage of shareholding
Profit Stability Investments Limited ("PSI")	907,869,949	Beneficial Owner	56.90
CCIL	907,869,949	Note 1	56.90
Evergain Holdings Limited ("Evergain")	907,869,949	Note 1	56.90
Mr. Alan Chuang Shaw Swee ("Mr. Alan Chuang")	907,869,949	Note 1	56.90
Mrs. Chong Ho Pik Yu	907,869,949	Note 2	56.90

Note 1: Interests in 907,869,949 shares of the Company arose through the interests in the relevant shares owned by PSI, a wholly-owned subsidiary of CCIL. Mr. Alan Chuang is entitled to exercise or control the exercise of one third or more of the voting power in general meetings of CCIL through Evergain, a company beneficially owned by Mr. Alan Chuang. Mr. Albert Chuang and Mr. Edwin Chong are directors of CCIL and Evergain, and Mr. Albert Chuang is also a director of PSI.

Note 2: Such interests arose by attribution through her spouse, Mr. Alan Chuang.

Save as disclosed above, as at 31st March, 2014, there was no other person who was recorded in the register of the Company as having interests and short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which was required, pursuant to Section 336 of Part XV of the SFO, to be entered in the register referred to therein.

## Controlling shareholder's interests in contracts

There was no contract of significance between the Company or any of its subsidiaries and the controlling shareholder or any of its subsidiaries at the balance sheet date or at any time during the year and up to the date of this report.

## Borrowings

Bank borrowings of the Group are set out in note 34 to the consolidated financial statements.

# REPORT OF THE DIRECTORS (CONTINUED)

## *Pledge of assets*

As at 31st March, 2014, the Group has pledged certain assets including investment properties, properties for sale and bank deposits, with an aggregate carrying value of HK\$202,539,000 (2013: HK\$528,264,000), to secure general banking and financial guarantee facilities granted to the subsidiaries.

## *Purchase, sale or redemption of the Company's listed securities*

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries purchased or sold any of the Company's shares during the year.

## *Major suppliers and customers*

The aggregate purchases attributable to the largest supplier and five largest suppliers of the Group accounted for approximately 49% and 71% of the total purchases of the Group for the year respectively.

The aggregate turnover attributable to the five largest customers of the Group accounted for less than 30% of the total turnover of the Group for the year.

None of the Directors, their associates, or any shareholder (which to the knowledge of the Directors owns more than 5% of the share capital of the Company) has any interest in the five largest suppliers of the Group.

## *Retirement schemes*

Details of retirement schemes of the Group are set out in note 9 to the consolidated financial statements.

## Share option scheme

Pursuant to the ordinary resolution passed in the annual general meeting of the Company held on 31st August, 2012, a share option scheme (the "Scheme") has been adopted.

Summary of the Scheme is set out as follows:

1. Purpose: To give incentive to Directors, employees or business consultants of the Group and any other party as approved under the Scheme
2. Participants: Including, inter alia, Directors, employees or business consultants of the Group
3. Total number of shares available for issue under the Scheme and percentage of the issued share capital that it represents as at the date of the annual report: 152,332,870 shares are available for issue under the Scheme, representing approximately 9.55% of the issued share capital as at the date of this report
4. Maximum entitlement of each participant: 1% of the maximum aggregate number of shares that may be issued within 12 months pursuant to the Scheme
5. Period within which the shares must be taken up under an option: Not applicable. No share option has been granted since the date of adoption of the Scheme on 31st August, 2012
6. Amount payable on acceptance of an option and the period within which payments shall be made: HK\$1.00 payable to the Company upon acceptance of the option which should be taken up within 28 days from the date of offer for option ("Offer Date") (which must be a trading day)
7. The basis of determining the exercise price: No less than the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the Offer Date (which must be a trading day); (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five (5) trading days immediately preceding the Offer Date (which must be a trading day); and (iii) the nominal value of a share
8. The remaining life of the Scheme: Valid until 30th August, 2022 unless otherwise terminated under the terms of the Scheme

# REPORT OF THE DIRECTORS (CONTINUED)

## Update on information of Directors pursuant to Rule 13.51B(1) of the Listing Rules

Changes in the information of Directors during the year and up to the date of this report which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

- (a) Miss Ann Li, the Managing Director of the Company, ceased to be a fellow member of the Hong Kong Institute of Certified Public Accountants with effect from 24th February, 2014.
- (b) Mr. Abraham Shek, an Independent Non-Executive Director of the Company, had been appointed as an independent non-executive director of Cosmopolitan International Holdings Limited with effect from 18th December, 2013. He resigned as an independent non-executive director of Titan Petrochemicals Group Limited and Hsin Chong Construction Group Ltd. with effect from 27th February, 2014 and 12th May, 2014 respectively.
- (c) Mr. Andrew Fan, an Independent Non-Executive Director of the Company, resigned as an independent non-executive director of CIG Yangtze Ports PLC with effect from 1st April, 2014.
- (d) The annual remuneration of the following Directors has been revised since 1st April, 2014:

Name of Director	Revised annual remuneration# HK\$'000
Miss Ann Li	2,471
Mr. Albert Chuang	1,478

# *The annual remuneration includes salary, retirement scheme contribution, other benefits and director's fee, which is determined by reference to the duties and experience as well as the prevailing market conditions.*

## Sufficiency of public float

The Company has maintained a sufficient public float of the Company's securities as required under the Listing Rules throughout the year ended 31st March, 2014 and up to the date of this report.

## Auditor

The consolidated financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board of  
**Chuang's China Investments Limited**

**Ann Li Mee Sum**  
*Managing Director*

Hong Kong, 26th June, 2014

# INDEPENDENT AUDITOR'S REPORT



羅兵咸永道

TO THE SHAREHOLDERS OF  
**CHUANG'S CHINA INVESTMENTS LIMITED**  
*(Incorporated in Bermuda with limited liability)*

We have audited the consolidated financial statements of Chuang's China Investments Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 67 to 129, which comprise the consolidated and company balance sheets as at 31st March, 2014, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

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*PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong*  
*T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com*

# INDEPENDENT AUDITOR'S REPORT (CONTINUED)

## Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31st March, 2014 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

**PricewaterhouseCoopers**

*Certified Public Accountants*

Hong Kong, 26th June, 2014

# CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2014

	Note	2014 HK\$'000	2013 HK\$'000
Revenues	5	<b>804,719</b>	509,502
Cost of sales		<b>(527,942)</b>	(326,167)
Gross profit		<b>276,777</b>	183,335
Other income and net gain	7	<b>137,901</b>	31,721
Selling and marketing expenses		<b>(49,604)</b>	(30,143)
Administrative and other operating expenses		<b>(155,714)</b>	(125,266)
Change in fair value of investment properties	17	<b>1,680</b>	32,084
Operating profit	8	<b>211,040</b>	91,731
Finance costs	10	<b>(1,084)</b>	(683)
Share of result of an associated company	21	<b>828</b>	(449)
Profit before taxation		<b>210,784</b>	90,599
Taxation	12	<b>(104,384)</b>	(54,437)
Profit for the year		<b>106,400</b>	36,162
Attributable to:			
Equity holders	13	<b>110,268</b>	40,390
Non-controlling interests		<b>(3,868)</b>	(4,228)
		<b>106,400</b>	36,162
Dividends	14	<b>79,784</b>	46,855
Earnings per share (basic and diluted)	15	<b>HK cents 7.00</b>	HK cents 2.62

The notes on pages 73 to 129 are an integral part of the consolidated financial statements.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST MARCH, 2014

	2014 HK\$'000	2013 HK\$'000
<b>Profit for the year</b>	<b>106,400</b>	36,162
Other comprehensive income:		
Items that may be reclassified subsequently to profit and loss		
Net exchange differences	<b>(3,550)</b>	17,388
Realization of exchange reserve upon disposal of a subsidiary	<b>(423)</b>	–
Change in fair value of available-for-sale financial assets	<b>9,961</b>	(12,591)
Other comprehensive income for the year	<b>5,988</b>	4,797
<b>Total comprehensive income for the year</b>	<b>112,388</b>	40,959
Total comprehensive income attributable to:		
Equity holders	<b>116,244</b>	44,228
Non-controlling interests	<b>(3,856)</b>	(3,269)
	<b>112,388</b>	40,959

The notes on pages 73 to 129 are an integral part of the consolidated financial statements.

# CONSOLIDATED BALANCE SHEET

AS AT 31ST MARCH, 2014

	Note	2014 HK\$'000	2013 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	16	92,871	97,762
Investment properties	17	257,690	151,754
Land use right	18	1,632	1,664
Properties for/under development	19, 22	352,446	301,734
Associated company	21	8,350	7,522
Available-for-sale financial assets	23	193,934	94,152
Loans and receivables	22, 24	12,550	12,552
		<b>919,473</b>	667,140
<b>Current assets</b>			
Properties for sale	25	1,691,323	1,726,447
Inventories	26	4,760	4,636
Debtors and prepayments	27	309,135	345,451
Pledged bank balances	29	30,440	30,516
Cash and bank balances	29	1,114,628	981,001
		<b>3,150,286</b>	3,088,051
<b>Current liabilities</b>			
Creditors and accruals	30	277,710	129,532
Sales deposits received	31	368,575	330,337
Current portion of long-term bank borrowings	34	259,508	75,500
Taxation payable		211,909	258,166
		<b>1,117,702</b>	793,535
<b>Net current assets</b>		<b>2,032,584</b>	2,294,516
<b>Total assets less current liabilities</b>		<b>2,952,057</b>	2,961,656
<b>Equity</b>			
Share capital	32	79,784	78,092
Reserves	33	2,414,465	2,363,777
Proposed final dividend	33	63,827	31,237
Shareholders' funds		<b>2,558,076</b>	2,473,106
Non-controlling interests		<b>58,507</b>	62,363
<b>Total equity</b>		<b>2,616,583</b>	2,535,469
<b>Non-current liabilities</b>			
Long-term bank borrowings	34	145,155	242,306
Deferred taxation liabilities	35	180,144	173,706
Loans from non-controlling interests	36	10,175	10,175
		<b>335,474</b>	426,187
		<b>2,952,057</b>	2,961,656

**Lee Sai Wai**  
Director

**Albert Chuang Ka Pun**  
Director

The notes on pages 73 to 129 are an integral part of the consolidated financial statements.

# BALANCE SHEET

AS AT 31ST MARCH, 2014

	Note	2014 HK\$'000	2013 HK\$'000
<b>Non-current assets</b>			
Subsidiaries	20	<b>65,036</b>	66,030
<b>Current assets</b>			
Debtors and prepayments	27	<b>588</b>	2,690
Amounts due from subsidiaries	28	<b>2,166,824</b>	2,034,771
Pledged bank balance	29	<b>30,000</b>	30,000
Cash and bank balances	29	<b>406,183</b>	566,236
		<b>2,603,595</b>	2,633,697
<b>Current liabilities</b>			
Creditors and accruals	30	<b>383</b>	780
Amounts due to a subsidiary	28	<b>–</b>	886
		<b>383</b>	1,666
<b>Net current assets</b>		<b>2,603,212</b>	2,632,031
<b>Net assets</b>		<b>2,668,248</b>	2,698,061
<b>Equity</b>			
Share capital	32	<b>79,784</b>	78,092
Reserves	33	<b>2,524,637</b>	2,588,732
Proposed final dividend	33	<b>63,827</b>	31,237
<b>Total equity</b>		<b>2,668,248</b>	2,698,061

**Lee Sai Wai**  
Director

**Albert Chuang Ka Pun**  
Director

The notes on pages 73 to 129 are an integral part of the consolidated financial statements.

# CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2014

	Note	2014 HK\$'000	2013 HK\$'000
<b>Cash flows from operating activities</b>			
Cash from/(used in) operations	39(a)	237,684	(3,513)
Interest paid		(19,460)	(7,096)
Tax paid		(55,422)	(31,718)
Net cash from/(used in) operating activities		162,802	(42,327)
<b>Cash flows from investing activities</b>			
Interest income received		16,823	10,625
Dividend income received from available-for-sale financial assets		2,776	977
Purchase of property, plant and equipment		(8,861)	(9,577)
Purchase of investment properties		(5,859)	–
Purchase of available-for-sale financial assets		(90,913)	(32,206)
Proceeds from disposal of property, plant and equipment		638	33
Decrease/(increase) in pledged bank balances		76	(29,795)
Decrease/(increase) in bank deposits maturing more than three months from date of placement		8,787	(15,224)
Net cash used in investing activities		(76,533)	(75,167)
<b>Cash flows from financing activities</b>			
New bank borrowings		209,760	316,130
Repayment of bank borrowings		(121,642)	(43,190)
Dividends paid to shareholders		(31,274)	(30,068)
Net cash from financing activities		56,844	242,872
<b>Net increase in cash and cash equivalents</b>			
Cash and cash equivalents at the beginning of the year		965,777	836,049
Exchange difference on cash and cash equivalents		(699)	4,350
<b>Cash and cash equivalents at the end of the year</b>	39(b)	<b>1,108,191</b>	965,777

The notes on pages 73 to 129 are an integral part of the consolidated financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST MARCH, 2014

	Attributable to equity holders of the Company						Total HK\$'000
	Share capital HK\$'000	Other reserves HK\$'000	Retained profits HK\$'000	Proposed final dividend HK\$'000	Shareholders' funds HK\$'000	Non- controlling interests HK\$'000	
At 1st April, 2012	76,166	2,239,774	112,539	30,467	2,458,946	65,632	2,524,578
Profit/(loss) for the year	-	-	40,390	-	40,390	(4,228)	36,162
Other comprehensive income: Items that may be reclassified subsequently to profit and loss							
Net exchange differences	-	16,429	-	-	16,429	959	17,388
Change in fair value of available-for-sale financial assets	-	(12,591)	-	-	(12,591)	-	(12,591)
Total comprehensive income/(loss) for the year	-	3,838	40,390	-	44,228	(3,269)	40,959
Transactions with owners:							
2012 final scrip dividend paid	1,926	14,091	-	(30,467)	(14,450)	-	(14,450)
2013 interim dividend paid	-	-	(15,618)	-	(15,618)	-	(15,618)
2013 proposed final scrip dividend	-	-	(31,237)	31,237	-	-	-
At 31st March, 2013	78,092	2,257,703	106,074	31,237	2,473,106	62,363	2,535,469
Profit/(loss) for the year	-	-	110,268	-	110,268	(3,868)	106,400
Other comprehensive income: Items that may be reclassified subsequently to profit and loss							
Net exchange differences	-	(3,562)	-	-	(3,562)	12	(3,550)
Realization of exchange reserve upon disposal of a subsidiary	-	(423)	-	-	(423)	-	(423)
Change in fair value of available-for-sale financial assets	-	9,961	-	-	9,961	-	9,961
Total comprehensive income/(loss) for the year	-	5,976	110,268	-	116,244	(3,856)	112,388
Transactions with owners:							
2013 final scrip dividend paid	1,692	14,228	-	(31,237)	(15,317)	-	(15,317)
2014 interim dividend paid	-	-	(15,957)	-	(15,957)	-	(15,957)
2014 proposed final scrip dividend	-	-	(63,827)	63,827	-	-	-
<b>At 31st March, 2014</b>	<b>79,784</b>	<b>2,277,907</b>	<b>136,558</b>	<b>63,827</b>	<b>2,558,076</b>	<b>58,507</b>	<b>2,616,583</b>

The notes on pages 73 to 129 are an integral part of the consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2014

## 1 General information

Chuang's China Investments Limited (the "Company") is a limited liability company incorporated in Bermuda and listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business in Hong Kong is 25th Floor, Alexandra House, 18 Chater Road, Central.

As at 31st March, 2014, the Company was a 56.9% owned subsidiary of Profit Stability Investments Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of Chuang's Consortium International Limited ("CCIL"), a limited liability company incorporated in Bermuda and listed on the Main Board of the Stock Exchange. The Directors regard CCIL as the ultimate holding company.

The principal activities of the Company and its subsidiaries (collectively as the "Group") are property investment and development, hotel operation and management, manufacturing and sale of watch components and merchandise, and securities investment and trading.

## 2 Summary of significant accounting policies

The significant accounting policies adopted for the preparation of these consolidated financial statements are set out below, which have been consistently applied to all the years presented, unless otherwise stated.

### (a) Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and available-for-sale financial assets at fair values, and in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies of the Group. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

#### *Effect of adopting new standards and amendments to standards*

For the financial year ended 31st March, 2014, the Group adopted the following new standards and amendments to standards that are effective for the accounting periods beginning on or after 1st April, 2013 and relevant to the operations of the Group:

HKAS 1 (Amendment)	Presentation of Financial Statements
HKAS 19 (2011)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities: Transition Guidance
HKFRS 13	Fair Value Measurement
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009–2011 Cycle

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH, 2014

## 2 Summary of significant accounting policies (Continued)

### (a) Basis of preparation (Continued)

#### *Effect of adopting new standards and amendments to standards (Continued)*

The Group has assessed the impact of the adoption of these new standards and amendments to standards and considered that, except for the adoption of HKAS 1 (Amendment) and HKFRS 13 which affected the Group's presentation of the consolidated financial statements and required additional disclosures, there was no other significant impact on the Group's results and financial position nor any substantial changes in the Group's accounting policies and presentation of the consolidated financial statements.

#### *New standards, amendments to standards and interpretation that are not yet effective*

The following new standards, amendments to standards and interpretation have been published which are relevant to the Group's operations and are mandatory for the Group's accounting periods beginning on or after 1st April, 2014, but have not yet been early adopted by the Group:

HKAS 19 (Amendment)	Defined Benefit Plans – Employee Contributions (effective from 1st July, 2014)
HKAS 32 (Amendment)	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities (effective from 1st January, 2014)
HKAS 36 (Amendment)	Impairment of Assets – Recoverable Amount Disclosures for Non-financial Assets (effective from 1st January, 2014)
HKAS 39 (Amendment)	Novation of Derivatives and Continuation of Hedge Accounting (effective from 1st January, 2014)
HKFRS 7 and HKFRS 9 (Amendments)	Financial Instruments: Disclosures – Mandatory Effective Date and Transition Disclosures (effective from 1st January, 2015)
HKFRS 9	Financial Instruments (to be determined)
HKFRS 14	Regulatory Deferral Accounts (effective from 1st January, 2016)
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities (effective from 1st January, 2014)
HK(IFRIC) - Int 21	Levies (effective from 1st January, 2014)
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010–2012 Cycle (effective from 1st July, 2014)
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011–2013 Cycle (effective from 1st July, 2014)

The Group will adopt the above new standards, amendments to standards and interpretation as and when they become effective. The Group has already commenced the assessment of the impact to the Group and is not yet in a position to state whether these would have a significant impact on its results of operations and financial position.

## 2 Summary of significant accounting policies (Continued)

### (b) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31st March and include the share of post-acquisition results and reserves of its associated companies and joint ventures attributable to the Group.

Results attributable to subsidiaries, associated companies and joint ventures acquired or disposed of during the financial period are included in the consolidated income statement from the date of acquisition or up to the date of disposal as applicable.

The gain or loss on disposal of subsidiaries, associated companies or joint ventures is calculated by reference to the share of net assets at the date of disposal including the attributable amount of goodwill not yet written off.

### (c) Subsidiaries

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases.

#### (i) Business combinations

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

If the business combination is achieved in stages, the acquisition-date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognized in the consolidated income statement.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with HKAS 39 either in the consolidated income statement or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH, 2014

## 2 Summary of significant accounting policies (Continued)

### (c) Subsidiaries (Continued)

#### (i) *Business combinations (Continued)*

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference (negative goodwill) is recognized directly in the consolidated income statement.

Intra-group transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

#### (ii) *Disposal of subsidiaries*

When the Group ceases to have control, any retained interest in the subsidiary is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognized in the consolidated income statement. The fair value is the initial carrying amount for the purpose of subsequently accounting for the retained interest as an associated company, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to the consolidated income statement.

#### (iii) *Separate financial statements*

In the balance sheet of the Company, investments in subsidiaries are carried at cost less impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

### (d) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions – that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

## 2 Summary of significant accounting policies (Continued)

### (e) Associated companies

An associated company is a company, not being a subsidiary or a joint venture, in which an equity interest is held for the long-term and significant influence is exercised in its management, accompanying a shareholding of between 20% to 50% of the voting rights.

Investments in associated companies are accounted for under the equity method of accounting and are initially recognized at cost. The investments in associated companies of the Group include goodwill, net of any accumulated impairment loss, identified on acquisition.

If the ownership interest in an associated company is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to the consolidated income statement where appropriate.

The share of post-acquisition profits or losses of associated companies attributable to the Group is recognized in the consolidated income statement, and the share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the share of losses of the Group in an associated company equals or exceeds its interest in the associated company, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associated company.

The Group determines at each balance sheet date whether there is any objective evidence that the investment in associated company is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associated company and its carrying value and recognizes the amount adjacent to "share of result of an associated company" in the consolidated income statement.

Unrealized gains on transactions between the Group and its associated companies are eliminated to the extent of the interest in the associated companies held by the Group. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associated companies have been changed where necessary to ensure consistency with the accounting policies adopted by the Group. Dilution gains and losses arising from investments in associated companies are recognized in the consolidated income statement.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH, 2014

## 2 Summary of significant accounting policies (Continued)

### (f) Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor, rather than the legal structures of the joint arrangements. The Group has assessed the nature of its joint arrangement and applied HKFRS 11 in preparing these consolidated financial statements.

A joint arrangement which does not involve the establishment of a separate entity but involves the joint control and ownership by the Group and other parties of assets contributed to, or acquired for the purpose of, the joint arrangement is accounted for as a joint operation. The Group's share of joint operation and any liabilities incurred jointly with other joint operation partners are recognized and classified according to the nature of the relevant items. Income from the sale or use of the Group's share of the output of joint operation is recognized when it is probable that the economic benefits associated with the transaction will flow to the Group, while the Group's share of expenses in respect of joint operation is recognized as incurred.

### (g) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the share of the net identifiable assets of the acquired subsidiaries, associated companies or joint ventures attributable to the Group at the effective date of acquisition, and in respect of an increase in holding in a subsidiary, it is regarded as transaction with non-controlling interest. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Goodwill on acquisitions of subsidiaries is included in intangible assets while goodwill on acquisitions of associated companies or joint ventures is included in investments in associated companies or joint ventures respectively. If the cost of acquisition is less than the fair value of the net assets acquired, the difference is recognized directly in the consolidated income statement.

Goodwill is tested for impairment at least annually and whenever there is an indication for impairment, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose has been identified according to operating segment.

Impairment testing of the investments in subsidiaries, associated companies and joint ventures is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiaries, associated companies and joint ventures in the period the dividend is declared or if the carrying amounts of the investments in the separate financial statements exceed the carrying amounts in the financial statements of the investee's net assets including goodwill.

## 2 Summary of significant accounting policies (Continued)

### (h) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the carrying amount of the asset or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. All other repairs and maintenance costs are expensed in the consolidated income statement during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives at the following annual rates:

Buildings	2%
Plant and machinery	10% to 20%
Furniture and fixtures	10% to 20%
Other assets	10% to 30%

The residual values and useful lives of the assets are reviewed, and adjusted if appropriate, at each balance sheet date. Where the estimated recoverable amounts have declined below their carrying amounts, the carrying amounts are written down to their estimated recoverable amounts.

Gain or loss on disposal is determined as the difference between the net sales proceeds and the carrying amount of the relevant assets, and is recognized in the consolidated income statement.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH, 2014

## 2 Summary of significant accounting policies (Continued)

### (i) Investment properties

Properties that are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the Group, are classified as investment properties. Investment properties also include properties that are being constructed or developed for future use as investment properties.

Investment properties comprise land held under operating leases and buildings held under finance leases. Land held under operating leases is classified and accounted for as investment properties when the rest of the definition of investment properties is met. The operating lease is accounted for as if it were a finance lease.

Investment property is measured initially at its cost, including related transaction costs and borrowing costs. Borrowing costs incurred for the purpose of acquiring, constructing or producing a qualifying investment property are capitalized as part of its cost. Borrowing costs are capitalized while acquisition or construction is actively underway and will be ceased once the asset is substantially completed, or suspended if the development of the asset is suspended.

After initial recognition, investment property is carried at fair value. Fair value is based on valuations carried out by professional valuers who hold recognized and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis of the carrying amounts in the consolidated financial statements. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

Fair value measurement on property under construction is only applied if the fair value is considered to be reliably measurable.

It may sometimes be difficult to determine reliably the fair value of the investment property under construction. In order to evaluate whether the fair value of an investment property under construction can be determined reliably, management considers the following factors, among others:

- The provisions of the construction contract
- The stage of completion
- Whether the project/property is standard (typical for the market) or non-standard
- The level of reliability of cash inflows after completion
- The development risk specific to the property
- Past experience with similar constructions
- Status of construction permits

## 2 Summary of significant accounting policies (Continued)

### (i) Investment properties (Continued)

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are recognized as liabilities, including finance lease liabilities in respect of leasehold land classified as investment property; others, including contingent rent payments, are not recognized in the consolidated financial statements.

Subsequent expenditure is capitalized to the carrying amount of the property only when it is probable that future economic benefits associated with the property will flow to the Group and the cost can be measured reliably. All other repairs and maintenance costs are expensed in the consolidated income statement during the financial period in which they are incurred.

Changes in fair values of investment properties are recognized in the consolidated income statement. Investment property is derecognized either when it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

Investment properties under construction have been valued at the balance sheet date. All fair value gains or losses, including those unrecognized fair value gains and losses (if the losses have not already been recognized through impairment), are recognized in the consolidated income statement as fair value gains or losses.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment. Its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

Where an investment property undergoes a change in use, evidenced by commencement of development with a view to sale, the property is transferred to inventories. A property's deemed cost for subsequent accounting as inventories is its fair value at the date of change in use.

The investment properties are classified under non-current assets except for those properties which are expected to be disposed of within one year and are classified under current assets.

### (j) Land use rights

Land use rights represent non-refundable rental payments for lease of land. The up-front prepayments made for land use rights are amortized on a straight-line basis over the period of the lease or where there is impairment, the impairment is expensed in the consolidated income statement. The amortization of the land use rights is capitalized under the relevant assets when the properties on the land are under construction. In all other cases, the amortization is recognized in the consolidated income statement. No amortization is provided for the land use rights recorded under properties for sale.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH, 2014

## 2 Summary of significant accounting policies (Continued)

### (k) Properties for/under development

Properties for/under development are stated at cost less impairment losses. Costs include land costs, amortization of land use rights, development and construction expenditures incurred and any borrowing costs capitalized and other direct costs attributable to the development.

Properties under development are classified as properties for sale under current assets unless the construction period of the relevant development project is expected to complete beyond the normal operating cycle.

### (l) Properties for sale

Properties for sale which include properties under development (note 2(k)), completed properties and land use rights for sale are classified under current assets and comprise land costs, development and construction expenditures, any borrowing costs capitalized and other direct costs attributable to the development, less provision for foreseeable losses. Completed properties for sale are carried at the lower of cost and net realizable value. Net realizable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

### (m) Financial assets

The Group classifies its financial assets in the categories of loans and receivables and available-for-sale financial assets. Management determines the classification of its financial assets at initial recognition according to the purpose for which the financial assets are acquired.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than twelve months after the balance sheet date, which are classified as non-current assets. Loans and receivables are carried at amortized cost using effective interest method.

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within twelve months from the balance sheet date. Available-for-sale financial assets are initially recognized at fair value plus transaction cost, and subsequently carried at fair value. Unrealized gains and losses arising from the change in the fair value of available-for-sale financial assets are recognized in other comprehensive income. When available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments are recognized in the consolidated income statement as gains or losses.

Regular purchases and sales of investments are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Investments are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

## 2 Summary of significant accounting policies (Continued)

### (m) Financial assets (Continued)

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of available-for-sale financial assets, a significant or prolonged decline in the fair value below its cost is considered as an indicator that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the consolidated income statement, is removed from equity and recognized in the consolidated income statement. Impairment losses recognized in the consolidated income statement on available-for-sale financial assets are not reversed through the consolidated income statement.

### (n) Inventories

Inventories, which mainly comprise watch components and merchandise, are stated at the lower of cost and net realizable value. Cost is calculated on the first-in first-out basis, weighted average basis or specific identification basis. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

### (o) Trade and other debtors

Trade and other debtors are amounts due from customers for properties and goods and merchandise sold or services performed in the ordinary course of business. If collection of trade and other debtors is expected within one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other debtors are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment, which is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is recognized in the consolidated income statement.

### (p) Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the fair value of an asset less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each balance sheet date.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH, 2014

## 2 Summary of significant accounting policies (Continued)

### (q) Creditors and accruals

Creditors and accruals are obligations to pay for goods or merchandise or services that have been acquired in the ordinary course of business from suppliers. Creditors and accruals are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Creditors and accruals are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

### (r) Provisions

Provisions are recognized when there is a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where a provision is expected to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

### (s) Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company's equity share capital, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to owners of the Company. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to owners of the Company.

### (t) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial liability, including fees and commissions to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently stated at amortized cost; any difference between the proceeds, net of transaction costs, and the redemption value is recognized in the consolidated income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

## 2 Summary of significant accounting policies (Continued)

### (u) Current and deferred taxation

The tax expenses for the year comprise current and deferred taxes. Tax is recognized in the consolidated income statement, except to the extent that it relates to items recognized directly in equity. In this case, the tax is also recognized in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group, its associated companies and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be payable to the tax authorities.

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred taxation assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred taxation assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxation assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

### (v) Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessors are classified as operating leases. Payments made under operating leases, net of any incentives received from the lessor, are charged to the consolidated income statement on a straight-line basis over the period of lease.

### (w) Revenue and income recognition

Revenue is recognized when the amount can be reliably measured, it is probable that future economic benefits will flow to the Group and specific criteria for each of the activities have been met. Revenue is shown net of sales tax, returns, rebates and discounts, allowances for credit and other revenue reducing factors. The Group recognized its revenue and income on the following basis:

- (i) Sales of properties are recognized when the significant risks and rewards of the properties have been passed to the purchasers, which is when the construction of the relevant properties has been completed, notification of delivery of properties has been issued to the purchasers and the collectability of related receivables pursuant to the sale agreements is reasonably assured. Deposits and instalments received on properties sold prior to the transfer of the significant risks and rewards of the properties are included as sales deposits received under current liabilities.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH, 2014

## 2 Summary of significant accounting policies (Continued)

### (w) Revenue and income recognition (Continued)

- (ii) Rental income, net of incentives given to lessees, is recognized on a straight-line basis over the period of the respective leases.
- (iii) Sales of goods and merchandise and scraped materials are recognized on the transfer of risks and rewards of ownership, which generally coincide with the time when goods and merchandise and scraped materials are delivered to the customers and legal title has been passed.
- (iv) Gain or loss from securities trading is recognized on the transaction date when the relevant sale and purchase contracts are entered into.
- (v) Service and management fees are recognized when the services are rendered.
- (vi) Interest income is recognized on a time proportion basis, using the effective interest method, taking into account the principal amounts outstanding and the interest rates applicable.
- (vii) Dividend income is recognized when the right to receive payment is established.

### (x) Borrowing costs

Interest and related costs on borrowings attributable to the construction or acquisition of an asset that necessarily takes a substantial period of time to complete and prepare for its intended use or sale are capitalized as part of the cost of their assets. All other borrowing costs are charged to the consolidated income statement in the financial period in which they are incurred.

### (y) Employee benefits

Contributions to defined contribution retirement schemes such as the Mandatory Provident Fund Scheme in Hong Kong and the respective government employee retirement benefit schemes are charged to the consolidated income statement in the financial period to which the contributions relate. The Group has no further payment obligations once the contributions have been paid. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

Employee entitlements to annual leaves are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick and maternity leaves are not recognized until the time of leaves.

Provisions for bonus entitlements are recognized when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Such bonuses are payable within twelve months from the balance sheet date.

### (z) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, deposits with banks and financial institutions with maturity within three months from the date of placement.

## 2 Summary of significant accounting policies (Continued)

### (aa) Translation of foreign currencies

Transactions included in the financial statements of each of the entities of the Group are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The consolidated financial statements are presented in Hong Kong dollar, which is the functional and presentation currency of the Company.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the exchange rates ruling at the balance sheet date are recognized in the consolidated income statement.

The results and financial position of all the entities in the Group that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each balance sheet presented are translated at the rate of exchange ruling at the date of that balance sheet;
- (ii) income and expenses for each income statement are translated at average exchange rates unless this average rate is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions; and
- (iii) all resulting exchange differences are recognized as a separate component of equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the rate of exchange ruling at the balance sheet date.

On the disposal of a foreign operation (that is, a disposal of the Group’s entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the Company are reclassified to the consolidated income statement.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognized in the consolidated income statement.

### (ab) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (the “CODM”). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors and senior management.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH, 2014

## 2 Summary of significant accounting policies (Continued)

### (ac) Dividend distribution

Dividend distribution to the shareholders of the Company is recognized as a liability in the consolidated financial statements in the financial period in which the dividends are approved by the Company's shareholders or Directors as applicable.

### (ad) Financial guarantee liabilities

Financial guarantee liabilities are recognized in respect of the financial guarantee provided by the Group to banks for mortgage loans made by the banks to certain purchasers of the Group's properties in the People's Republic of China (the "PRC").

Financial guarantee liabilities are recognized initially at fair value plus transaction costs that are directly attributable to the issue of the financial guarantee liabilities. After initial recognition, such guarantees are measured at the higher of the present value of the best estimate of the expenditure required to settle the present obligation and the amount initially recognized less cumulative amortization.

Financial guarantee liabilities are derecognized from the consolidated balance sheet when, and only when, the obligation specified in the guarantees is discharged or cancelled or expired.

## 3 Financial risk management

### (a) Financial risk factors

The activities of the Group expose it to a variety of financial risks including credit risk, liquidity risk, cash flow and fair value interest rate risk, foreign exchange risk and price risk. The overall risk management programme of the Group focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group.

Financial risk management is carried out by the finance department under policies approved by the board of Directors (the "Board"). The Board provides principles for overall risk management, as well as written policies covering specific areas.

#### (i) Credit risk

The maximum exposure to credit risk is represented by the carrying amount of each financial asset (other than available-for-sale financial assets) after deducting any impairment provision in the consolidated balance sheet. The Group's exposure to credit risk arising from debtors and prepayments is set out in note 27.

Credit risk of the Group is primarily attributable to deposits with banks and financial institutions and non-current loans and receivables, as well as credit exposures to customers and other debtors. The Group has credit policies in place and exposures to these credit risks are monitored on an ongoing basis.

The Group manages its deposits with banks and financial institutions by monitoring credit ratings and only places deposits with banks and financial institutions with no history of defaults. As at 31st March, 2014, the monies (including pledged bank balances) placed with Hong Kong and the PRC banks and financial institutions amounted to approximately HK\$440 million (2013: HK\$600 million) and HK\$704 million (2013: HK\$411 million) respectively.

### 3 Financial risk management (Continued)

#### (a) Financial risk factors (Continued)

##### (i) Credit risk (Continued)

In respect of credit exposures to customers, the Group normally receives deposits or progress payments from customers prior to the completion of sale of property or good or merchandise transactions. Customers are assessed and rated individually based on the credit quality by taking into account their financial position, credit history and other factors. Rentals in respect of investment properties are payable in advance by tenants in accordance with the lease agreements. The Group has policies in place to ensure that rental deposits are required from tenants prior to commencement of leases. Loans and receivables are generally supported by the respective underlying assets.

In addition, the Group has other monitoring procedures to ensure that follow up action is taken to recover overdue debts. The Group reviews regularly the recoverable amount of each individual debtor to ensure that adequate impairment provision are made for irrecoverable amounts. The Group has no significant concentrations of credit risk as the receivables consist of a large number of customers.

In respect of the other debtors as well as loans and receivables, the Group monitors the recovery of the balances closely and ensures that adequate impairment provision has been made for the estimated irrecoverable amounts.

The Group has provided guarantees in respect of mortgage loans made by certain banks to certain purchasers of the Group's properties in the PRC. Since the Group is able to retain the purchasers' deposits and sells the properties to recover any amounts paid by the Group to the banks, the management considers that the Group's credit risk is minimal (see also note 38).

##### (ii) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its current obligations when they fall due. The Group measures and monitors its liquidity through the maintenance of prudent ratios regarding the liquidity structure of the overall assets, liabilities, loans and commitments of the Group. The Group has put in place a policy of obtaining long-term banking facilities to match its long-term investments in Hong Kong and the PRC. The Group also maintains a conservative level of liquid assets to ensure the availability of sufficient cash flows to meet any unexpected and material cash requirements in the ordinary course of business. In addition, as at 31st March, 2014, the Group has standby banking facilities to provide contingent liquidity support which amounted to approximately HK\$50 million (2013: HK\$45 million). Details of the bank borrowings are disclosed in note 34.

The table below analyzes the Group's and the Company's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Specifically, bank borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The amounts disclosed in the table are the contractual undiscounted cash flows including interest payment.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH, 2014

## 3 Financial risk management (Continued)

### (a) Financial risk factors (Continued)

#### (ii) Liquidity risk (Continued)

	Within the first year HK\$'000	Within the second year HK\$'000	Within the third to fifth years HK\$'000	After the fifth year HK\$'000	Total HK\$'000
<b>Group</b>					
<b>2014</b>					
Creditors and accruals	277,710	–	–	–	277,710
Bank borrowings	284,872	131,132	21,409	–	437,413
Loans from non-controlling interests	–	–	–	10,175	10,175
	<b>562,582</b>	<b>131,132</b>	<b>21,409</b>	<b>10,175</b>	<b>725,298</b>
Financial guarantees (note 38)	–	–	–	593,591	593,591
<b>2013</b>					
Creditors and accruals	129,532	–	–	–	129,532
Bank borrowings	92,949	15,109	249,053	–	357,111
Loans from non-controlling interests	–	–	–	10,175	10,175
	222,481	15,109	249,053	10,175	496,818
Financial guarantees (note 38)	–	–	–	443,160	443,160
<b>Company</b>					
<b>2014</b>					
Creditors and accruals	383	–	–	–	383
Financial guarantees (note 38)	–	–	–	–	–
Bank borrowings	277,163	4,058	21,409	–	302,630
<b>2013</b>					
Creditors and accruals	780	–	–	–	780
Amounts due to a subsidiary	886	–	–	–	886
	1,666	–	–	–	1,666
Financial guarantees (note 38)	–	–	–	–	–
Bank borrowings	77,841	–	–	–	77,841
Bank bond	8,106	–	–	–	8,106
	85,947	–	–	–	85,947

### 3 Financial risk management (Continued)

#### (a) Financial risk factors (Continued)

##### (iii) *Cash flow and fair value interest rate risk*

Interest rate risk is the risk that the position of the Group may be adversely affected by the changes in market interest rate. The policy of the Group involves close monitoring of interest rate movements and replacing and entering into new banking facilities when favourable pricing opportunities arise.

The interest rate risk of the Group arises from interest-bearing bank deposits and bank borrowings. Bank deposits and bank borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group has not hedged its cash flow interest rate risk. The Group has no bank borrowings issued at fixed rates and is not exposed to fair value interest rate risk.

As at 31st March, 2014, if interest rates had been 0.5% higher/lower with all other variables held constant, the pre-tax result of the Group would have increased/decreased by approximately HK\$5,389,000 (2013: HK\$4,573,000).

##### (iv) *Foreign exchange risk*

Foreign exchange risk arises on monetary assets and liabilities being denominated in a currency that is not the functional currency; differences resulting from the translation of financial statements into the presentation currency of the Group are not taken into consideration.

The Group mainly operates in Hong Kong and the PRC. The Group has no significant foreign exchange risk due to limited foreign currency transactions other than the functional currencies of the respective entities.

##### (v) *Price risk*

The Group is exposed to securities price risk because investments held by the Group are classified as available-for-sale financial assets. Unrealized gains and losses arising from the change in the fair value of available-for-sale financial assets are recognized in other comprehensive income. When available-for-sale financial assets are impaired, the accumulated fair value adjustments are recognized in the consolidated income statement as losses. To manage its price risk arising from investments in securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

As at 31st March, 2014, if the market price of the publicly-traded available-for-sale financial assets had been 5% higher/lower with all other variables held constant, the investment revaluation reserve of the Group would have increased/decreased by approximately HK\$6.0 million (2013: HK\$4.7 million) as a result of change in fair value of such available-for-sale financial assets.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH, 2014

## 3 Financial risk management (Continued)

### (b) Capital risk management

The objectives of the Group when managing capital are to safeguard the ability of the Group to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including short-term and long-term bank borrowings as shown in the consolidated balance sheet) less cash and bank balances (including pledged bank balances). Total capital represents shareholders' funds as shown in the consolidated balance sheet. As at 31st March, 2014, the gearing ratio is not applicable since the Group has net cash (2013: Not applicable).

### (c) Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price and the appropriate quoted market price for financial liabilities is the current ask price.

The fair values of long-term borrowings are estimated using the expected future payments discounted at market interest rates. The carrying values of the long-term bank borrowings approximate their fair values since they are floating interest rate borrowings.

The carrying values less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year, including debtors and prepayments, cash and bank balances, amounts due from/to subsidiaries, creditors and accruals and current bank borrowings approximate their fair values.

The Group adopted the amendment to HKFRS 7 for financial instruments that are measured in the balance sheet at fair value. This requires disclosure of fair value measurements by level in the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3)

### 3 Financial risk management (Continued)

#### (c) Fair value estimation (Continued)

The following table presents the Group's financial assets that are measured at fair value at 31st March, 2014 and 2013. The investment properties are measured at fair value and disclosed in note 17.

	Level 1 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>Group</b>			
<b>2014</b>			
Assets			
Available-for-sale financial assets			
– Listed securities	119,006	–	119,006
– Unlisted investments	–	74,928	74,928
<b>Total assets</b>	<b>119,006</b>	<b>74,928</b>	<b>193,934</b>
<b>2013</b>			
Assets			
Available-for-sale financial assets			
– Listed securities	94,152	–	94,152

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for these financial assets held by the Group, which are listed securities in Hong Kong, is the closing price in stock market. These instruments are included in level 1 which comprise primarily investments classified as available-for-sale financial assets (listed securities).

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3 which comprises primarily investments classified as available-for-sale financial assets (unlisted investments).

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments
- Other techniques, such as discounted cash flow analysis and option pricing models, are used to determine fair value for the remaining financial instruments

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH, 2014

## 3 Financial risk management (Continued)

### (c) Fair value estimation (Continued)

The following table presents the changes in level 3 instruments of the Group for the years ended 31st March, 2014 and 2013.

	<b>Assets</b>
	<b>Available- for-sale financial assets</b>
	HK\$'000
<b>Group</b>	
At 1st April, 2012 and 31st March, 2013	–
Additions	76,020
Changes in exchange rates	(1,092)
<b>At 31st March, 2014</b>	<b>74,928</b>

### (d) Financial instruments by category

#### Group

	<b>Assets</b>			<b>Liabilities</b>
	<b>Loans and receivables</b>	<b>Available- for-sale financial assets</b>	<b>Total</b>	<b>Financial liabilities at amortized cost</b>
	HK\$'000	HK\$'000		HK\$'000
<b>Balances as per the consolidated balance sheet</b>				
<b>2014</b>				
Available-for-sale financial assets	–	193,934	193,934	–
Loans and receivables	12,550	–	12,550	–
Debtors and prepayments excluding prepayments	308,295	–	308,295	–
Pledged bank balances	30,440	–	30,440	–
Cash and bank balances	1,114,628	–	1,114,628	–
Creditors and accruals excluding accrued expenses	–	–	–	(263,230)
Bank borrowings	–	–	–	(404,663)
Loans from non-controlling interests	–	–	–	(10,175)
<b>Total</b>	<b>1,465,913</b>	<b>193,934</b>	<b>1,659,847</b>	<b>(678,068)</b>

### 3 Financial risk management (Continued)

#### (d) Financial instruments by category (Continued) Group (Continued)

	Assets			Liabilities
	Loans and receivables HK\$'000	Available-for-sale financial assets HK\$'000	Total HK\$'000	Financial liabilities at amortized cost HK\$'000
Balances as per the consolidated balance sheet				
2013				
Available-for-sale financial assets	–	94,152	94,152	–
Loans and receivables	12,552	–	12,552	–
Debtors and prepayments excluding prepayments	343,549	–	343,549	–
Pledged bank balances	30,516	–	30,516	–
Cash and bank balances	981,001	–	981,001	–
Creditors and accruals excluding accrued expenses	–	–	–	(117,972)
Bank borrowings	–	–	–	(317,806)
Loans from non-controlling interests	–	–	–	(10,175)
<b>Total</b>	<b>1,367,618</b>	<b>94,152</b>	<b>1,461,770</b>	<b>(445,953)</b>

#### Company

	Assets		Liabilities	
	Loans and receivables		Financial liabilities at amortized cost	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
<b>Balances as per the balance sheet</b>				
Debtors and prepayments excluding prepayments	<b>132</b>	2,290	–	–
Amounts due from subsidiaries	<b>2,166,824</b>	2,034,771	–	–
Pledged bank balance	<b>30,000</b>	30,000	–	–
Cash and bank balances	<b>406,183</b>	566,236	–	–
Creditors and accruals excluding accrued expenses	–	–	<b>(383)</b>	(780)
Amounts due to a subsidiary	–	–	–	(886)
<b>Total</b>	<b>2,603,139</b>	<b>2,633,297</b>	<b>(383)</b>	<b>(1,666)</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH, 2014

## 4 Critical accounting estimates and judgments

Estimates and judgments used in preparing the consolidated financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The estimates and assumptions that may have a significant effect on the carrying values of assets and liabilities are discussed below:

### (a) Estimate of fair value of investment properties

The valuation of investment properties is mainly performed in accordance with "The HKIS Valuation Standards 2012 Edition" published by the Hong Kong Institute of Surveyors. The valuation is reviewed annually by qualified valuers by considering the information from a variety of sources including:

- (i) current prices in an active market for properties of different nature, condition or location, adjusted to reflect those differences;
- (ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices;
- (iii) rental income derived from the terms of any existing lease and other contracts, and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using capitalization rates that reflect current market assessments of the uncertainty in the amount and timing of the rental income; and
- (iv) estimated costs to completion for investment properties under construction with reference to past experience and committed contracts as well as allowances for contingencies.

If the information on current or recent prices of investment properties is not available, the fair values of investment properties are mainly determined using income capitalization valuation techniques. The Group uses assumptions that are mainly based on market conditions existing at the end of each reporting period.

The principal assumptions underlying management's estimation of fair value are those related to: the receipt of contractual rentals; expected future market rentals; maintenance requirements; and appropriate discount rates. These valuations are regularly compared to actual market yield data, and actual transactions by the Group and those reported by the market.

The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

### (b) Fair values of financial assets

The fair values of quoted investments are based on closing prices in stock markets. If the market for a financial asset is not active, and for unlisted investments, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the specific circumstances of the issuer. Details of the carrying values of the financial assets are disclosed in note 3(c).

## 4 Critical accounting estimates and judgments (Continued)

### (c) Classification of investment in associated company

An entity which an investor has significant influence and that is neither a subsidiary nor an interest in a joint arrangement is classified as an associated company. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Management judgment is required in determining whether significant influence exists. Management considers all facts and circumstances before arriving at the appropriate conclusion. Changing the classification selected by management could significantly affect the accounting treatment and measurement of the investee and as a result affect the Group's results of operations and financial position.

### (d) Impairment of property, plant and equipment

The Group assesses the carrying values of property, plant and equipment with their recoverable amounts, which are the higher of the net realizable value and the value-in-use. In determining the value-in-use, the management assesses the present value of the estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life at the appropriate discount rate based on cash flow projections. Provision for impairment is made when events or changes in circumstances indicate that the carrying values may not be realized. The assessment requires the use of judgment and estimates.

### (e) Impairment of properties for/under development and properties for sale

The Group assesses the carrying values of properties for/under development and properties for sale according to their estimated recoverable amounts or net realizable values based on assessment of the realizability of these properties, taking into account costs to completion based on past experience and net sales value based on prevailing market conditions. Provision for impairment is made when events or changes in circumstances indicate that the carrying values may not be realized. The assessment requires the use of judgment and estimates.

### (f) Impairment of inventories

The Group assesses the carrying values of inventories by reviewing the inventory listing and aging analysis on a product-by-product basis at each balance sheet date, and makes impairment for those obsolete, slow-moving inventories and items that are no longer suitable for use in production. Provision for impairment is made by reference to the latest market value and current market conditions for those inventories identified. The assessment requires the use of judgment and estimates.

### (g) Impairment of receivables

The Group assesses the carrying values of receivables based on the evaluation of collectabilities and aging analysis of receivables, and management's judgment regarding the creditworthiness and the past collection history of each customer. Provision for impairment is made by reference to the estimates of the extent and timing of future cash flows using applicable discount rates. The final outcome of the recoverability and cash flows of these receivables will impact the amount of impairment required.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH, 2014

## 4 Critical accounting estimates and judgments (Continued)

### (h) Income taxes, land use taxes, land appreciation taxes and deferred taxes

The Group is subject to income taxes, land use taxes, land appreciation taxes and deferred taxes mainly in Hong Kong and the PRC. Significant judgment is required in determining the provision for taxation for each entity of the Group. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for potential tax exposures based on estimates of whether additional taxes will be due. Where the final tax outcome of these estimates is different from the amounts that are initially recorded, such differences will impact the current and deferred taxation in the financial period in which such determination is made.

### (i) Capitalization of borrowing costs and amortization of land use rights

Borrowing costs directly attributable to the construction of investment properties under development and properties under development, and amortization of land use rights of properties not for sale, are capitalized from the date that expenditure is incurred and development activities on the qualifying assets commence. As part of this assessment, judgment is required in determining the unit of account in circumstances where development will be performed in phases. Management assesses the date from which capitalization of borrowing costs and amortization of land use rights should commence on a project-by-project basis. Key indicators used by the management to identify a standalone development include that all properties in the development are:

- (i) subject to a single development plan; and
- (ii) expected to be completed within the Group's normal operating cycle.

## 5 Revenues

Revenues (representing turnover) recognized during the year are as follows:

	2014 HK\$'000	2013 HK\$'000
Sales of properties	<b>782,998</b>	485,546
Rental income and management fees	<b>10,888</b>	8,735
Sales of goods and merchandise	<b>10,833</b>	15,221
	<b>804,719</b>	509,502

For the year ended 31st March, 2013, sales of properties included the sale of land use right in the PRC of HK\$34.0 million.

## 6 Segment information

### (a) Segment information by business lines

The CODM has been identified as the Executive Directors and senior management. The CODM reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The CODM considers the business from a business perspective, including property investment and development, sale of goods and merchandise and services, and others (including hotel operation and management, and securities investment and trading). The CODM assesses the performance of the operating segments based on a measure of segment result.

The segment information by business lines is as follows:

	Property investment and development HK\$'000	Sale of goods and merchandise and services HK\$'000	Others and corporate HK\$'000	2014 Total HK\$'000
Revenues	793,886	10,833	–	804,719
Other income and net gain	128,440	312	9,149	137,901
Operating profit/(loss)	299,436	(18,514)	(69,882)	211,040
Finance costs	(1,084)	–	–	(1,084)
Share of result of an associated company	–	–	828	828
Profit/(loss) before taxation	298,352	(18,514)	(69,054)	210,784
Taxation	(104,384)	–	–	(104,384)
Profit/(loss) for the year	193,968	(18,514)	(69,054)	106,400
Segment assets	3,425,669	2,383	633,357	4,061,409
Associated company	–	–	8,350	8,350
Total assets	3,425,669	2,383	641,707	4,069,759
Total liabilities	1,438,306	6,023	8,847	1,453,176
Other segment items are as follows:				
Capital expenditure	488,195	581	6,222	494,998
Depreciation	2,232	322	8,607	11,161
Amortization of land use rights				
– charged to the consolidated income statement	32	–	–	32
– capitalized into properties	4,000	–	–	4,000
Provision for impairment of property, plant and equipment	–	2,321	–	2,321
Provision for impairment of inventories	–	1,404	–	1,404
Provision for impairment of trade debtors	770	–	–	770
Provision for impairment of other deposits	7,272	–	–	7,272

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH, 2014

## 6 Segment information (Continued)

### (a) Segment information by business lines (Continued)

	Property investment and development HK\$'000	Sale of goods and merchandise and services HK\$'000	Others and corporate HK\$'000	2013 Total HK\$'000
Revenues	494,281	15,221	–	509,502
Other income and net gain/(loss)	23,625	(123)	8,219	31,721
Operating profit/(loss)	162,529	(11,718)	(59,080)	91,731
Finance costs	(683)	–	–	(683)
Share of result of an associated company	–	–	(449)	(449)
Profit/(loss) before taxation	161,846	(11,718)	(59,529)	90,599
Taxation	(54,437)	–	–	(54,437)
Profit/(loss) for the year	107,409	(11,718)	(59,529)	36,162
Segment assets	2,961,624	7,568	778,477	3,747,669
Associated company	–	–	7,522	7,522
Total assets	2,961,624	7,568	785,999	3,755,191
Total liabilities	1,205,491	3,683	10,548	1,219,722
Other segment items are as follows:				
Capital expenditure	440,793	2,323	5,557	448,673
Depreciation	2,707	261	8,346	11,314
Amortization of land use rights				
– charged to the consolidated income statement	32	–	–	32
– capitalized into properties	4,000	–	–	4,000
Provision for impairment of other deposits	4,000	–	–	4,000

## 6 Segment information (Continued)

### (b) Geographical segment information

The business of the Group operates in different geographical areas. Revenues are presented by the countries where the customers are located. Non-current assets, total assets and capital expenditure are presented by the countries where the assets are located. The segment information by geographical area is as follows:

	Revenues		Capital expenditure	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Hong Kong	9,050	14,086	8,783	5,557
The PRC	793,886	494,281	486,215	443,116
Other countries	1,783	1,135	–	–
	<b>804,719</b>	509,502	<b>494,998</b>	448,673

	Non-current assets (Note)		Total assets	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Hong Kong	77,543	79,913	643,222	785,853
The PRC	635,446	480,523	3,425,945	2,968,935
Other countries	–	–	592	403
	<b>712,989</b>	560,436	<b>4,069,759</b>	3,755,191

Note: Non-current assets in geographical segment represent non-current assets other than available-for-sale financial assets and loans and receivables.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH, 2014

## 7 Other income and net gain

	2014 HK\$'000	2013 HK\$'000
Interest income from		
Bank deposits	16,043	10,550
Loans and receivables	–	557
Dividend income from available-for-sale financial assets	2,776	977
Gain on disposal of a subsidiary (Note)	40,491	–
Fair value gain on transfer of properties from		
properties for sale to investment properties	78,215	18,413
Net gain on disposal of property, plant and equipment	359	19
Net exchange (loss)/gain	(79)	29
Sundries	96	1,176
	<b>137,901</b>	31,721

Note: On 27th May, 2013, a wholly-owned subsidiary (the "Vendor") of the Group entered into an agreement with an independent third party (the "Purchaser") to dispose of its investment in a wholly-owned subsidiary at a consideration of HK\$1. The Vendor also executed an indemnity deed amounting to RMB48.8 million (equivalent to HK\$60.9 million) in favour of the Purchaser for a period of two years from the date of completion of the disposal on 15th August, 2013 (note 30(c)). Details of the transaction were set out in the announcement of the Company dated 27th May, 2013.

## 8 Operating profit

	2014 HK\$'000	2013 HK\$'000
Operating profit is stated after crediting:		
Gross rental income from investment properties	4,365	2,952
and after charging:		
Amortization of land use right	32	32
Auditors' remuneration		
Audit and audit related services	1,451	1,290
Non-audit services	450	400
Cost of properties sold	502,185	297,690
Cost of inventories sold	17,215	20,211
Depreciation	11,161	11,314
Provision for impairment of property, plant and equipment	2,321	–
Provision for impairment of inventories	1,404	–
Provision for impairment of trade debtors	770	–
Provision for impairment of other deposits	7,272	4,000
Operating lease rental on land and buildings	7,778	7,146
Outgoings in respect of investment properties	602	385
Staff costs, including Directors' emoluments		
Wages and salaries	53,686	43,406
Retirement benefit costs (note 9)	3,071	1,134

## 9 Employee retirement benefits

The Group operates defined contribution schemes in Hong Kong for all eligible employees. Contributions to these schemes are calculated based on certain percentages of the applicable payroll costs or pre-determined fixed sums. The assets of the schemes are held separately from those of the Group in independently administered funds. Contributions to one of the schemes can be reduced by contributions forfeited by those employees who leave that scheme prior to vesting fully in those contributions.

The Group participates in respective government retirement benefit schemes in the PRC pursuant to the relevant regulations whereby the Group is required to contribute to the schemes to fund the retirement benefits of the eligible employees. Contributions made to the schemes are calculated either based on certain percentages of the applicable payroll costs or fixed sums as stipulated under the requirements in the PRC. The government is responsible for the entire retirement benefit obligations payable to the retired employees. The Group has no other obligations apart from making ongoing contributions under the schemes.

The retirement benefit costs represent the contributions by the Group to the above schemes.

## 10 Finance costs

	2014 HK\$'000	2013 HK\$'000
Interest expenses		
Bank borrowings wholly repayable within five years	<b>19,769</b>	7,134
Amount capitalized into		
Properties for/under development	<b>(2,561)</b>	(1,208)
Properties for sale	<b>(16,124)</b>	(5,243)
	<b>(18,685)</b>	(6,451)
	<b>1,084</b>	683

The above analysis shows the finance costs in accordance with the agreed scheduled repayment dates set out in the agreements. The capitalization rates applied to funds borrowed for the development of properties range from 3.11% to 7.38% (2013: 3.10% to 6.15%) per annum.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH, 2014

## 11 Directors', five highest paid individuals' and senior management's emoluments

### (a) Directors' emoluments

Name of Director	Fees HK\$'000	Salaries and bonuses	Other benefits	Retirement scheme contributions	Total HK\$'000
		HK\$'000	HK\$'000	HK\$'000	
<b>2014</b>					
Mr. Abraham Shek Lai Him <sup>2</sup>	300	–	–	–	300
Mr. Lee Sai Wai	20	990	210	90	1,310
Mr. Albert Chuang Ka Pun	20	1,440	–	15	1,475
Miss Ann Li Mee Sum <sup>1</sup>	20	1,644	456	158	2,278
Mr. Chong Ka Fung	20	–	–	–	20
Mr. Sunny Pang Chun Kit	20	1,200	–	90	1,310
Mr. Wong Chung Wai	20	–	–	–	20
Mr. David Chu Yu Lin <sup>2</sup>	100	–	–	–	100
Mr. Andrew Fan Chun Wah <sup>2</sup>	100	–	–	–	100
	<b>620</b>	<b>5,274</b>	<b>666</b>	<b>353</b>	<b>6,913</b>
<b>2013</b>					
Mr. Abraham Shek Lai Him <sup>2</sup>	300	–	–	–	300
Mr. Lee Sai Wai	20	990	210	90	1,310
Mr. Albert Chuang Ka Pun	20	1,440	–	15	1,475
Miss Ann Li Mee Sum <sup>1</sup>	20	1,644	456	158	2,278
Mr. Chong Ka Fung	12	–	–	–	12
Mr. Sunny Pang Chun Kit	20	1,200	–	90	1,310
Mr. Wong Chung Wai	20	–	–	–	20
Mr. David Chu Yu Lin <sup>2</sup>	100	–	–	–	100
Mr. Andrew Fan Chun Wah <sup>2</sup>	25	–	–	–	25
Dr. Hwang Jen <sup>2,3</sup>	100	–	–	–	100
Dr. Peter Po Fun Chan <sup>2,3</sup>	100	–	–	–	100
	<b>737</b>	<b>5,274</b>	<b>666</b>	<b>353</b>	<b>7,030</b>

<sup>1</sup> The Chief Executive Officer

<sup>2</sup> The Independent Non-Executive Directors

<sup>3</sup> Retired on 26th March, 2013

The emoluments paid to the Independent Non-Executive Directors amounted to HK\$500,000 (2013: HK\$625,000).

## 11 Directors', five highest paid individuals' and senior management's emoluments (Continued)

### (b) Five highest paid individuals' emoluments

The five highest paid individuals in the Group include four (2013: four) Directors. Details of the emolument paid to the one (2013: one) individual, whose emolument was one of the five highest in the Group and who is not Director, is set out below:

	<b>2014</b> <b>HK\$'000</b>	2013 HK\$'000
Salaries, bonuses and other benefits	<b>1,868</b>	698
Retirement scheme contributions	<b>564</b>	273
	<b>2,432</b>	971

The Directors represent key management personnel of the Company having authority and responsibility for planning, directing and controlling the activities of the Group.

During the years ended 31st March, 2014 and 2013, the Group did not pay to the Directors or the five highest paid individuals any inducement to join or upon joining the Group, or as compensation for loss of office. No Directors waived or agreed to waive any emoluments during the years ended 31st March, 2014 and 2013.

### (c) Senior management's emoluments

Other than the emoluments of Directors disclosed in note 11(a), the emoluments of senior management whose profiles are included in the section "Biographical Details of Honorary Chairman, Directors and Senior Management" of this report fall within the following bands:

<b>Emolument band</b>	<b>Number of individuals</b>	
	<b>2014</b>	2013
HK\$1,000,000 or below	<b>8</b>	13
HK\$1,000,001 to HK\$1,500,000	<b>2</b>	–
	<b>10</b>	13

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH, 2014

## 12 Taxation

	2014 HK\$'000	2013 HK\$'000
Current taxation		
PRC corporate income tax	46,479	23,611
PRC land appreciation tax	51,177	29,482
Deferred taxation (note 35)	6,728	1,344
	<b>104,384</b>	54,437

No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profits for the year (2013: Nil). PRC corporate income tax has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the PRC. PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including costs of land and development expenditures.

Share of taxation charge of an associated company for the year ended 31st March, 2014 of HK\$163,000 (2013: taxation credit of HK\$70,000) is included in the consolidated income statement as share of result of an associated company.

The tax of the profit before taxation of the Group differs from the theoretical amount that would arise using the taxation rate of Hong Kong as follows:

	2014 HK\$'000	2013 HK\$'000
Profit before taxation	210,784	90,599
Share of result of an associated company	(828)	449
	<b>209,956</b>	91,048
Tax charge at the rate of 16.5% (2013: 16.5%)	34,643	15,023
Effect of different taxation rates in other countries	17,301	2,340
Income not subject to taxation	(8,749)	(1,934)
Expenses not deductible for taxation purposes	4,744	2,807
PRC land appreciation tax deductible for taxation purposes	(12,089)	(5,797)
Other temporary differences and tax losses not recognized	17,357	12,516
	<b>53,207</b>	24,955
PRC land appreciation tax	51,177	29,482
Taxation	<b>104,384</b>	54,437

## 13 Profit attributable to equity holders

Profit attributable to equity holders includes profit of HK\$1,461,000 (2013: HK\$2,209,000) which is dealt with in the financial statements of the Company.

## 14 Dividends

	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
Interim dividend of 1.0 HK cent (2013: 1.0 HK cent) per share	<b>15,957</b>	15,618
Proposed final scrip dividend with a cash option of 4.0 HK cents (2013: 2.0 HK cents) per share	<b>63,827</b>	31,237
	<b>79,784</b>	46,855

On 26th June, 2014, the Board proposed a final scrip dividend with a cash option of 4.0 HK cents (2013: 2.0 HK cents) per share amounting to HK\$63,827,000 (2013: HK\$31,237,000). The amount of HK\$63,827,000 is calculated based on 1,595,683,140 issued shares as at 26th June, 2014. This proposed dividend is not reflected as a dividend payable in the consolidated financial statements, but will be reflected and accounted for as an appropriation of reserves in the year ending 31st March, 2015 upon the approval by the shareholders.

## 15 Earnings per share

The calculation of the earnings per share is based on the profit attributable to equity holders of HK\$110,268,000 (2013: HK\$40,390,000) and the weighted average number of 1,574,543,099 (2013: 1,539,260,991) shares in issue during the year.

The diluted earnings per share is equal to the basic earnings per share since there are no dilutive potential shares in issue during the years.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH, 2014

## 16 Property, plant and equipment

### Group

	<b>Buildings</b> HK\$'000	<b>Plant and machinery</b> HK\$'000	<b>Furniture and fixtures</b> HK\$'000	<b>Other assets</b> HK\$'000	<b>Total</b> HK\$'000
<b>Cost</b>					
At 1st April, 2012	23,753	–	6,078	98,006	127,837
Changes in exchange rates	298	3	71	97	469
Additions	–	1,957	1,146	6,474	9,577
Disposals	–	–	(324)	(738)	(1,062)
At 31st March, 2013	24,051	1,960	6,971	103,839	136,821
Changes in exchange rates	(4)	(1)	(1)	(17)	(23)
Additions	–	536	236	8,089	8,861
Disposals	–	–	(387)	(3,701)	(4,088)
Provision for impairment	–	(2,259)	(147)	(498)	(2,904)
<b>At 31st March, 2014</b>	<b>24,047</b>	<b>236</b>	<b>6,672</b>	<b>107,712</b>	<b>138,667</b>
<b>Accumulated depreciation and provision for impairment</b>					
At 1st April, 2012	2,712	–	4,701	21,206	28,619
Changes in exchange rates	41	1	53	79	174
Charge for the year	535	221	892	9,666	11,314
Disposals	–	–	(324)	(724)	(1,048)
At 31st March, 2013	3,288	222	5,322	30,227	39,059
Changes in exchange rates	(8)	(1)	(5)	(18)	(32)
Charge for the year	549	246	597	9,769	11,161
Disposals	–	–	(387)	(3,422)	(3,809)
Provision for impairment	–	(398)	(27)	(158)	(583)
<b>At 31st March, 2014</b>	<b>3,829</b>	<b>69</b>	<b>5,500</b>	<b>36,398</b>	<b>45,796</b>
<b>Net book value</b>					
<b>At 31st March, 2014</b>	<b>20,218</b>	<b>167</b>	<b>1,172</b>	<b>71,314</b>	<b>92,871</b>
At 31st March, 2013	20,763	1,738	1,649	73,612	97,762

## 16 Property, plant and equipment (Continued)

- (a) The buildings are situated in the PRC under long-term leases. Other assets comprise computer equipment, motor vehicles and yachts.
- (b) Depreciation of HK\$290,000 (2013: HK\$603,000) and HK\$10,871,000 (2013: HK\$10,711,000) have been included in cost of sales and administrative and other operating expenses.
- (c) In view of the restructuring of the manufacturing division of the sale of goods and merchandise and services segment, management made full provision for impairment of HK\$2,321,000 (2013: Nil) on the respective property, plant and equipment.

## 17 Investment properties

### Group

	<b>Properties under development</b> HK\$'000	<b>Completed properties</b> HK\$'000	<b>Total</b> HK\$'000
At 1st April, 2012	–	75,860	75,860
Changes in exchange rates	415	1,508	1,923
Transfer from properties for sale (note 25)	13,475	9,999	23,474
Fair value gain on transfer of properties from properties for sale to investment properties (note 7)	15,337	3,076	18,413
Change in fair value	–	32,084	32,084
At 31st March, 2013	29,227	122,527	151,754
Changes in exchange rates	(1,490)	(58)	(1,548)
Additions	5,859	–	5,859
Transfer from properties for sale (note 25)	18,758	2,972	21,730
Fair value gain on transfer of properties from properties for sale to investment properties (note 7)	77,534	681	78,215
Change in fair value	1,236	444	1,680
<b>At 31st March, 2014</b>	<b>131,124</b>	<b>126,566</b>	<b>257,690</b>

- (a) Investment properties are held under long-term leases in the PRC and were revalued at 31st March, 2014 on an open market value basis by DTZ Debenham Tie Leung Limited, an independent professional property valuer. Please also refer to note 40 "Subsequent event" for the potential disposal of a completed investment property by the Group subsequent to 31st March, 2014.
- (b) Investment properties of HK\$26,974,000 (2013: Nil) have been pledged as securities for the borrowing facilities granted to the Group (note 34).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH, 2014

## 17 Investment properties (Continued)

### (c) Valuation process of the Group

The Group's investment properties were revalued at 31st March, 2014 by independent professional valuers who hold a recognized relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

The Group's finance department and property department review the valuations performed by the independent valuers for financial reporting purposes and report directly to the senior management of the Group. Discussions of the valuation processes and results are held between the management and valuers at least once every six months, in line with the Group's interim and annual reporting processes. The finance department and property department:

- verify all major inputs to the independent valuation report;
- assess property valuation movements when compared to the prior period valuation report; and
- hold discussions with the independent valuers.

### (d) Valuation techniques

Fair value of completed properties is generally derived using the income capitalization method and direct comparison method, wherever appropriate. Income capitalization method is based on the capitalization of the net income and reversionary income potential by adopting appropriate capitalization rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to recent lettings, within the subject properties and other comparable properties. Direct comparison method is based on comparing the property to be valued directly with other comparable properties, which have recently transacted. However, given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration.

Fair value of properties under development is generally derived using the residual method. This valuation method is essentially a mean of valuing the completed properties by reference to its development potential deducting development costs to completion together with developer's profit and risk from the estimated capital value of the proposed development assuming completed as at the date of valuation.

There were no changes to the valuation techniques during the year.

The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

### (e) Significant unobservable inputs used to determine fair value

Capitalization rates are estimated by valuers based on the risk profile of the investment properties being valued. The higher the rates, the lower the fair value. As at 31st March, 2014, capitalization rates ranged from 5.0% to 6.5% are used in the income capitalization method for the PRC completed properties.

Prevailing market rents are estimated based on valuers' view of recent lettings, within the subject properties and other comparable properties. The lower the rents, the lower the fair value.

Estimated costs to completion, developer's profit and risk margins required are estimated by valuers based on market conditions at 31st March, 2014 for investment properties under development. The estimates are largely consistent with the budgets developed internally by the Group based on management's experience and knowledge of market conditions. The higher the costs and the margins, the lower the fair value.

## 18 Land use right

	Group	
	2014 HK\$'000	2013 HK\$'000
Land use right, at cost, net	1,632	1,664

The interest in land use right represents prepaid operating lease payment. The land use right is held under long-term lease in the PRC. Amortization charged to the consolidated income statement from land use right has been included in administrative and other operating expenses.

## 19 Properties for/under development

	Group	
	2014 HK\$'000	2013 HK\$'000
At the beginning of the year	301,734	266,392
Changes in exchange rates	(749)	3,661
Additions	48,900	30,473
Interest expenses capitalized	2,561	1,208
At the end of the year	352,446	301,734

(a) Properties for/under development of the Group are held under the following lease terms:

	2014 HK\$'000	2013 HK\$'000
In the PRC:		
Long-term leases	151,742	151,766
Medium-term leases	200,704	149,968
	352,446	301,734

(b) During the year, amortization of land use right classified under properties for/under development of HK\$4,000,000 (2013: HK\$4,000,000) was capitalized therein.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH, 2014

## 20 Subsidiaries

	<b>Company</b>	
	<b>2014</b> <b>HK\$'000</b>	2013 HK\$'000
Unlisted investments, at cost	<b>150,036</b>	151,030
Provision for impairment	<b>(85,000)</b>	(85,000)
	<b>65,036</b>	66,030

Particulars of the principal subsidiaries which, in the opinion of the Directors, materially affect the results or net assets of the Group are set out in note 42 to the consolidated financial statements.

## 21 Associated company

	<b>Group</b>	
	<b>2014</b> <b>HK\$'000</b>	2013 HK\$'000
Share of net assets	<b>8,350</b>	7,522
Unlisted investment, at cost, net	<b>2,425</b>	2,425

The movements in the share of net assets of the associated company are analyzed as follows:

	<b>2014</b> <b>HK\$'000</b>	2013 HK\$'000
At the beginning of the year	<b>7,522</b>	7,971
Share of profit/(loss) before taxation	<b>991</b>	(519)
Share of taxation (charge)/credit	<b>(163)</b>	70
Share of result	<b>828</b>	(449)
At the end of the year	<b>8,350</b>	7,522

Particulars of the associated company are set out below:

<b>Name</b>	<b>Place of incorporation/operation</b>	<b>Registered capital/issued capital</b>	<b>Effective percentage held by the Group</b>		<b>Principal activities</b>
			<b>2014</b>	2013	
Treasure Auctioneer International Limited	British Virgin Islands/ Hong Kong	US\$1,000,000 with 1,000,000 shares	<b>25.0%</b>	25.0%	Auction services

## 21 Associated company (Continued)

The Group's share of the revenue and result of its associated company, and its aggregate assets and liabilities, are as follows:

	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
Revenues	<b>6,647</b>	5,419
Profit/(loss) for the year	<b>828</b>	(449)
Assets	<b>8,823</b>	9,125
Liabilities	<b>(473)</b>	(1,603)
Net assets	<b>8,350</b>	7,522

## 22 Investment in joint operation

Certain subsidiaries of the Group entered into a joint operation arrangement with Chengdu Western Automobile City Company Limited, a third party, under which each of the Group companies and Chengdu Western Automobile City Company Limited contributed land and other assets for the development of properties located in Chengdu, the PRC.

For the year ended 31st March, 2014, the Group's interest in the joint operation was 51% (2013: 51%). The Group's share of the net loss of the joint operation for the year amounted to HK\$1,000 (2013: HK\$4,000) and the share of the net assets of the joint operation as at 31st March, 2014 amounted to HK\$151,305,000 (2013: HK\$151,329,000).

As at 31st March, 2014, the Group had made an advance to the joint operation partner amounting to HK\$12,550,000 (2013: HK\$12,552,000) (note 24). The proportionate interest of the Group in the joint operation's commitment was HK\$2,909,000 (2013: HK\$2,909,000).

## 23 Available-for-sale financial assets

	<b>Group</b>	
	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
Listed securities in Hong Kong, at market value	<b>119,006</b>	94,152
Unlisted investments, at fair value	<b>74,928</b>	–
	<b>193,934</b>	94,152

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH, 2014

## 23 Available-for-sale financial assets (Continued)

(a) The movements of the available-for-sale financial assets of the Group are analyzed as follows:

	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
At the beginning of the year	<b>94,152</b>	74,537
Changes in exchange rates	<b>(1,092)</b>	–
Additions	<b>90,913</b>	32,206
Change in fair value recognized in other comprehensive income	<b>9,961</b>	(12,591)
At the end of the year	<b>193,934</b>	94,152

(b) The listed securities in Hong Kong are denominated in Hong Kong dollar, whereas the unlisted investments are denominated in Renminbi. The listed securities in Hong Kong represent the Group's interest in a listed company in Hong Kong. The unlisted investments represent the Group's interest in a PRC company established for investments in various long-term projects in the PRC.

## 24 Loans and receivables

	<b>Group</b>	
	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
Advance to the joint operation partner	<b>12,550</b>	12,552

Advance to the joint operation partner is provided for financing the property development in Chengdu, the PRC (note 22) and carries interest at prevailing lending rate quoted by the People's Bank of China. According to the agreement, the advance and interests accrued thereon will be repaid from the joint operation partner's share of net proceeds upon the sale of properties.

## 25 Properties for sale

	<b>Group</b>	
	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
Completed properties	<b>565,510</b>	367,204
Properties under development	<b>1,125,813</b>	1,359,243
	<b>1,691,323</b>	1,726,447

## 25 Properties for sale (Continued)

(a) The movements of the properties under development of the Group are analyzed as follows:

	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
At the beginning of the year	<b>1,359,243</b>	1,115,440
Changes in exchange rates	<b>1,547</b>	9,024
Property development expenditure	<b>365,046</b>	400,074
Interest expenses capitalized	<b>16,124</b>	5,243
Transfer from other deposits included in debtors and prepayments (note 27)	–	68,114
Transfer to investment properties (note 17)	<b>(18,758)</b>	(13,475)
Transfer to completed properties	<b>(597,389)</b>	(225,177)
At the end of the year	<b>1,125,813</b>	1,359,243

(b) Properties for sale of the Group are held under the following lease terms:

	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
In the PRC:		
Long-term leases	<b>1,597,809</b>	1,684,814
Medium-term leases	<b>93,514</b>	41,633
	<b>1,691,323</b>	1,726,447

(c) Properties for sale of HK\$145,125,000 (2013: HK\$497,748,000) have been pledged as securities for the borrowing facilities granted to the Group (note 34).

(d) During the year, completed properties of HK\$2,972,000 (2013: HK\$9,999,000) have been transferred to investment properties (note 17), and deposits of HK\$5,000,000 (2013: Nil) included in debtors and prepayments (note 27) have been transferred to completed properties.

## 26 Inventories

	<b>Group</b>	
	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
Raw materials	–	290
Work in progress	–	888
Finished goods and merchandise	<b>4,760</b>	3,458
	<b>4,760</b>	4,636

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH, 2014

## 27 Debtors and prepayments

	Group		Company	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Trade debtors	20,951	39,241	–	–
Other debtors and prepayments	37,174	35,979	588	2,690
Utility and other deposits	251,010	270,231	–	–
	<b>309,135</b>	345,451	<b>588</b>	2,690

Rental income and management fees are received in advance. Credit terms of sales of goods and merchandise mainly range from 30 days to 90 days. The aging analysis of the trade debtors of the Group is as follows:

	Group	
	2014 HK\$'000	2013 HK\$'000
Below 30 days	17,703	35,003
31 to 60 days	141	261
61 to 90 days	1,036	1,097
Over 90 days	2,071	2,880
	<b>20,951</b>	39,241

As at 31st March, 2014, trade debtors of HK\$18,880,000 (2013: HK\$36,361,000) of the Group were neither past due nor impaired.

As at 31st March, 2014, trade debtors of HK\$2,071,000 (2013: HK\$2,880,000) of the Group were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging of these trade debtors is over 90 days as at 31st March, 2014 and 2013.

Other deposits of the Group include net deposits of HK\$220,902,000 (2013: HK\$232,768,000) for property development projects and acquisition of land use rights in the PRC after the accumulated provision for impairment of HK\$11,272,000 (2013: HK\$4,000,000) as at 31st March, 2014. Deposits of HK\$5,000,000 (2013: HK\$68,114,000) have been transferred to properties for sale (note 25) during the year.

The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

Debtors and prepayments are mainly denominated in Hong Kong dollar and Renminbi. The carrying values of debtors and prepayments approximate their fair values.

## 28 Amounts due from/to subsidiaries

	Company	
	2014 HK\$'000	2013 HK\$'000
Amounts receivable	<b>2,684,274</b>	2,538,221
Provision for impairment	<b>(517,450)</b>	(503,450)
	<b>2,166,824</b>	2,034,771
Amounts payable	–	(886)

Amounts due from/to subsidiaries are unsecured, interest free and receivable/repayable on demand.

## 29 Pledged bank balances and cash and bank balances

	Group		Company	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Pledged bank balances	<b>30,440</b>	30,516	<b>30,000</b>	30,000
Cash and bank balances				
Cash at bank and in hand	<b>712,572</b>	288,886	<b>4,127</b>	1,351
Short-term deposits	<b>402,056</b>	692,115	<b>402,056</b>	564,885
	<b>1,114,628</b>	981,001	<b>406,183</b>	566,236
	<b>1,145,068</b>	1,011,517	<b>436,183</b>	596,236

The effective interest rates on short-term deposits range from 0.001% to 2.50% (2013: 0.001% to 3.08%) per annum and these deposits have maturities ranged from 1 to 180 days (2013: 1 to 180 days).

Pledged bank balances of HK\$30,000,000 (2013: HK\$30,000,000) and HK\$440,000 (2013: HK\$516,000) have been pledged as securities for the borrowing facilities (note 34) and the financial guarantee facilities (note 38) granted to the Group, respectively.

The conversion of Renminbi denominated balances into foreign currencies and the remittance of such foreign currencies denominated cash and bank balances out of the PRC are subject to the relevant rules and regulations of foreign exchange control promulgated by the PRC government.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH, 2014

## 29 Pledged bank balances and cash and bank balances (Continued)

Cash and bank balances (including pledged bank balances) are denominated in the following currencies:

	Group		Company	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Hong Kong dollar	233,927	359,757	229,945	342,883
Renminbi	768,247	431,387	63,533	32,980
United States dollar	141,669	220,373	141,572	220,373
Others	1,225	–	1,133	–
	<b>1,145,068</b>	1,011,517	<b>436,183</b>	596,236

## 30 Creditors and accruals

	Group		Company	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Trade creditors (note a)	1,190	2,170	–	–
Other creditors and accrued expenses (note b)	213,776	125,207	383	780
Provision for indemnity (note c)	60,886	–	–	–
Amounts payable to non-controlling interests (note d)	459	416	–	–
Tenant and other deposits	1,399	1,739	–	–
	<b>277,710</b>	129,532	<b>383</b>	780

(a) The aging analysis of the trade creditors of the Group is as follows:

	Group	
	2014 HK\$'000	2013 HK\$'000
Below 30 days	364	853
31 to 60 days	258	561
Over 60 days	568	756
	<b>1,190</b>	2,170

### 30 Creditors and accruals (Continued)

- (b) Other creditors and accrued expenses of the Group include the construction cost payables and accruals of HK\$156,340,000 (2013: HK\$66,555,000) for the PRC property development projects of the Group.
- (c) On 27th May, 2013, the Vendor entered into an agreement with the Purchaser to dispose of its investment in a wholly-owned subsidiary at a consideration of HK\$1. The Vendor also executed an indemnity deed amounting to RMB48.8 million in favour of the Purchaser for a period of two years from the date of completion of the disposal on 15th August, 2013. This provision represents the Group's estimated liabilities under this indemnity deed as at 31st March, 2014. Please also refer to note 7 "Other income and net gain" for the gain on disposal of a subsidiary recognized during the year.
- (d) Amounts payable to non-controlling interests are unsecured, interest free and repayable on demand.
- (e) Creditors and accruals are mainly denominated in Hong Kong dollar and Renminbi. The carrying values of creditors and accruals approximate their fair values.

### 31 Sales deposits received

Sales deposits received represents deposits received from the sales of properties of the Group in the PRC which have not yet been recognized as revenues for the year.

### 32 Share capital

	2014 HK\$'000	2013 HK\$'000
Authorized:		
18,000,000,000 shares of HK\$0.05 each	<b>900,000</b>	900,000
	Number of shares	Amount HK\$'000
Issued and fully paid at HK\$0.05 each:		
At 1st April, 2012	1,523,328,700	76,166
2012 final scrip dividend (note 14)	38,511,830	1,926
At 31st March, 2013	1,561,840,530	78,092
2013 final scrip dividend (note 14)	33,842,610	1,692
<b>At 31st March, 2014</b>	<b>1,595,683,140</b>	<b>79,784</b>

All new shares rank pari passu to the existing shares.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH, 2014

## 32 Share capital (Continued)

The Company has adopted a share option scheme (the "Scheme") pursuant to the annual general meeting of the Company held on 31st August, 2012, which is valid and effective for a term of ten years from the date of its adoption. Under the Scheme, the Directors may grant options to the eligible persons as defined in the Scheme, inter alia, any Directors, employees or business consultants of the Company and its subsidiaries, to subscribe for shares in the Company under the terms and conditions stipulated therein. The maximum number of shares in respect of which options may be granted under the Scheme shall not exceed 10% of the issued share capital of the Company as at the adoption date which is 31st August, 2012. No options have been granted under the Scheme since its adoption.

## 33 Reserves

### Group

	Share premium HK\$'000	Capital reserve on consolidation HK\$'000	Capital reserve HK\$'000	Statutory reserve HK\$'000	Investment revaluation reserve HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Proposed final dividend HK\$'000	Total HK\$'000
At 1st April, 2012	1,500,000	97,703	457,792	73	52,362	131,844	112,539	30,467	2,382,780
Profit for the year	-	-	-	-	-	-	40,390	-	40,390
Net exchange differences	-	-	-	-	-	16,429	-	-	16,429
Change in fair value of available-for-sale financial assets	-	-	-	-	(12,591)	-	-	-	(12,591)
2012 final scrip dividend paid	14,091	-	-	-	-	-	-	(30,467)	(16,376)
2013 interim dividend paid	-	-	-	-	-	-	(15,618)	-	(15,618)
2013 proposed final scrip dividend	-	-	-	-	-	-	(31,237)	31,237	-
At 31st March, 2013	1,514,091	97,703	457,792	73	39,771	148,273	106,074	31,237	2,395,014
Profit for the year	-	-	-	-	-	-	110,268	-	110,268
Net exchange differences	-	-	-	-	-	(3,562)	-	-	(3,562)
Realization of exchange reserve upon disposal of a subsidiary	-	-	-	-	-	(423)	-	-	(423)
Change in fair value of available-for-sale financial assets	-	-	-	-	9,961	-	-	-	9,961
2013 final scrip dividend paid	14,228	-	-	-	-	-	-	(31,237)	(17,009)
2014 interim dividend paid	-	-	-	-	-	-	(15,957)	-	(15,957)
2014 proposed final scrip dividend	-	-	-	-	-	-	(63,827)	63,827	-
<b>At 31st March, 2014</b>	<b>1,528,319</b>	<b>97,703</b>	<b>457,792</b>	<b>73</b>	<b>49,732</b>	<b>144,288</b>	<b>136,558</b>	<b>63,827</b>	<b>2,478,292</b>

Statutory reserve represents enterprise expansion fund and general reserve fund set aside by subsidiaries in accordance with the relevant laws and regulations in the PRC.

### 33 Reserves (Continued)

#### Company

	Share premium HK\$'000	Capital reserve HK\$'000	Retained profits HK\$'000	Proposed final dividend HK\$'000	Total HK\$'000
At 1st April, 2012	1,500,000	457,792	661,495	30,467	2,649,754
Profit for the year	–	–	2,209	–	2,209
2012 final scrip dividend paid	14,091	–	–	(30,467)	(16,376)
2013 interim dividend paid	–	–	(15,618)	–	(15,618)
2013 proposed final scrip dividend	–	–	(31,237)	31,237	–
At 31st March, 2013	1,514,091	457,792	616,849	31,237	2,619,969
Profit for the year	–	–	1,461	–	1,461
2013 final scrip dividend paid	14,228	–	–	(31,237)	(17,009)
2014 interim dividend paid	–	–	(15,957)	–	(15,957)
2014 proposed final scrip dividend	–	–	(63,827)	63,827	–
<b>At 31st March, 2014</b>	<b>1,528,319</b>	<b>457,792</b>	<b>538,526</b>	<b>63,827</b>	<b>2,588,464</b>

Total distributable reserves of the Company amounted to HK\$602,353,000 (2013: HK\$648,086,000) as at 31st March, 2014.

### 34 Borrowings

	Group	
	2014 HK\$'000	2013 HK\$'000
Unsecured long-term bank borrowings	178,616	–
Secured long-term bank borrowings	226,047	317,806
Total bank borrowings	404,663	317,806

The long-term bank borrowings are analyzed as follows:

	2014 HK\$'000	2013 HK\$'000
Long-term bank borrowings wholly repayable within five years*	404,663	317,806
Current portion included in current liabilities		
Portion due within one year	(14,952)	–
Portion due after one year which contains a repayment on demand clause	(244,556)	(75,500)
	(259,508)	(75,500)
	145,155	242,306

\* Ignoring the effect of any repayment on demand clause

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH, 2014

## 34 Borrowings (Continued)

The bank borrowings of the Group are secured by certain assets including investment properties, properties for sale and bank deposits with an aggregate carrying value of HK\$202,099,000 (2013: HK\$527,748,000). Borrowings of HK\$281,031,000 (2013: HK\$75,500,000) are also guaranteed by the Company and a subsidiary.

The bank borrowings are repayable in the following periods based on the agreed scheduled repayment dates set out in the loan agreements:

	<b>2014</b> <b>HK\$'000</b>	2013 HK\$'000
Within the first year	<b>14,952</b>	–
Within the second year	<b>223,183</b>	12,080
Within the third to fifth years	<b>166,528</b>	305,726
	<b>404,663</b>	317,806

The effective interest rates of the bank borrowings at the balance sheet date range from 3.11% to 7.38% (2013: 3.10% to 6.15%) per annum. The fair values of the bank borrowings, based on the cash flows discounted at the borrowing rates of 3.11% to 7.38% (2013: 3.10% to 6.15%) per annum, approximate their carrying values and are within level 2 of the fair value hierarchy.

The bank borrowings are denominated in the following currencies:

	<b>2014</b> <b>HK\$'000</b>	2013 HK\$'000
Hong Kong dollar	<b>78,500</b>	75,500
Renminbi	<b>326,163</b>	242,306
	<b>404,663</b>	317,806

The exposure of the bank borrowings to interest rate changes and the contractual repricing dates are as follows:

	<b>2014</b> <b>HK\$'000</b>	2013 HK\$'000
6 months or less	<b>257,116</b>	75,500
7 to 12 months	<b>147,547</b>	242,306
	<b>404,663</b>	317,806

## 35 Deferred taxation liabilities

The net movements of the deferred taxation liabilities of the Group are as follows:

	HK\$'000
<b>Group</b>	
At 1st April, 2012	172,198
Changes in exchange rates	164
Charged to the consolidated income statement (note 12)	1,344
At 31st March, 2013	173,706
Changes in exchange rates	(290)
Charged to the consolidated income statement (note 12)	6,728
<b>At 31st March, 2014</b>	<b>180,144</b>

The movements in deferred taxation assets and liabilities of the Group (prior to offsetting of balances within the same taxation jurisdiction) during the year are as follows:

	Deferred taxation liabilities			Deferred taxation assets	
	Fair value gains HK\$'000	Revaluation of investment properties HK\$'000	Accelerated tax depreciation HK\$'000	Total HK\$'000	Tax losses HK\$'000
At 1st April, 2012	169,083	3,115	7,816	180,014	(7,816)
Changes in exchange rates (Credited)/charged to the consolidated income statement	– (7,999)	164 9,343	– 956	164 2,300	– (956)
At 31st March, 2013	161,084	12,622	8,772	182,478	(8,772)
Changes in exchange rates (Credited)/charged to the consolidated income statement	– (13,245)	(290) 19,973	– (301)	(290) 6,427	– 301
<b>At 31st March, 2014</b>	<b>147,839</b>	<b>32,305</b>	<b>8,471</b>	<b>188,615</b>	<b>(8,471)</b>

Deferred taxation liabilities for the fair value gains represent the deferred taxation on the differences between the carrying values of the properties as included in the consolidated financial statements and the carrying values of these properties as included in the financial statements of the relevant subsidiaries. The values were based on the date of acquisition of those subsidiaries by the Group.

Deferred taxation liabilities, which are expected to be settled after twelve months from the balance sheet date, have been provided in full on temporary differences under the liability method using the applicable tax rates prevailing in the countries in which the Group operates.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH, 2014

## 35 Deferred taxation liabilities (Continued)

Deferred taxation assets of HK\$111.4 million (2013: HK\$93.6 million) arising from unused tax losses of HK\$675.2 million (2013: HK\$567.4 million) have not been recognized in the consolidated financial statements. These tax losses either have no expiry dates or will expire within five years for those from the PRC.

Deferred taxation liabilities of HK\$37.7 million (2013: HK\$21.7 million) arising from withholding tax on the unremitted earnings of certain PRC subsidiaries have not been recognized in the consolidated financial statements as these earnings are expected to be reinvested.

## 36 Loans from non-controlling interests

Loans from non-controlling interests of the Group are unsecured, interest free and not repayable within the next twelve months from the balance sheet date.

## 37 Commitments

### (a) Capital commitments

	<b>Group</b>	
	<b>2014</b> <b>HK\$'000</b>	2013 HK\$'000
Contracted but not provided for:		
Property development projects and property, plant and equipment	<b>212,471</b>	316,686
Available-for-sale financial assets	<b>49,952</b>	–
	<b>262,423</b>	316,686

### (b) Operating lease rental payable

The future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings is payable in the following periods:

	<b>Group</b>	
	<b>2014</b> <b>HK\$'000</b>	2013 HK\$'000
Within the first year	<b>1,975</b>	931
Within the second to fifth years	<b>2,018</b>	295
	<b>3,993</b>	1,226

## 37 Commitments (Continued)

### (c) Operating lease rental receivable

The future aggregate minimum lease rental income under non-cancellable operating leases in respect of properties is receivable in the following periods:

	Group	
	2014 HK\$'000	2013 HK\$'000
Within the first year	4,497	832
Within the second to fifth years	8,436	2,480
After the fifth year	2,140	2,696
	<b>15,073</b>	6,008

The Group leases properties under various agreements which will be terminated between 2014 to 2025 (2013: 2013 to 2025).

## 38 Financial guarantees

	Group		Company	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Guarantees for outstanding bank borrowings of subsidiaries as at the balance sheet date (note 34)	–	–	281,031	75,500
Guarantee for a bank bond of a construction contract of a subsidiary	–	–	–	8,106
Guarantees for mortgage loans to purchasers of properties of the Group in the PRC (note)	593,591	443,160	–	–
	<b>593,591</b>	443,160	<b>281,031</b>	83,606

*Note: The financial guarantees provided by the Group represented the guarantees in respect of mortgage loans made by certain banks to certain purchasers of the Group's properties in the PRC. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. Such guarantees will be terminated upon the earlier of (i) the issuance of the property ownership certificates which is generally available within six months to one year after the purchasers take possession of the relevant properties; or (ii) the satisfaction of mortgage loans by the purchasers of properties. Since the Group is able to retain the purchasers' deposits and sell the properties to recover any amounts paid by the Group to the banks, the estimated net amounts required to be settled by the Group and the fair value of the financial guarantees as calculated are not material and hence not recognized in the consolidated financial statements. Bank deposits of HK\$440,000 (2013: HK\$516,000) have been pledged for such financial guarantees provided by the Group (note 29).*

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH, 2014

## 39 Notes to the consolidated cash flow statement

### (a) Reconciliation of operating profit to cash from/(used in) operations

	2014 HK\$'000	2013 HK\$'000
Operating profit	211,040	91,731
Interest income	(16,043)	(11,107)
Amortization of land use right	32	32
Depreciation	11,161	11,314
Dividend income from available-for-sale financial assets	(2,776)	(977)
Gain on disposal of a subsidiary	(40,491)	–
Fair value gain on transfer of properties from properties for sale to investment properties	(78,215)	(18,413)
Change in fair value of investment properties	(1,680)	(32,084)
Net gain on disposal of property, plant and equipment	(359)	(19)
Provision for impairment of property, plant and equipment	2,321	–
Provision for impairment of inventories	1,404	–
Provision for impairment of trade debtors	770	–
Provision for impairment of other deposits	7,272	4,000
Operating profit before working capital changes	94,436	44,477
Decrease/(increase) in properties for/under development and properties for sale	74,014	(186,994)
Increase in inventories	(1,528)	(427)
Decrease/(increase) in debtors and prepayments	19,997	(71,104)
Increase in creditors and accruals	12,527	14,854
Increase in sales deposits received	38,238	195,681
Cash from/(used in) operations	237,684	(3,513)

### (b) Analysis of cash and cash equivalents

	2014 HK\$'000	2013 HK\$'000
Cash and bank balances	1,114,628	981,001
Bank deposits maturing more than three months from date of placement	(6,437)	(15,224)
Cash and cash equivalents	1,108,191	965,777

## 40 Subsequent event

On 12th June, 2014, a wholly-owned subsidiary of the Group entered into a provisional sale and purchase agreement with an independent third party to dispose of an investment property in the PRC at a consideration of approximately RMB32.4 million (equivalent to approximately HK\$40.3 million). The transaction will be completed upon full settlement of the consideration which is expected to be on 10th October, 2014. The transaction is expected to realize a net gain (including future fair value gain, if any) of approximately RMB3.7 million (equivalent to approximately HK\$4.6 million) to the Group. Details of the transaction were set out in the announcement of the Company dated 12th June, 2014.

## 41 Approval of the consolidated financial statements

The consolidated financial statements were approved by the Board on 26th June, 2014.

## 42 Principal subsidiaries

Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective percentage held by the Group		Principal activities
			2014	2013	
Anshan Chuang's Property Development Company Limited	PRC	RMB130,000,000 (2013: RMB90,000,000)	100.0%	100.0%	Property development and investment
Anshan Chuang's Real Estate Development Company Limited	PRC	RMB210,000,000 (2013: RMB170,000,000)	100.0%	100.0%	Property development and investment
Chengdu Chuang's Investment Services Limited	PRC	HK\$80,000,000	100.0%	100.0%	Property development and investment
Chengdu Chuang's Property Development Company Limited	PRC	RMB2,000,000	51.0%	51.0%	Property development and investment
China Art Exchange Limited	Hong Kong	HK\$1,000,000 with 10,000,000 shares	100.0%	100.0%	Trading of merchandise
@ China Cyberworld Limited	Hong Kong	HK\$2 with 2 shares	100.0%	100.0%	Investment holding
@ Chinaculture.com Limited	British Virgin Islands/ Hong Kong	US\$1 with 1 share	100.0%	100.0%	Investment holding
@ Chuang's China Enterprises Limited	Hong Kong	HK\$117,622,779 with 458,310,965 shares	100.0%	100.0%	Investment holding
Chuang's China Italia Plaza Limited	Hong Kong	HK\$2 with 2 shares	100.0%	100.0%	Investment holding

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH, 2014

## 42 Principal subsidiaries (Continued)

Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective percentage held by the Group		Principal activities
			2014	2013	
@ Chuang's China Realty Limited	Bermuda/ Hong Kong	HK\$100,000 with 2,000,000 shares	<b>100.0%</b>	100.0%	Investment holding
@ Chuang's China Treasury Limited	Cayman Islands/ Hong Kong	US\$1 with 1 share	<b>100.0%</b>	100.0%	Investment holding
Chuang's Development (Anshan) Limited	Hong Kong	HK\$2 with 2 shares	<b>100.0%</b>	100.0%	Investment holding
Chuang's Development (Beijing) Limited	Hong Kong	HK\$100 with 100 shares	<b>100.0%</b>	100.0%	Investment holding
Chuang's Development (Chengdu) Limited	Hong Kong	HK\$20 with 2 shares HK\$1,000,000 with 100,000 non-voting deferred shares	<b>100.0%</b>	100.0%	Property investment
Chuang's Development (Dong Guan) Limited	Hong Kong	HK\$2 with 2 shares	<b>100.0%</b>	100.0%	Investment holding
Chuang's Development (Liaoning) Limited	Hong Kong	HK\$2 with 2 shares	<b>100.0%</b>	100.0%	Investment holding
Chuang's Development (Sichuan) Limited	Hong Kong	HK\$2 with 2 shares	<b>100.0%</b>	100.0%	Investment holding
Chuang's Information Technology Limited	Hong Kong	HK\$100 with 100 shares	<b>100.0%</b>	100.0%	Investment holding
Distinguished Properties Limited	British Virgin Islands/ Hong Kong	US\$1 with 1 share	<b>100.0%</b>	100.0%	Investment holding
Dongguan Chuang's Real Estate Development Company Limited	PRC	RMB135,420,000	<b>100.0%</b>	100.0%	Property development and investment
Double Wealthy Company Limited	Hong Kong	HK\$160 with 160 shares	<b>100.0%</b>	100.0%	Investment holding
Dragon Rich Investments Limited	Hong Kong	HK\$100 with 100 shares	<b>85.0%</b>	85.0%	Investment holding

## 42 Principal subsidiaries (Continued)

Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective percentage held by the Group		Principal activities
			2014	2013	
Gold Capital Profits Limited	British Virgin Islands/ Hong Kong	US\$100 with 100 shares	<b>75.0%</b>	75.0%	Investment holding
Guangzhou Chuang's Investment Services Limited	PRC	RMB22,500,000	<b>100.0%</b>	100.0%	Investment holding
Guangzhou Panyu Chuang's Real Estate Development Company Limited (note 40)	PRC	RMB60,000,000	<b>100.0%</b>	100.0%	Property development and investment
Hunan Chuang's Italia Plaza Development Company Limited	PRC	RMB5,000,000 (2013: RMB10,000,000)	<b>100.0%</b>	100.0%	Property development and investment
Hunan Han Ye Real Estate Development Company Limited	PRC	RMB25,000,000	<b>54.0%</b>	54.0%	Property development and investment
Noble Century Investment Limited	Hong Kong	HK\$1,000,000 with 1,000,000 shares	<b>60.0%</b>	60.0%	Investment holding
On Profit Investment Limited	Hong Kong	HK\$2 with 2 shares	<b>100.0%</b>	100.0%	Property development and investment
Silver Chase Investment Limited	Hong Kong	HK\$2 with 2 shares	<b>100.0%</b>	100.0%	Property development and investment
Silver Dragon Investment Limited	Hong Kong	HK\$2 with 2 shares	<b>100.0%</b>	100.0%	Property development and investment
Sino Success Limited	Hong Kong	HK\$1 with 1 share	<b>100.0%</b>	100.0%	Investment holding
Xiamen Mingjia Binhai Resort Company Limited	PRC	RMB75,000,000 (later increase to RMB100,000,000)	<b>59.5%</b>	59.5%	Property and hotel development and investment
Yuen Sang Watch Industries Limited	Hong Kong	HK\$1,168,407 with 1,000,000 shares	<b>100.0%</b>	100.0%	Manufacture and sale of watch components

@ Directly held by the Company

# PARTICULARS OF PRINCIPAL PROPERTIES

The following list contains only properties held by the Group as at 31st March, 2014 which are material to the Group as the Directors are of the opinion that a complete list will be of excessive length.

## 1. Investment properties in the People's Republic of China (the "PRC")

Location	Term	Usage	Group's interest
Chuang's Le Papillon, Guangzhou, Guangdong			
– Phase I: Commercial podium	Long lease	Commercial	100.0%
– Phase III: Commercial podium	Long lease	Commercial, planning stage	100.0%
Chuang's New City, Dongguan, Guangdong			
– Gold Coast: Club house	Long lease	Commercial	100.0%
– Imperial Garden Phase I: Commercial podium	Long lease	Commercial	100.0%
– Imperial Garden Phase III: Commercial podium	Long lease	Commercial, planning stage	100.0%
6th Floor, Chengdu Digital Plaza, No. 1 Renmin South Road, Section 4, Wuhou District, Chengdu, Sichuan Province	Long lease	Commercial	100.0%
Commercial podium, Chuang's Mid-town, Anshan, Liaoning	Long lease	Commercial, planning stage	100.0%

## 2. Property projects in the PRC

Location	Stage of completion	Expected completion date	Usage	Site area (sq. m.)	Gross floor area	Group's interest
Chuang's Le Papillon, Guangzhou, Guangdong						
– Phase I: Block A, B, C, D, E	Completed	Completed	Residential	53,519	18,395 (and 208 carparking spaces)	100.0%
– Phase II: Block F, G, H, I, K, M, N	Completed	Completed	Residential/ Commercial	50,585	24,235	100.0%
Block J, L, P	Superstructure works completed	2014–2015	Residential	18,926	40,155 (and 1,242 carparking spaces)	100.0%

## 2. Property projects in the PRC (Continued)

Location	Stage of completion	Expected completion date	Usage	Site area (sq. m.)	Gross floor area	Group's interest
Chuang's Le Papillon, Guangzhou, Guangdong (Continued)						
- Phase III: Block Q, R, S, T, U, V, W, X	Master planning completed, strategic planning stage	N/A	Comprehensive development area	93,476	165,690	100.0%
Imperial Garden, Chuang's New City, Dongguan, Guangdong						
- Phase I: Block 1 to 8	Completed	Completed	Residential	23,775	11,098 (and 133 carparking spaces)	100.0%
- Phase II: Block 9 to 14	Superstructure works completed	2014–2015	Residential	9,500	61,272	100.0%
- Phase III: Block 15 to 55	Planning stage	N/A	Comprehensive development area	158,576	355,842	100.0%
sáv Resort & Spa, Xiamen, Fujian	Interior and fitting out works in progress	2014–2015	Resort and villa	27,574	18,000	59.5%
Chuang's Mid-town, Anshan, Liaoning	Foundation works in progress	2016–2017	Comprehensive development area	11,000	100,000	100.0%
Chuang's Plaza, Anshan, Liaoning	Master planning in progress	N/A	Comprehensive development area	39,500	390,000	100.0%
Phase I, Beverly Hills, Changsha, Hunan	Completed	Completed	Residential	95,948	19,800	54.0%
	Superstructure works completed	N/A	Commercial		11,600	54.0%

# SUMMARY OF FINANCIAL INFORMATION

## Results

	2010 HK\$'000 (Restated)	2011 HK\$'000	2012 HK\$'000	2013 HK\$'000	2014 HK\$'000
Revenues	381,951	198,024	1,487,102	509,502	<b>804,719</b>
Profit attributable to equity holders	70,642	31,909	448,755	40,390	<b>110,268</b>
Earnings per share (HK cents)	4.64	2.09	29.46	2.62	<b>7.00</b>
Dividend per share (HK cents)					
Interim	–	–	1.00	1.00	<b>1.00</b>
Final	–	–	2.00	2.00	<b>4.00</b>
Total	–	–	3.00	3.00	<b>5.00</b>

## Assets and Liabilities

	2010 HK\$'000 (Restated)	2011 HK\$'000	2012 HK\$'000	2013 HK\$'000	2014 HK\$'000
Non-current assets	900,451	297,017	538,069	667,140	<b>919,473</b>
Current assets	2,228,381	3,445,898	2,716,228	3,088,051	<b>3,150,286</b>
Total assets	3,128,832	3,742,915	3,254,297	3,755,191	<b>4,069,759</b>
Total liabilities	(1,188,501)	(1,667,065)	(729,719)	(1,219,722)	<b>(1,453,176)</b>
Non-controlling interests	(18,869)	(78,177)	(65,632)	(62,363)	<b>(58,507)</b>
Shareholders' funds	1,921,462	1,997,673	2,458,946	2,473,106	<b>2,558,076</b>

## Net Debt to Equity Ratio

	2010 HK\$'M (Restated)	2011 HK\$'M	2012 HK\$'M	2013 HK\$'M	2014 HK\$'M
Cash and bank balances	293.9	351.7 <sup>@</sup>	836.8	1,011.5 <sup>^</sup>	<b>1,145.1<sup>^</sup></b>
Bank borrowings	711.8	154.4 <sup>#</sup>	41.9	317.8	<b>404.7</b>
Net debt to equity ratio (%)	21.75	N/A	N/A	N/A	<b>N/A</b>

<sup>@</sup> Included restricted bank balance which was released as bank balances of the Group in April 2011

<sup>#</sup> Excluded bank borrowings related to investment property held for sale

<sup>^</sup> Included pledged bank balances

Note: The accounting policies were changed in 2011 due to the adoption of HKAS 12 (Amendment) and the prior year's figures have been restated to reflect these changes.

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the annual general meeting of Chuang's China Investments Limited (the "Company") will be held at Chater Room, 2nd Floor, Mandarin Oriental, 5 Connaught Road, Central, Hong Kong on Friday, 19th September, 2014 at 10:00 a.m. for the following purposes:

1. To receive and consider the audited consolidated financial statements and the reports of the Directors and the auditor for the year ended 31st March, 2014.
2. To declare a final dividend.
3.
  - (a) To re-elect Mr. Lee Sai Wai as an executive Director.
  - (b) To re-elect Mr. Sunny Pang Chun Kit as an executive Director.
  - (c) To re-elect Mr. Abraham Shek Lai Him as an independent non-executive Director.
  - (d) To authorize the board of Directors to fix the remuneration of the Directors.
4. To re-appoint PricewaterhouseCoopers as the auditor and to authorize the board of Directors to fix its remuneration.
5. To consider and, if thought fit, pass with or without amendments the following resolutions as ordinary resolutions:

## Ordinary Resolutions

(A) **"THAT:**

- (a) subject to paragraph (b) below, the exercise by the Directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to repurchase shares of HK\$0.05 each (the "Shares") in the capital of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of Shares of the Company to be repurchased by the Company pursuant to the approval in paragraph (a) above shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company at the date of the passing of this Resolution, and the said approval shall be limited accordingly; and

## NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

- (c) for the purpose of this Resolution, “**Relevant Period**” means the period from the date of the passing of this Resolution until whichever is the earliest of:
  - (i) the conclusion of the next annual general meeting of the Company;
  - (ii) the expiry of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or the Companies Act 1981 of Bermuda or any other applicable law of Bermuda to be held; or
  - (iii) the passing of an ordinary resolution by shareholders of the Company in general meeting revoking, varying or renewing the authority given to the Directors of the Company by this Resolution.”

(B) “**THAT:**

- (a) subject to paragraph (c) below, the exercise by the Directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with unissued Shares in the capital of the Company and to make or grant offers, agreements, options and other rights, or issue warrants and other securities, which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorize the Directors of the Company during the Relevant Period to make or grant offers, agreements, options and other rights, and issue warrants and other securities, which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or to be allotted or agreed conditionally or unconditionally to be allotted or issued (whether pursuant to an option or otherwise) by the Directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to or in consequence of:
  - (i) a Rights Issue (as defined below); or
  - (ii) the exercise of any option under any option scheme of the Company; or
  - (iii) an issue of Shares upon exercise of the subscription or conversion rights attaching to or under the terms of any warrants of the Company; or
  - (iv) any scrip dividend or similar arrangement in accordance with the Bye-laws of the Company; or
  - (v) a specific authority granted by the shareholders of the Company in general meeting,

shall not in aggregate exceed 20 per cent. of the aggregate nominal amount of the issued share capital of the Company at the date of the passing of this Resolution, and the said approval shall be limited accordingly; and

(d) for the purpose of this Resolution:

“**Relevant Period**” means the period from the date of the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiry of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or the Companies Act 1981 of Bermuda or any other applicable law of Bermuda to be held; or
- (iii) the passing of an ordinary resolution by shareholders of the Company in general meeting revoking, varying or renewing the authority given to the Directors of the Company by this Resolution; and

“**Rights Issue**” means an offer of Shares in the Company, or an offer of warrants, options or other securities giving rights to subscribe for Shares, open for a period fixed by the Directors of the Company, to holders of Shares whose names appear on the register of members of the Company (and, where appropriate, to holders of other securities of the Company entitled to be offered to them) on a fixed record date in proportion to their then holdings of Shares (or, where appropriate, such other securities), subject in all cases to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or any stock exchange in, any territory outside Hong Kong.”

- (C) “**THAT** subject to the passing of Resolutions numbered 5(A) and 5(B), the general mandate granted to the Directors of the Company to allot, issue and deal with unissued Shares in the capital of the Company pursuant to Resolution numbered 5(B) be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of Shares in the capital of the Company repurchased by the Company under the authority granted pursuant to the general mandate to repurchase Shares (as referred to in Resolution numbered 5(A) set out in the notice convening this meeting), provided that such amount of securities so repurchased shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company at the date of the ordinary resolution approving the said general mandate to repurchase Shares.”

6. To transact any other business.

By order of the Board of  
**Chuang's China Investments Limited**  
**Lee Wai Ching**  
*Company Secretary*

Hong Kong, 24th July, 2014

# NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

## Notes:

1. Any member entitled to attend and vote at the annual general meeting of the Company ("AGM") is entitled to appoint one or more than one proxy to attend and vote instead of him. A proxy need not be a member of the Company.
2. To be valid, a proxy form, together with the power of attorney or other authority (if any) under which it is signed or a certified copy thereof, must be deposited at the Company's principal office in Hong Kong at 25th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong, not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof.
3. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 16th September, 2014 to Friday, 19th September, 2014, both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the AGM, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's share registrar in Hong Kong, Tricor Progressive Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Monday, 15th September, 2014.
4. The board of Directors has recommended a final scrip dividend (with a cash option) of 4.0 HK cents per share.
5. The proposed final dividend is subject to the approval of the shareholders at the AGM. The record date for entitlement to the proposed final dividend is Friday, 3rd October, 2014. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Thursday, 25th September, 2014 to Friday, 3rd October, 2014, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's share registrar in Hong Kong, Tricor Progressive Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 24th September, 2014.
6. Concerning Resolutions numbered 3 and 5 above, the information necessary to enable the shareholders to make decisions on whether to vote for or against the Resolutions, as required by the Listing Rules, will be set out in a separate document from the Company to be enclosed with the 2014 Annual Report.



**CHUANG'S  
CHINA  
INVESTMENTS  
LIMITED**

(Incorporated in Bermuda with limited liability)  
Stock Code: 298