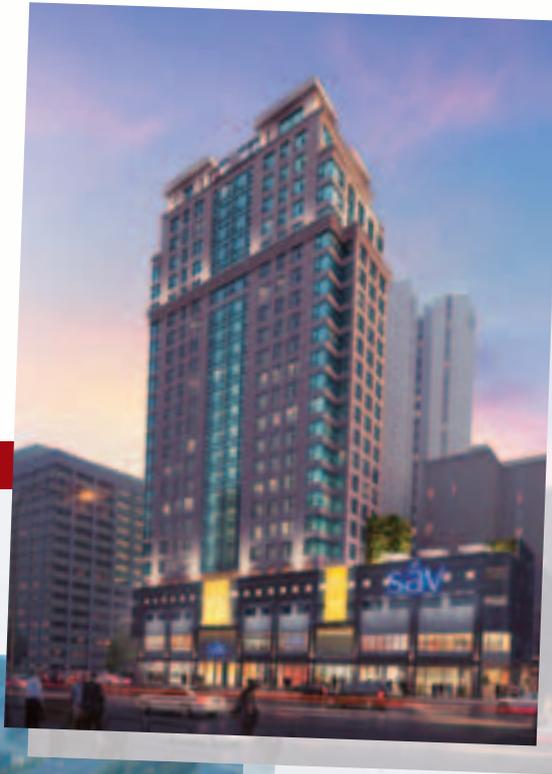




CHUANG'S
CONSORTIUM
INTERNATIONAL LIMITED

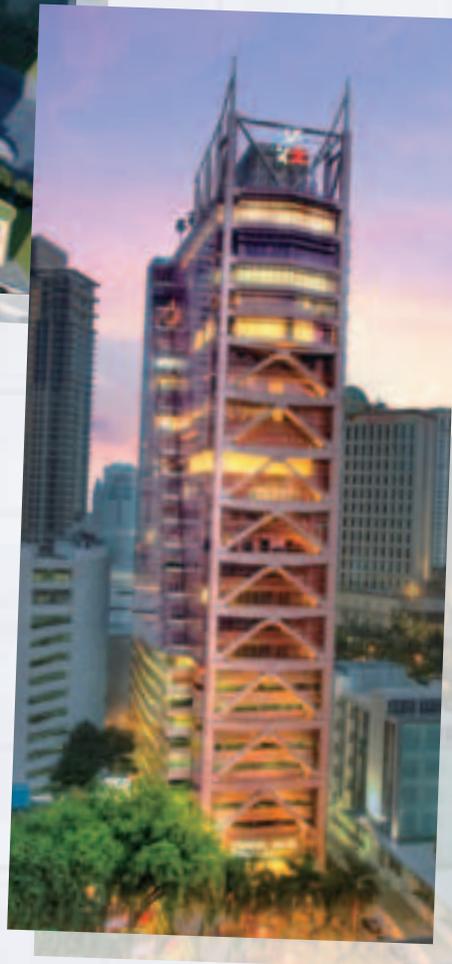
2014
ANNUAL REPORT



Hotel sáv, Hong Kong



Chuang's Mid-town, Anshan



Central Plaza, Kuala Lumpur

CONTENTS

Chairman's Statement	2
Corporate Information	38
Biographical Details of Directors and Senior Management	40
Corporate Governance Report	44
Report of the Directors	58
Independent Auditor's Report	69
Consolidated Income Statement	71
Consolidated Statement of Comprehensive Income	72
Consolidated Balance Sheet	73
Balance Sheet	75
Consolidated Cash Flow Statement	76
Consolidated Statement of Changes in Equity	77
Notes to the Consolidated Financial Statements	78
Particulars of Principal Properties	156
Summary of Financial Information	160
Notice of Annual General Meeting	161

CHAIRMAN'S STATEMENT

FINANCIAL REVIEW

For the year ended 31st March, 2014, revenues of the Group amounted to HK\$1,389.1 million (2013: HK\$1,100.3 million), representing an increase of 26.2% compared to that of the last year. This was mainly due to the increase in property sales in the People's Republic of China (the "PRC") recognized by the Group during the year. Revenues of the Group comprised revenues from sales of properties of HK\$798.0 million (2013: HK\$565.8 million), revenues from rental of investment properties of HK\$152.7 million (2013: HK\$147.5 million), revenues from sales of goods and merchandise and services of HK\$387.3 million (2013: HK\$361.6 million), revenues from cemetery business of HK\$9.5 million (2013: HK\$6.2 million) and revenues from securities investment and trading business of HK\$41.6 million (2013: HK\$19.2 million).

As a result of increase in revenues generated from sales of properties, sales of goods and merchandise and services and the securities investment and trading business of the Group, gross profit during the year increased to HK\$515.5 million (2013: HK\$433.8 million), representing an increase of 18.8% compared to that of the last year. Other income and net gain increased to HK\$163.1 million (2013: HK\$65.6 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 in the PRC. A breakdown of other income and net gain is shown in note 7 to the consolidated financial statements of this report. Furthermore, the Group also recorded an upward revaluation surplus of HK\$450.3 million (2013: HK\$1,199.1 million) for its investment properties, reflecting the continued improvement in property prices of our investment properties in Hong Kong during the year.

On the costs side, selling and marketing expenses increased to HK\$99.5 million (2013: HK\$73.3 million) as a result of increase in revenues and the launching of new property projects for sales in Hong Kong and the PRC. Administrative and other operating expenses increased to HK\$390.9 million (2013: HK\$358.6 million) mainly due to an increase in business activities of the Group, a general increase in overheads and certain one-off provisions relating to the restructuring of the watch component business of the Group. Finance costs increased to HK\$59.0 million (2013: HK\$47.7 million) mainly due to the increased level of bank borrowings for financing the projects of the Group. Share of profit of associated companies amounted to HK\$11.4 million (2013: loss of HK\$0.4 million) mainly due to a negative goodwill arising on the acquisition of a 40% interest in a hotel in Cebu, Philippines. Taxation amounted to HK\$98.1 million (2013: HK\$79.4 million) mainly relating to tax on sales of properties.

Taking all the above into account, profit attributable to equity holders of the Company amounted to HK\$468.5 million (2013: HK\$1,147.6 million). Earnings per share was 27.71 HK cents (2013: 70.88 HK cents).



CHUANG'S TOWER

DIVIDENDS

After taking into account the need to maintain sufficient financial resources for the working capital of the Group's projects and businesses, 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 3.0 HK cents (2013: 3.0 HK cents) per share for the year ended 31st March, 2014. The final dividend, if approved, will be paid on or before 17th 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 entitlement will be calculated by reference to the par value of the shares of the Company, being HK\$0.25, 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 of the Company as soon as practicable.

An interim dividend of 2.0 HK cents (2013: 2.0 HK cents) per share has been paid in respect of the current financial year. Total dividends for the year, therefore, will amount to 5.0 HK cents (2013: 5.0 HK cents) per share, and the total amount will be HK\$85.7 million (2013: HK\$83.5 million).

Business Review

CHUANG'S

LONDON PLAZA



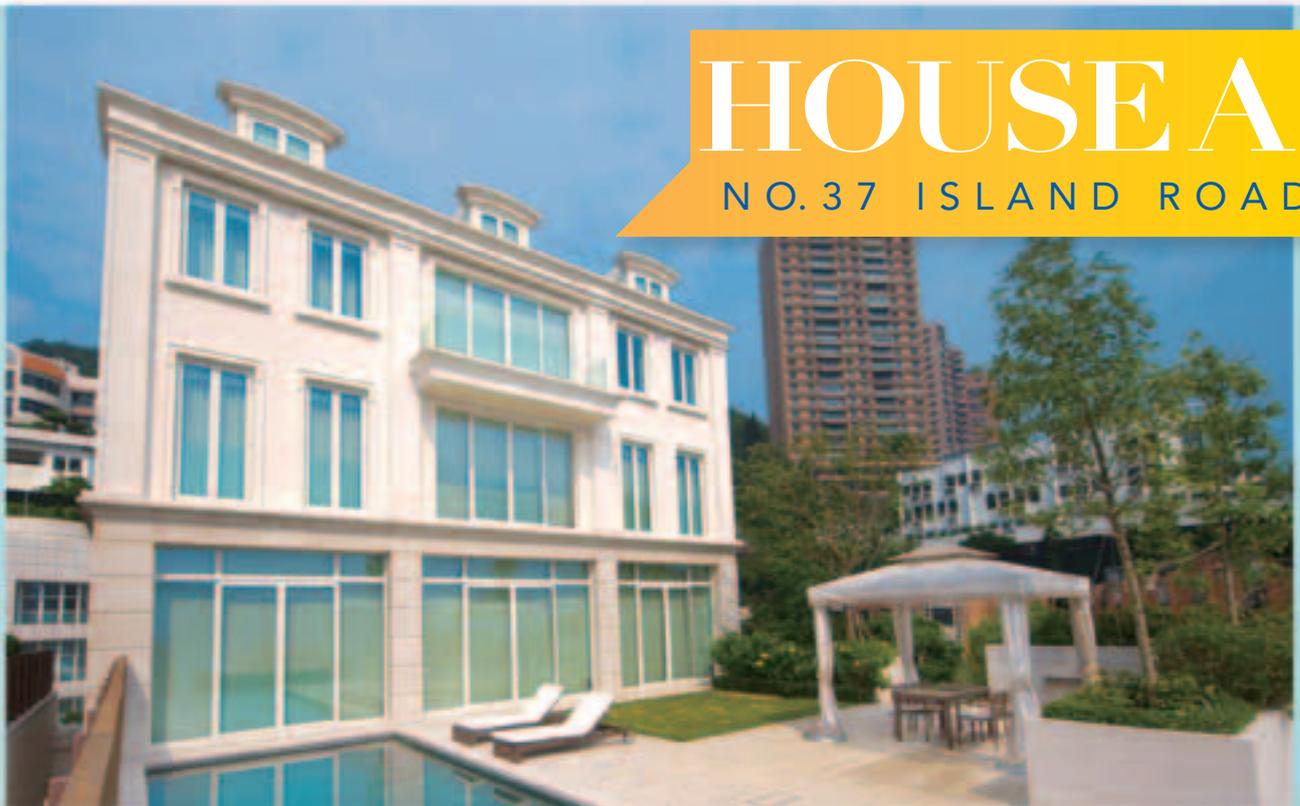
Hong Kong Property Division

Investment Properties

Major investment properties of the Group comprise (a) Chuang's London Plaza in Tsim Sha Tsui, (b) Chuang's Tower in Central, (c) House A, No. 37 Island Road in Deep Water Bay, (d) Chuang's Hung Hom Plaza in Hunghom (which is now under conversion into a hotel and renamed as Hotel sáv) and (e) No. 15 Gough Hill Road in The Peak (which is now under redevelopment). The total gross area of the Group's investment properties amounted to about 340,000 sq. ft. comprising retail, office, hotel, high-class residential and carparking spaces.

Rental and other income from investment properties in Hong Kong during the year amounted to HK\$120.7 million, representing a slight increase of 2.0% over that of the last year. In order to facilitate the conversion works, majority of tenants of Hotel sáv had been vacated since the beginning of 2013 and, as a result, rental income from Hotel sáv during the year ended 31st March, 2014 was relatively small. Had the rental income from Hotel sáv been excluded, rental and other income from the remaining investment properties in Hong Kong showed a 30.0% increase over that of the last corresponding year.

In order to improve the rental yield and thus the capital value of Chuang's London Plaza, the Group is exploring plans and strategies to renovate and upgrade the property with a view to increase the gross area of the shops at the ground floor and the first floor levels and to improve the accessibility of the shops at the basement levels. In order to achieve the above objectives, further building plans will be submitted to the relevant authorities for approval. Once the approval is obtained, the Group will evaluate the best timing to carry out the renovation and upgrading works.



* Residential property for lease

Investment Properties Under Conversion/Development

Hotel sáv, No. 83 Wuhu Street, Hunghom, Kowloon (100% owned)

The property was a commercial/office building. Rezoning has been obtained from the Town Planning Board to permit the property to be operated as a hotel and approval has been obtained from the Buildings Department to convert the property into a hotel with 388 rooms together with shopping units at the ground floor and first floor levels. Conversion works are at the final stage and will be completed soon. Application for a hotel licence has been made and it is expected that the hotel will be in operation by the fourth quarter of 2014.

No. 15 Gough Hill Road, The Peak, Hong Kong (100% owned)

The property is in the process of being developed into a single house with unique architectural design. Demolition works have been completed and site formation and foundation works are in progress. In view of the limited supply of this type of luxury property in that area, it is envisaged that rental and capital value of the property will be significantly enhanced upon completion of the development.



HOTEL
sáv





PARKES

RESIDENCE

Properties Under Development / Held For Sale

During the year, property sales in Hong Kong recognized as revenues of the Group amounted to HK\$7.1 million which were related to the sale of the remaining residential unit in Wuhu Residence in Hunghom. Progress of other major development projects is as follows:

Parkes Residence, No. 101 Parkes Street, Kowloon (100% owned)

The property is close to the Jordan Station of the mass transit railway and will be developed into a commercial/residential building comprising 114 fully furnished studio units with clubhouse facilities and shopping units at the podium levels (G/F to 2/F). Superstructure works are in progress and have been completed up to the second level. The project is expected to be completed in the third quarter of 2015. Up to the date of this report, 56 residential units and the shopping unit at the first and second floor levels have been pre-sold with an aggregate sales value of HK\$533.8 million, and deposits of about HK\$88 million have been received.

Villa 28 and Villa 30, Po Shan Road, Hong Kong (50% owned)

The Group owns a 50% interest in the project and is the project manager of the development. The property is located in a prestigious mid-level area that enjoys a glamorous sea-view. Building plans have been approved to develop the property into two semi-detached residences with gross floor area ("GFA") of about 40,365 sq. ft.. However, in order to increase the supply of land in the short to medium term, the Hong Kong SAR Government has indicated that it will actively consider relaxing or lifting a moratorium currently in force which restricts the modification of lease at the mid-level area. In light of this development, the Group has engaged consultants and liaised with relevant authorities in order to determine the best development strategy of this project with a view to maximize its development potential.



CENTRAL
PLAZA

International Property Division

Malaysia

Central Plaza, Jalan Sultan Ismail, Kuala Lumpur (100% owned)

Central Plaza, located at the heart of central business district and prestigious shopping area of Kuala Lumpur, has a total GFA of 380,000 *sq. ft.* of retail, office and carparking spaces. During the year, rental and other income from this property amounted to HK\$21.2 million, representing an increase of 3.4% over that of the last year. Recently, the Group is conducting feasibility studies for converting the property into hotel/apartment usage in order to enhance the yield and thus the capital value.

Vietnam

Greenview Garden, Thu Duc District, Ho Chi Minh City (100% owned)

The project covers a site area of 20,300 *sq. m.* and it is planned that a commercial/residential complex with GFA of 94,000 *sq. m.* will be developed on the site. The site is currently vacant and the Group is still carrying out studies on the development strategy of this project.

Duc Hoa District, Long An Province

The Group had participated in a 70% interest in the project pursuant to an agreement entered into between the Group and the joint venture partner. As the joint venture partner has failed to fulfil its obligations under the agreement, the Group has made an application to the Vietnam International Arbitration Centre ("VIAC") for specific performance pursuant to the terms of the agreement and the VIAC has granted an arbitral award in favour of the Group. The arbitral award enables the Group to take steps to demand the joint venture partner to carry out all necessary procedures to form the joint venture company, to obtain the investment licence for the project and to contribute the land into the joint venture company. The Group is taking steps to enforce the arbitral award against the joint venture partner in accordance with local laws and regulations.

Taiwan

sáv Residence, Xinyi District, Taipei City (100% owned)

The project, located nearby the city centre of Taipei City, is a residential development comprising a villa and 6 apartment units (of which 2 are duplex apartments). Occupation permit has been issued by the relevant authorities. Internal decoration works are at the final stage and will be completed soon. Marketing works for leasing out the apartments have been commenced.





Mongolia

International Finance Centre, Sukhbaatar District, Ulaanbaatar (100% owned)

The project has a site area of about 3,272 sq. m. and is located within the central business district. It is planned that a retail/office building will be developed. Concept design has been approved and detailed building plans have been submitted to the relevant authorities pending approval. Foundation works are completed while superstructure works will commence when the detailed building plans have been approved.

The Edelweiss Residence, Sukhbaatar District, Ulaanbaatar (53% owned)

The project has a site area of about 5,600 sq. m. and is located in the city centre within the embassy district. It is planned that two towers of apartments will be developed. Concept design has been approved and detailed building plans have been submitted to the relevant authorities pending approval. Initial phase of the development will comprise of one tower of apartment and foundation works are in progress.

Philippines

Pacific Cebu Resort, Cebu (40% owned)

In December 2013, the Group completed the acquisition of a 40% interest in Pacific Cebu Resort for a consideration of about US\$4 million. Pacific Cebu Resort is a resort established in 1992 with 136 rooms and abundant diving facilities, and is located at Lapu-Lapu City, Mactan Island in Cebu of Philippines occupying a site area of about 64,987 sq. m.. Subsequent to the acquisition, renovation works are being carried out at the resort to upgrade the rooms and the facilities. Meanwhile, the Group is also carrying out feasibility studies to develop the vacant land within the resort (about 20,000 sq. m.) into hotels/condominiums/villas/shops in order to create more value. The resort is managed by Sav Hospitality Limited, the hotel management arm of the Group.



C E B U

PACIFIC CEBU RESORT



PRC Property Division

The property activities of the Group in the PRC are conducted through Chuang's China Investments Limited ("Chuang's China" and together with its subsidiaries as the "Chuang's China Group"), a 57% owned listed subsidiary of the Group. For the year ended 31st March, 2014, Chuang's China recorded revenues of HK\$804.7 million (which comprised revenues from sales of properties in the PRC of HK\$783.0 million, revenues from rental of investment properties and management fees in the PRC of HK\$10.9 million and revenues from manufacturing business of HK\$10.8 million) and profit attributable to equity holders of HK\$110.3 million.

Development Properties

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 Chuang's China Group's major projects for development are as follows:

	Locations	Projects	Developable properties (GFA in sq. m.)
 GUANGDONG	Southern China		
	Guangzhou	Chuang's Le Papillon (Block J, L, P and Q to X)	206,000
	Dongguan	Imperial Garden (Block 9 to Block 55)	423,000
 FUJIAN	Xiamen	sáv Resort & Spa	18,000
	Sub-total		647,000
 LIAONING	Northern China		
	Anshan	Chuang's Mid-town	100,000
		Chuang's Plaza	390,000
Sub-total		490,000	
Total		1,137,000	

GUANGZHOU, GUANGDONG





CHUANG'S

LE PAPILLON

(100% OWNED BY CHUANG'S CHINA)

High-Rise Completed



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.

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.





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.

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 BY CHUANG'S CHINA)



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.

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.



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.

XIAMEN, FUJIAN





sáy Resort & Spa

(59.5% OWNED BY CHUANG'S CHINA)



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 by Chuang's China)



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 by Chuang's China)

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)

Development Properties (continued)

Others

The Chuang's China Group holds a 54% interest in a property development project in Changsha. As at 31st March, 2014, the total investment costs of the Chuang's China 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 Chuang's China 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 Chuang's China Group is evaluating different alternatives in order to speed up the return of this investment. Currently, the Chuang's China Group is in discussion with the partner of this project for the repayment of the total investments of the Chuang's China Group in this project by the partner and such discussion may or may not be materialized.

Investment Properties

The Chuang's China 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 these investment properties amounted to approximately HK\$257.7 million. On 12th June, 2014, the Chuang's China 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 Chuang's China Group. Details of the transaction were set out in the announcement of Chuang's China dated 12th June, 2014.

Midas International Holdings Limited ("Midas")

Midas is a 60.8% owned listed subsidiary of the Group and is principally engaged in the printing business and property business focusing on the development and operation of cemetery in the PRC. For the year ended 31st March, 2014, Midas recorded revenues of HK\$309.8 million (which comprised revenues from the printing business of HK\$300.3 million and revenues from the cemetery business of HK\$9.5 million) and loss attributable to equity holders of HK\$42.5 million.

Printing Business

The worldwide publishing market has been impacted by the growing popularity of digital products, resulting in a gradual but continuous trend away from paper books among readers. This change along with persistent global economic uncertainty continued to dampen the printing demand as a whole. This environment caused closure of numerous small printing service providers and consolidation of suppliers in the export printing industry accelerated during the year.

This consolidation trend has benefitted Midas to capture more market share, due to its emphasis on quality products, superior track record of reliable delivery and premium customer service. As a result, during the year, Midas achieved a moderate sales growth of 10.6% in the printing division.

In the cost aspects, Midas has taken numerous measures to further improve efficiency. Midas has adopted lean manufacturing and automation through the implementation of ERP system to cut costs and enhance efficiency. Besides, Midas constantly monitored operations planning and rebalancing production activities so as to maximize asset utilization. Tight inventory and procurement control were implemented so that Midas can maintain minimum level of inventories with lower price. Accordingly, Midas achieved improved operation efficiency and gross profit margin improved from 19.3% for last year to 21.8% for current year.

With a view to maximize its value, Midas has completed the disposal of the industrial land site located at Coastal Industry Zone in Shatian, Dongguan in May 2014. The net proceeds from the disposal, after deducting the estimated expenses, of approximately HK\$77.4 million was applied as general working capital of Midas. Accordingly, the disposal enabled Midas to increase its working capital, and improved the liquidity and strengthened the overall financial position of the Midas group. Details of the disposal were disclosed in the announcement of Midas on 14th May, 2014.

Midas's another factory site is located near the city centre of Changan, Dongguan. Its surrounding area is well developed and occupied by premium residential and commercial buildings. In view of its high development potential, the local government is considering to rezone and develop the nearby area into an integrated commercial and residential district. Midas has already substantially scaled down its production in the Changan factory and is awaiting final rezoning decision from the local government. In the meantime, Midas has obtained expansion of the business scope of the land owner to include warehouse operations and will explore alternate usage plan, including wholly or partially leasing out or disposing of this site, so as to maximize its value.



Printing Products

CHAIRMAN'S STATEMENT (CONTINUED)

Property Business – Cemetery Operations

Midas operates a cemetery – “Fortune Wealth Memorial Park” in Sihui, Guangdong which comprises a site of 518 mu, and an adjacent site of 4,482 mu, which has been reserved, making up a total of 5,000 mu.

During the year under review, Midas has continued to strengthen its sales effort and expanded its agency network. Furthermore, Midas has arranged joint promotion programmes with Fengshui masters in the PRC so as to enhance the public awareness and marketability of the cemetery. As a result, during the year, Midas achieved a sales growth of 53.2% in the cemetery business. Recently, the local government has approved to establish a martyr memorial cemetery within Fortune Wealth Memorial Park to commemorate martyrs so as to attract people to pay tribute and remembrance to the martyrs. The establishment of the martyr memorial cemetery will expose the cemetery to different market segments and customer groups and Midas believes that such a move could further enhance the sales of the cemetery in the years to come.

In order to further enhance the value of the cemetery, Midas constantly reviews the development plan of the cemetery. Midas has completed an additional 1,042 grave plots, and is in the process of tendering the construction of a further 1,262 grave plots, on the 100 mu of land located near the entrance of the cemetery. Furthermore, for long term development purpose, Midas is now in negotiation with the local government with a view to expand the cemetery by phases. Midas plans to build about 3,500 grave plots as an initial phase of such expansion.

Other Businesses

Sintex Nylon and Cotton Products (Pte) Limited (“Sintex”)

Sintex is engaged in the sale of home finishing products under its own brand names in Singapore and is 88.2% owned by the Group. During the year, Sintex recorded revenues of HK\$76.1 million, representing an increase of 1.6% over that of the last year, and profit of HK\$2.4 million.

Securities Investment and Trading

During the year, securities investment and trading business of the Group recorded a profit of HK\$41.6 million, comprising realized gain on disposal of investments of HK\$23.7 million, dividend and interest income from investments of HK\$12.4 million and fair value gain on investments of HK\$5.5 million as a result of mark to market valuations as at the balance sheet date. As at 31st March, 2014, investments of the Group amounted to HK\$77.9 million comprised of securities listed on the Stock Exchange and high yield bonds.

Yuen Sang Watch Industries Limited (“Yuen Sang”)

Yuen Sang, a wholly-owned subsidiary of the Chuang’s China Group, 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, net assets attributable to equity holders of the Company was HK\$7,793.1 million. Net asset value per share was HK\$4.53, which is calculated based on the book costs of the Group's properties for sale before taking into account their appreciated values.

As at 31st March, 2014, the Group's cash, bank balances (including pledged bank balances and those in assets held for sale) and investments held for trading amounted to HK\$2,454.6 million (2013: HK\$2,081.3 million). Bank borrowings as at the same date amounted to HK\$3,252.3 million (2013: HK\$2,557.8 million). The Group's net debt to equity ratio, expressed as a percentage of bank borrowings net of cash, bank balances and investments held for trading over net assets attributable to equity holders of the Company, was 10.2% (2013: 6.5%).

Approximately 68.3% of the Group's cash, bank balances and investments held for trading were denominated in Hong Kong dollar and United States dollar, 31.4% were in Renminbi and the balance of 0.3% were in other currencies. Approximately 83.4% of the Group's bank borrowings were denominated in Hong Kong dollar, 11.3% were in Renminbi and the balance of 5.3% were in Malaysian Ringgit. Accordingly, there should not be material risk in foreign exchange fluctuation.

Based on the agreed scheduled repayment dates in the loan agreement and ignoring the effect of any repayment on demand clause, approximately 4.7% of the Group's bank borrowings were repayable within the first year, 27.3% were repayable within the second year, 43.1% were repayable within the third to fifth years and the balance of 24.9% were repayable after the fifth year.

PROSPECTS

In order to cool down the property markets, the Hong Kong SAR Government and the Central Government had in the past few years implemented a number of regulatory measures to curb speculative activities and, as of to-date, though the Hong Kong and the PRC property markets had shown corrections, there is no sign that these regulatory measures will be substantially relaxed or even cancelled in the near term. Against these background and on the general expectation that there will be rise in interest rates in the medium term, the Group will monitor the situation closely and will be cautious and selective in making new investments.

Despite the above, in the coming financial years, the Group will continue our mission to take steps to further enhance rental yield of our investment properties and thus their capital values, and to unlock the store value of our development projects in Hong Kong, the PRC and elsewhere in the region by speeding up their development and sales in accordance with local market conditions so as to further create value for our 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 (excluding Chuang's China, Midas and their subsidiaries) employed 264 staff, the Chuang's China Group employed 351 staff and the Midas group employed 1,913 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.

Alan Chuang Shaw Swee
Chairman

Hong Kong, 27th June, 2014

CORPORATE INFORMATION

Directors

Alan Chuang Shaw Swee (*Chairman*)
Alice Siu Chuang Siu Suen (*Vice-Chairman*)
Ko Sheung Chi (*Managing Director*)
Albert Chuang Ka Pun
Candy Chuang Ka Wai
Chong Ka Fung
Lui Lop Kay
Wong Chung Wai
Abraham Shek Lai Him, G.B.S., J.P.*
Fong Shing Kwong*
Yau Chi Ming*
David Chu Yu Lin, S.B.S., J.P.*

* *Independent Non-Executive Directors*

Audit Committee

Abraham Shek Lai Him, G.B.S., J.P.#
Fong Shing Kwong
Yau Chi Ming

Nomination Committee/ Remuneration Committee

Abraham Shek Lai Him, G.B.S., J.P.#
Fong Shing Kwong
David Chu Yu Lin, S.B.S., J.P.

Corporate Governance Committee

Ko Sheung Chi#
Albert Chuang Ka Pun
Candy Chuang Ka Wai

Chairman of the relevant committee

Company Secretary

Lee Wai Ching

Auditor

PricewaterhouseCoopers
22nd Floor, Prince's Building,
10 Chater Road,
Central, Hong Kong

Registrars

Bermuda:
MUFG Fund Services (Bermuda) Limited
26 Burnaby Street,
Hamilton HM 11,
Bermuda

Hong Kong:
Tricor Standard 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 CIMB Bank Berhad
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 Website: www.chuang-consortium.com
Singapore Office	245 Jalan Ahmad Ibrahim, Jurong Town, Singapore 629144, Republic of Singapore
Malaysia Office	16th Floor, Central Plaza, 34 Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia
Vietnam Office	Room 704, 7th Floor, Capital Place Building, 6 Thai Van Lung Street, District 1, Ho Chi Minh City, Vietnam
Mongolia Office	3rd Floor, Eastern Section, New Century Plaza, Chinggis Avenue-15, Sukhbaatar District-1, 14251 Ulaanbaatar, Mongolia
Stock Code	367

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Alan Chuang Shaw Swee (aged 62), the chairman, 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 is also the honorary chairman of Chuang's China Investments Limited ("Chuang's China") and Midas International Holdings Limited ("Midas"), both are subsidiaries of the Company and listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). 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.. He is the brother of Mrs. Alice Siu Chuang Siu Suen and the father of Mr. Albert Chuang Ka Pun, Miss Candy Chuang Ka Wai and Mr. Chong Ka Fung. He joined the Group in 1970.

Mrs. Alice Siu Chuang Siu Suen (aged 65), the vice chairman, has over 40 years of experience in managing investment businesses and in property development and investment. She is the sister of Mr. Alan Chuang Shaw Swee and the aunt of Mr. Albert Chuang Ka Pun, Miss Candy Chuang Ka Wai and Mr. Chong Ka Fung. She joined the Group in 1971.

Mr. Ko Sheung Chi (aged 58), the managing director, has over 34 years of experience in general management. He is a non-executive director of CNT Group Limited, a company listed on the Stock Exchange. He holds a bachelor degree in science and a master degree in business administration and is an associate member of the Hong Kong Institute of Certified Public Accountants. He joined the Group in 1988.

Mr. Albert Chuang Ka Pun (aged 34), an executive director, has over 10 years of experience in property business and general management. He is the deputy chairman and an executive director of Chuang's China. 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. He is the son of Mr. Alan Chuang Shaw Swee, the nephew of Mrs. Alice Siu Chuang Siu Suen and the brother of Miss Candy Chuang Ka Wai and Mr. Chong Ka Fung. He joined the Group in 2005.

Executive Directors (Continued)

Miss Candy Chuang Ka Wai (aged 32), an executive director, has 10 years of experience in general management, marketing and property business. She is an executive director of Midas and the chairman of Treasure Auctioneer International Limited. She is a member of The Chinese People's Political Consultative Conference, Xiamen Committee, Beijing Youth Federation, Fujian Youth Federation, Xiamen Overseas Friendship Association, The Y. Elites Association Limited and Hong Kong United Youth Association, the honorary president of the Hong Kong CPPCC of Fukien Province Members Association, the vice chairman of the General Association of Xiamen (H.K.) Ltd. and a member of the board of councillors of Public Art Hong Kong. Miss Chuang is the daughter of Mr. Alan Chuang Shaw Swee, the niece of Mrs. Alice Siu Chuang Siu Suen and the sister of Mr. Albert Chuang Ka Pun and Mr. Chong Ka Fung. She joined the Group in 2005.

Mr. Chong Ka Fung (aged 29), an executive director, has 4 years of experience in architecture, interior design and general management. He is also an executive director of Chuang's China. 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. He is the son of Mr. Alan Chuang Shaw Swee, the nephew of Mrs. Alice Siu Chuang Siu Suen, and the brother of Mr. Albert Chuang Ka Pun and Miss Candy Chuang Ka Wai. He joined the Group in 2012.

Mr. Lui Lop Kay (aged 58), an executive director, has over 32 years of experience in real estate in Hong Kong and the Asia Pacific region. He holds a bachelor degree of science in estate management and is a fellow member of the Hong Kong Institute of Surveyors and an associate member of the Royal Institution of Chartered Surveyors. He joined the Group in 1996.

Mr. Wong Chung Wai (aged 45), an executive director, has over 22 years of experience in architecture, project management and contract administration. He is an executive director of Chuang's China. 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 2001.

Independent Non-Executive Directors

Mr. Abraham Shek Lai Him G.B.S., J.P. (aged 69), was appointed as an independent non-executive director in 2004. 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 the chairman and an independent non-executive director of Chuang's China, an independent non-executive director of 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.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

Independent Non-Executive Directors (Continued)

Mr. Fong Shing Kwong (aged 66), was appointed as an independent non-executive director in 2008. Mr. Fong has over 36 years of experience in the hospitality industry and has extensive experience in property development, asset and facility management and investment business in the PRC. He is an executive director of New World China Land Limited, a company listed on the Stock Exchange.

Mr. Yau Chi Ming (aged 60), was appointed as an independent non-executive director in 2012. He is a practising certified public accountant in Hong Kong with over 29 years of experience. He is a fellow 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, the Institute of Chartered Secretaries and Administrators in the United Kingdom and the Certified General Accountants' Association in Canada. He is an independent non-executive director of Midas.

Mr. David Chu Yu Lin S.B.S., J.P. (aged 70), was appointed as an independent non-executive director in 2013. 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 Northeastern University. He is an independent non-executive director of Chuang's China, 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.

Senior Management

Mr. Lee Yiu Sing (aged 47), the assistant director, is responsible for property development, sales, leasing and management of the Group. He has over 21 years of experience in property sales, leasing, marketing and management. He has a bachelor degree in science and is a member of the Chartered Institute of Housing. He joined the Group in 2005.

Mr. Chan Ka On (aged 46), the senior project manager, has 21 years of experience in construction and property development. He holds a bachelor of science degree in building surveying. He joined the Group in 2001.

Mr. Chan Chun Man (aged 38), the financial controller, has over 15 years of experience in finance, accounting and auditing. He holds a bachelor degree in accountancy and a master degree in business administration. He is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. He joined the Group in 2003.

Ms. Lee Wai Ching (aged 53), the company secretary, is responsible for the Group's company secretarial matters. She 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.

Mr. Cheung Loon Hoi (aged 68), a director and the general manager of the Singapore Division, is responsible for the Group's operation in Singapore. He holds a higher diploma in textile technology and is a member of the Textile Institute of the United Kingdom. He joined the Group in 1970.

Senior Management (Continued)

Mr. Ng Kek Chong (aged 56), the chief executive officer of the Malaysia division, is responsible for the Group's operation in Malaysia. He has over 32 years of experience in project management and property development. He holds a bachelor degree in architecture and is a member of the Malaysian Institute of Architects. He joined the Group in 1994.

Mr. Tong Kwok Lun (aged 35), the chief representative of the Vietnam Division, is responsible for the Group's development projects in Vietnam. He has over 10 years of experience in property investment and development. He holds a bachelor degree in real estate. He joined the Group in 2007.

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.

Report on corporate governance practices (Continued)

(A) The Board (Continued)

(i) *Board composition*

The Board comprises 12 Directors as at the date of this report. The Board members are as follows:

Name	Position
Mr. Alan Chuang Shaw Swee* ("Mr. Alan Chuang")	Chairman
Mrs. Alice Siu Chuang Siu Suen* ("Mrs. Siu")	Vice-Chairman
Mr. Ko Sheung Chi	Managing Director
Mr. Albert Chuang Ka Pun* ("Mr. Albert Chuang")	Executive Director
Miss Candy Chuang Ka Wai* ("Miss Candy Chuang")	Executive Director
Mr. Chong Ka Fung* ("Mr. Edwin Chong")	Executive Director
Mr. Lui Lop Kay	Executive Director
Mr. Wong Chung Wai	Executive Director
Mr. Abraham Shek Lai Him ("Mr. Abraham Shek")	Independent Non-Executive Director
Mr. Fong Shing Kwong ("Mr. Fong")	Independent Non-Executive Director
Mr. Yau Chi Ming ("Mr. Yau")	Independent Non-Executive Director
Mr. David Chu Yu Lin ("Mr. David Chu")	Independent Non-Executive Director

* *Mr. Alan Chuang is the brother of Mrs. Siu and the father of Mr. Albert Chuang, Miss Candy Chuang and Mr. Edwin Chong. Mrs. Siu is the aunt of Mr. Albert Chuang, Miss Candy Chuang and Mr. Edwin Chong. Mr. Albert Chuang, Miss Candy Chuang and Mr. Edwin Chong are siblings.*

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 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.

CORPORATE GOVERNANCE REPORT (CONTINUED)

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. Fong and Mr. David Chu. 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. Fong	1/1
Mr. David Chu	1/1

* Chairman of the Nomination Committee

(iv) Board meeting

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 are 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. Alan Chuang	Chairman	5/5
Mrs. Siu	Vice-Chairman	4/5
Mr. Ko Sheung Chi	Managing Director	5/5
Mr. Albert Chuang	Executive Director	3/5
Miss Candy Chuang	Executive Director	5/5
Mr. Edwin Chong	Executive Director	5/5
Mr. Lui Lop Kay	Executive Director	5/5
Mr. Wong Chung Wai	Executive Director	5/5
Mr. Abraham Shek	Independent Non-Executive Director	5/5
Mr. Fong	Independent Non-Executive Director	5/5
Mr. Yau	Independent Non-Executive Director	5/5
Mr. David Chu	Independent Non-Executive Director	5/5

Report on corporate governance practices (Continued)

(A) The Board (Continued)

(v) *Chairman and Chief Executive Officer*

The roles of Chairman and Chief Executive Officer are separated. Currently, Mr. Alan Chuang is the Chairman and Mr. Ko Sheung Chi, the Managing Director, is the Chief Executive Officer.

(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.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Report on corporate governance practices (Continued)

(A) The Board (Continued)

(ix) Directors' training (Continued)

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. Alan Chuang	√	√	√
Mrs. Siu	√	√	√
Mr. Ko Sheung Chi	√	√	√
Mr. Albert Chuang	√	√	√
Miss Candy Chuang	√	√	√
Mr. Edwin Chong	√	√	√
Mr. Lui Lop Kay	√	√	√
Mr. Wong Chung Wai	√	√	√
Mr. Abraham Shek	√	√	√
Mr. Fong	√	√	√
Mr. Yau	√	√	√
Mr. David Chu	√	√	√

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*

Each Independent Non-Executive Director 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 the 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. Fong and Mr. David Chu. 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:

Name	No. of meeting attended/held
Mr. Abraham Shek*	1/1
Mr. Fong	1/1
Mr. David Chu	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 69 to 70 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 requirements.

(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. Fong and Mr. Yau. The committee held three 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*	3/3
Mr. Fong	3/3
Mr. Yau	3/3

* 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	3,850
Non-audit services	1,350
	5,200

(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 written 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, Mr. Ko Sheung Chi, Mr. Albert Chuang and Miss Candy Chuang. 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
Mr. Ko Sheung Chi *	2/2
Mr. Albert Chuang	2/2
Miss Candy Chuang	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. With the exception of Mrs. Siu, Mr. Fong and Mr. David Chu who did not attend the 2013 annual general meeting of the Company held on 19th September, 2013 (the "2013 AGM"), all Directors (including the Chairman and members of the respective Board Committees) attended 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. Alan Chuang	Chairman	Yes
Mrs. Siu	Vice-Chairman	No
Mr. Ko Sheung Chi	Managing Director	Yes
Mr. Albert Chuang	Executive Director	Yes
Miss Candy Chuang	Executive Director	Yes
Mr. Edwin Chong	Executive Director	Yes
Mr. Lui Lop Kay	Executive Director	Yes
Mr. Wong Chung Wai	Executive Director	Yes
Mr. Abraham Shek	Independent Non-Executive Director	Yes
Mr. Fong	Independent Non-Executive Director	No
Mr. Yau	Independent Non-Executive Director	Yes
Mr. David Chu	Independent Non-Executive Director	No

(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 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 the 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. 58 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 enquiries to the Board at their discretion. Such enquiries shall be made in writing directed to "The Board of Directors, Chuang's Consortium International Limited" by one of the following means:

- By mail to : 25th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong
- By email to : consortium-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. 89 of the Company, a shareholder or shareholders (not being the person to be proposed) who holds or collectively hold not less than 5% in 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 Consortium International 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 HM11, 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 Consortium International Limited" by one of the following means:
 - By mail to : 25th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong
 - By email to : consortium-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 Consortium International Limited

Ko Sheung Chi
Managing Director

Hong Kong, 27th 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 46 to the consolidated financial statements.

Analysis of the performance by 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 71.

After taking into account the need to maintain sufficient financial resources for working capital of the Group’s projects and businesses, 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 3.0 HK cents (2013: 3.0 HK cents) per share for the year ended 31st March, 2014. The final dividend, if approved, will be paid on or before 17th 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 shares of the Company, being HK\$0.25, 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 2.0 HK cents (2013: 2.0 HK cents) per share has been paid in respect of the current financial year. Total dividends for the year, therefore, will amount to 5.0 HK cents (2013: 5.0 HK cents) per share, and the total amount will be HK\$85.7 million (2013: HK\$83.5 million).

Subsidiaries

Particulars regarding the principal subsidiaries of the Company are set out in note 46 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 of share capital of the Company during the year are set out in note 35 to the consolidated financial statements.

Donations

During the year, the Group made charitable donations and sponsorships amounting to approximately HK\$6,736,000.

Pre-emptive rights

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

Reserves

Movements in reserves of the Company and the Group during the year are set out in note 36 to the consolidated financial statements. Under the Companies Act 1981 of Bermuda and the Bye-laws of the Company, the contributed surplus which arose as a result of a group reorganization in 1991 is also distributable to the shareholders of the Company. Total distributable reserves of the Company amounted to approximately HK\$1,149,971,000 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 pages 156 to 159.

Financial summary

A summary of financial information of the Group for the last five financial years is set out on page 160.

Directors

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

Mr. Alan Chuang Shaw Swee
Mrs. Alice Siu Chuang Siu Suen
Mr. Ko Sheung Chi
Mr. Albert Chuang Ka Pun
Miss Candy Chuang Ka Wai
Mr. Chong Ka Fung
Mr. Lui Lop Kay
Mr. Wong Chung Wai
Mr. Abraham Shek Lai Him
Mr. Fong Shing Kwong
Mr. Yau Chi Ming
Mr. David Chu Yu Lin

At the AGM, Mr. Ko Sheung Chi, Mr. Wong Chung Wai, Mr. Abraham Shek Lai Him and Mr. Fong Shing Kwong will retire from office in accordance with the Company's Bye-laws no. 87(2) and Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and, being eligible, will offer themselves for re-election.

REPORT OF THE DIRECTORS (CONTINUED)

Directors' rights to acquire shares or debentures

Other than the share option schemes adopted by the Company and its subsidiaries as detailed in the section headed "Share option schemes" below, at no time during the year was the Company or any of its 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.

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:

(a) Interests in the Company

Name of Director	Number of shares	Capacity	Percentage of shareholding
Mr. Alan Chuang Shaw Swee ("Mr. Alan Chuang")	924,237,404	Note 1	53.67
Mrs. Alice Siu Chuang Siu Suen ("Mrs. Siu")	283,611,089	Note 2	16.47
Mr. Albert Chuang Ka Pun ("Mr. Albert Chuang")	1,272,599	Beneficial owner	0.07
Mr. Lui Lop Kay ("Mr. Lui")	119,602	Beneficial owner	0.007

Note 1: Such interests comprised 716,629,332 shares in the Company owned by Evergain Holdings Limited ("Evergain"), a company beneficially owned by Mr. Alan Chuang, and the remaining interests arose as a result of Mr. Alan Chuang being a discretionary object of a discretionary trust, the trustee of which held 207,608,072 shares in the Company. Mr. Alan Chuang, Mr. Albert Chuang, Miss Candy Chuang Ka Wai and Mr. Chong Ka Fung are directors of Evergain.

Note 2: Such interests comprised 76,003,017 shares in the Company owned by Hilltop Assets Limited, a company beneficially owned by Mrs. Siu, and the remaining interests arose as a result of Mrs. Siu being a discretionary object of a discretionary trust, the trustee of which held 207,608,072 shares in the Company.

Directors' interests and short positions in shares, underlying shares and debentures
(Continued)

(b) Interests in Chuang's China Investments Limited ("Chuang's China")

Name of Director	Number of shares	Capacity	Percentage of shareholding
Mr. Alan Chuang	907,869,949	Notes 3 & 6	56.90
Mrs. Siu	2,000,000	Beneficial owner	0.13
Miss Candy Chuang Ka Wai ("Miss Candy Chuang")	1,092,366	Beneficial owner	0.07
Mr. Lui	12,838	Beneficial owner	0.001

(c) Interests in Midas International Holdings Limited ("Midas")

Name of Director	Number of shares	Capacity	Percentage of shareholding
Mr. Alan Chuang	1,570,869,885	Notes 4 & 6	71.17
Mr. Abraham Shek Lai Him	30,000	Beneficial owner	0.0014

(d) Interests in Treasure Auctioneer International Limited ("Treasure")

Name of Director	Number of shares	Capacity	Percentage of shareholding
Mr. Alan Chuang	800,000	Notes 5 & 6	80.0

Note 3: Such interests are held by Profit Stability Investments Limited, a wholly-owned subsidiary of the Company.

Note 4: Such interests comprised 1,341,049,258 ordinary shares in Midas and 229,820,627 conversion shares to be issued by Midas upon the exercise of conversion rights attached to a convertible note due 2014. All the above interests are held by Gold Throne Finance Limited, a wholly-owned subsidiary of the Company.

Note 5: Such interests comprised 550,000 shares in Treasure owned by a corporation beneficially owned by Mr. Alan Chuang and 250,000 shares in Treasure beneficially owned by a wholly-owned subsidiary of Chuang's China. Chuang's China is a subsidiary of the Company.

Note 6: Mr. Alan Chuang is entitled to exercise or control the exercise of one third or more of the voting power in general meetings of the Company.

Save as disclosed, during the year, 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.

REPORT OF THE DIRECTORS (CONTINUED)

Directors' interests and short positions in shares, underlying shares and debentures (Continued)

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).

Directors' interests in competing business

Pursuant to Rule 8.10 of the Listing Rules, the Company discloses that Mr. Alan Chuang (the chairman and an executive Director of the Company) holds equity interests and directorships in, and Mr. Ko Sheung Chi, Mr. Albert Chuang, Miss Candy Chuang and Mr. Chong Ka Fung (all are executive Directors of the Company) hold directorships in, certain private companies (the "Private Companies") which are engaged in the businesses of luxurious residential property investment in Hong Kong. Mr. Ko Sheung Chi is also a non-executive director of CNT Group Limited ("CNT"), a company whose issued shares are listed on the Stock Exchange, the principal activities of which include property investments and developments in Hong Kong and the People's Republic of China. As the properties owned by the Private Companies and CNT are of different types and/or in different locations from those of the Group, the Group operates its businesses independently of the businesses of, and at arm's length from, the businesses of the Private Companies and CNT.

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
Evergain	716,629,332	Beneficial owner, <i>Note 1</i>	41.61
Mrs. Chong Ho Pik Yu	716,629,332	<i>Note 2</i>	41.61
Madam Chuang Shau Har ("Madam Chuang")	208,331,296	<i>Note 3</i>	12.10
Mr. Lee Sai Wai ("Mr. Lee")	208,331,296	<i>Note 4</i>	12.10

Note 1: Such interests have been mentioned in Note 1 to the section headed "Directors' interests and short positions in shares, underlying shares and debentures".

Note 2: Such interests arose by attribution through her spouse, Mr. Alan Chuang, whose interests have been mentioned in Note 1 to the section headed "Directors' interests and short positions in shares, underlying shares and debentures".

Note 3: Interests in 207,608,072 shares in the Company arose as a result of Madam Chuang being the trustee and a discretionary object of a discretionary trust which owned such shares in the Company. The remaining interests in 723,224 shares in the Company arose by attribution through her spouse, Mr. Lee.

Note 4: Interests in 207,608,072 shares in the Company arose by attribution through his spouse, Madam Chuang, whose interests have been mentioned in Note 3 above. The remaining interests in 723,224 shares in the Company are beneficially owned by Mr. Lee.

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 or short positions in the shares or 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 was required, pursuant to Section 336 of Part XV of the SFO, to be entered in the register referred to therein.

Controlling shareholders' interests in contracts

There was no contract of significance between the Company or any of its subsidiaries and the controlling shareholders 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.

REPORT OF THE DIRECTORS (CONTINUED)

Borrowings

Bank borrowings of the Group are set out in note 37 to the consolidated financial statements.

Pledge of assets

As at 31st March, 2014, the Group has pledged certain assets including property, plant and equipment, investment properties, properties for sale and bank deposits, with an aggregate carrying value of HK\$7,083,739,000 (2013: HK\$6,758,028,000), 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 the five largest suppliers of the Group accounted for approximately 25% and 39% 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 schemes

Pursuant to the ordinary resolutions passed in the annual general meeting of the Company held on 31st August, 2012, a share option scheme of the Company (the "Scheme") has been adopted, and the share option scheme adopted by Chuang's China on 31st August, 2012 (the "Chuang's China Scheme") and the share option scheme adopted by Midas on 29th August, 2012 (the "Midas Scheme") have been approved respectively.

(a) A 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 this report: 159,284,491 shares are available for issue under the Scheme, representing approximately 9.25% 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 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 of the Company 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 of the Company as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the Offer Date (which must be a trading day); and (iii) the nominal value of a share of the Company
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)

Share option schemes (Continued)

(b) A summary of the Chuang's China Scheme is set out as follows:

1. Purpose: To give incentive to directors, employees or business consultants of Chuang's China and its subsidiaries (collectively as the "Chuang's China Group") and any other party as approved under the Chuang's China Scheme
2. Participants: Including, inter alia, directors, employees or business consultants of the Chuang's China Group
3. Total number of shares of Chuang's China available for issue under the Chuang's China Scheme and percentage of the issued share capital of Chuang's China that it represents as at the date of this report: 152,332,870 shares of Chuang's China are available for issue under the Chuang's China Scheme, representing approximately 9.55% of the issued share capital of Chuang's China as at the date of this report
4. Maximum entitlement of each participant: 1% of the maximum aggregate number of shares of Chuang's China that may be issued within 12 months pursuant to the Chuang's China Scheme
5. Period within which the shares of Chuang's China must be taken up under an option: Not applicable. No share option has been granted by Chuang's China since the date of adoption of the Chuang's China 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 Chuang's China upon acceptance of 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 of Chuang's China 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 of Chuang's China as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the Offer Date (which must be a trading day); and (iii) the nominal value of a share of Chuang's China
8. The remaining life of the Chuang's China Scheme: Valid until 30th August, 2022 unless otherwise terminated under the terms of the Chuang's China Scheme

Share option schemes (Continued)

(c) A summary of the Midas Scheme is set out as follows:

1. Purpose: To give incentive to directors, employees or business consultants of Midas and its subsidiaries (collectively as the "Midas Group") and any other party as approved under the Midas Scheme
2. Participants: Including, inter alia, directors, employees or business consultants of the Midas Group
3. Total number of shares of Midas available for issue under the Midas Scheme and percentage of the issued share capital of Midas that it represents as at the date of this report: 220,720,827 shares of Midas are available for issue under the Midas Scheme, representing approximately 10% of the issued share capital of Midas as at the date of this report
4. Maximum entitlement of each participant: 1% of the maximum aggregate number of shares of Midas that may be issued within 12 months pursuant to the Midas Scheme
5. Period within which the shares of Midas must be taken up under an option: Not applicable. No share option has been granted by Midas since the date of adoption of the Midas Scheme on 29th August, 2012
6. Amount payable on acceptance of an option and the period within which payments shall be made: HK\$1.00 payable to Midas upon acceptance of 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 of Midas 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 of Midas as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the Offer Date (which must be a trading day); and (iii) the nominal value of a share of Midas
8. The remaining life of the Midas Scheme: Valid until 28th August, 2022 unless otherwise terminated under the terms of the Midas 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) Mr. Abraham Shek Lai Him, 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.
- (b) The annual remuneration of the following Directors has been revised since 1st April, 2014:

Name of Director	Revised annual remuneration# HK\$'000
Mr. Ko Sheung Chi	3,038
Miss Candy Chuang	1,238
Mr. Chong Ka Fung	1,238
Mr. Wong Chung Wai	2,306

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 Consortium International Limited

Ko Sheung Chi
Managing Director

Hong Kong, 27th June, 2014

INDEPENDENT AUDITOR'S REPORT



羅兵咸永道

TO THE SHAREHOLDERS OF
CHUANG'S CONSORTIUM INTERNATIONAL LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Chuang's Consortium International Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 71 to 155, 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.

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, 27th June, 2014

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2014

	Note	2014 HK\$'000	2013 HK\$'000
Revenues	5	1,389,053	1,100,345
Cost of sales		(873,596)	(666,584)
Gross profit		515,457	433,761
Other income and net gain	7	163,084	65,630
Selling and marketing expenses		(99,536)	(73,344)
Administrative and other operating expenses		(390,858)	(358,601)
Change in fair value of investment properties	17	450,269	1,199,085
Operating profit	8	638,416	1,266,531
Finance costs	10	(59,042)	(47,677)
Share of results of associated companies	22	11,364	(400)
Share of result of a joint venture	23(b)	(69)	(29)
Profit before taxation		590,669	1,218,425
Taxation	12	(98,083)	(79,399)
Profit for the year		492,586	1,139,026
Attributable to:			
Equity holders	13	468,530	1,147,641
Non-controlling interests		24,056	(8,615)
		492,586	1,139,026
Dividends	14	85,739	83,467
		HK cents	HK cents
Earnings per share (basic and diluted)	15	27.71	70.88

The notes on pages 78 to 155 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
Profit for the year	492,586	1,139,026
Other comprehensive income:		
Items that may be reclassified subsequently to profit and loss		
Net exchange differences	(16,612)	23,265
Realization of exchange reserve upon disposal of a subsidiary	(423)	–
Change in fair value of available-for-sale financial assets	9,961	(11,790)
Realization of investment revaluation reserve upon disposal of available-for-sale financial assets	(171)	–
Other comprehensive (loss)/income for the year	(7,245)	11,475
Total comprehensive income for the year	485,341	1,150,501
Total comprehensive income attributable to:		
Equity holders	458,627	1,153,095
Non-controlling interests	26,714	(2,594)
	485,341	1,150,501

The notes on pages 78 to 155 are an integral part of the consolidated financial statements.

CONSOLIDATED BALANCE SHEET

AS AT 31ST MARCH, 2014

	Note	2014 HK\$'000	2013 HK\$'000
Non-current assets			
Property, plant and equipment	16	263,242	298,872
Investment properties	17	6,746,278	6,060,410
Leasehold land and land use rights	18	32,749	83,893
Properties for/under development	19, 23(a)	740,330	530,120
Cemetery assets	20	558,300	551,029
Associated companies	22	52,765	10,219
Joint venture	23(b)	–	–
Amount due from a joint venture	23(c)	63,950	61,138
Available-for-sale financial assets	24	209,155	111,050
Loans and receivables	23(a), 25	12,550	12,836
		8,679,319	7,719,567
Current assets			
Properties for sale	26	2,274,623	2,190,179
Inventories	27	128,722	132,704
Cemetery assets	20	110,142	111,290
Debtors and prepayments	28	558,338	623,054
Tax recoverable		339	–
Financial assets at fair value through profit or loss	30	77,898	247,745
Pledged bank balances	31	55,440	30,516
Cash and bank balances	31	2,313,185	1,803,087
		5,518,687	5,138,575
Assets of disposal group classified as held for sale	32	61,529	–
		5,580,216	5,138,575
Current liabilities			
Creditors and accruals	33	502,899	309,146
Sales deposits received	34	479,850	366,266
Short-term bank borrowings	37	29,335	26,577
Current portion of long-term bank borrowings	37	505,939	521,572
Convertible note	38	59,682	–
Taxation payable		297,852	361,842
		1,875,557	1,585,403
Liabilities of disposal group classified as held for sale	32	3,294	–
		1,878,851	1,585,403
Net current assets		3,701,365	3,553,172
Total assets less current liabilities		12,380,684	11,272,739

CONSOLIDATED BALANCE SHEET (CONTINUED)

AS AT 31ST MARCH, 2014

	Note	2014 HK\$'000	2013 HK\$'000
Equity			
Share capital	35	430,515	420,138
Reserves	36	7,310,950	6,907,535
Proposed final dividend	36	51,662	50,417
Shareholders' funds		7,793,127	7,378,090
Non-controlling interests		1,478,027	1,465,272
Total equity		9,271,154	8,843,362
Non-current liabilities			
Long-term bank borrowings	37	2,716,983	2,009,681
Convertible note	38	–	52,549
Deferred taxation liabilities	39	360,550	356,972
Loans and payables with non-controlling interests	40	31,997	10,175
		3,109,530	2,429,377
		12,380,684	11,272,739

Ko Sheung Chi
Director

Albert Chuang Ka Pun
Director

The notes on pages 78 to 155 are an integral part of the consolidated financial statements.

BALANCE SHEET

AS AT 31ST MARCH, 2014

	Note	2014 HK\$'000	2013 HK\$'000
Non-current assets			
Property, plant and equipment	16	–	10
Subsidiaries	21	889,708	888,708
Loan receivable from a subsidiary	29	56,225	56,225
		945,933	944,943
Current assets			
Debtors and prepayments	28	1,385	259
Amounts due from subsidiaries	29	473,533	781,988
Cash and bank balances	31	1,038,851	676,707
		1,513,769	1,458,954
Current liabilities			
Creditors and accruals	33	2,216	1,942
Amounts due to a subsidiary	29	66,691	–
		68,907	1,942
Net current assets		1,444,862	1,457,012
Net assets		2,390,795	2,401,955
Equity			
Share capital	35	430,515	420,138
Reserves	36	1,908,618	1,931,400
Proposed final dividend	36	51,662	50,417
Total equity		2,390,795	2,401,955

Ko Sheung Chi
Director

Albert Chuang Ka Pun
Director

The notes on pages 78 to 155 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
Cash flows from operating activities			
Cash from/(used in) operations	43(a)	281,020	(150,592)
Interest paid		(82,040)	(56,801)
Tax paid		(66,435)	(31,855)
Net cash from/(used in) operating activities		132,545	(239,248)
Cash flows from investing activities			
Purchase of property, plant and equipment		(20,769)	(21,899)
Purchase of investment properties		(121,881)	(5,641)
Acquisition of associated companies		(29,838)	–
Purchase of available-for-sale financial assets		(91,553)	(35,875)
Proceeds from disposal of property, plant and equipment		828	5,258
Net proceeds from disposal of an investment property		–	14,639
Net proceeds from disposal of available-for-sale financial assets		4,040	10,198
Increase in amounts due from associated companies		(4,308)	(1,447)
Increase in amount due from a joint venture		(2,881)	(2,482)
Increase in pledged bank balances		(24,924)	(29,795)
Increase in bank deposits maturing more than three months from date of placement		(28,656)	(15,225)
Interest income received		24,536	20,842
Dividend income received		2,826	1,027
Net cash used in investing activities		(292,580)	(60,400)
Cash flows from financing activities			
New bank borrowings		1,230,582	515,607
Repayment of bank borrowings		(525,001)	(294,505)
Dividends paid to shareholders		(43,590)	(13,721)
Dividends paid to non-controlling interests		(13,959)	(12,135)
Net cash from financing activities		648,032	195,246
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year		1,787,097	1,888,759
Exchange difference on cash and cash equivalents		1,539	2,740
Cash and cash equivalents at the end of the year	43(b)	2,276,633	1,787,097

The notes on pages 78 to 155 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	398,211	1,193,770	4,593,925	55,750	6,241,656	1,477,061	7,718,717
Profit/(loss) for the year	-	-	1,147,641	-	1,147,641	(8,615)	1,139,026
Other comprehensive income: Items that may be reclassified subsequently to profit and loss							
Net exchange differences	-	11,819	-	-	11,819	11,446	23,265
Change in fair value of available-for-sale financial assets	-	(6,365)	-	-	(6,365)	(5,425)	(11,790)
Total comprehensive income/(loss) for the year	-	5,454	1,147,641	-	1,153,095	(2,594)	1,150,501
Transactions with owners:							
2012 final scrip dividend paid	14,908	32,320	-	(55,750)	(8,522)	-	(8,522)
2013 interim scrip dividend paid	7,019	20,832	(33,050)	-	(5,199)	-	(5,199)
2013 proposed final scrip dividend	-	-	(50,417)	50,417	-	-	-
Dividends paid to non-controlling interests	-	-	-	-	-	(19,815)	(19,815)
Increase of interests in a subsidiary by non-controlling interests	-	(2,940)	-	-	(2,940)	10,620	7,680
At 31st March, 2013	420,138	1,249,436	5,658,099	50,417	7,378,090	1,465,272	8,843,362
Profit for the year	-	-	468,530	-	468,530	24,056	492,586
Other comprehensive income: Items that may be reclassified subsequently to profit and loss							
Net exchange differences	-	(15,159)	-	-	(15,159)	(1,453)	(16,612)
Realization of exchange reserve upon disposal of a subsidiary	-	(241)	-	-	(241)	(182)	(423)
Change in fair value of available-for-sale financial assets	-	5,668	-	-	5,668	4,293	9,961
Realization of investment revaluation reserve upon disposal of available-for-sale financial assets	-	(171)	-	-	(171)	-	(171)
Total comprehensive (loss)/income for the year	-	(9,903)	468,530	-	458,627	26,714	485,341
Transactions with owners:							
2013 final scrip dividend paid	5,819	16,047	-	(50,417)	(28,551)	-	(28,551)
2014 interim scrip dividend paid	4,558	14,480	(34,077)	-	(15,039)	-	(15,039)
2014 proposed final scrip dividend	-	-	(51,662)	51,662	-	-	-
Dividends paid to non-controlling interests	-	-	-	-	-	(21,069)	(21,069)
Increase of interests in a subsidiary by non-controlling interests	-	-	-	-	-	7,110	7,110
At 31st March, 2014	430,515	1,270,060	6,040,890	51,662	7,793,127	1,478,027	9,271,154

The notes on pages 78 to 155 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 Consortium International 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 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.

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, merchandise, bonded polyester fabrics, home finishing products and printed products, securities investment and trading, and the development and operation of cemetery.

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, available-for-sale financial assets, derivative financial instruments and financial assets at fair value through profit or loss 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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH, 2014

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.

2 Summary of significant accounting policies (Continued)

(c) Subsidiaries (Continued)

(i) *Business combinations (Continued)*

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.

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.

2 Summary of significant accounting policies (Continued)

(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.

(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 results of associated companies” 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.

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 arrangements and applied HKFRS 11 in preparing the consolidated financial statements.

Joint operation

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.

Joint venture

Under the equity method of accounting, interests in joint ventures are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. The Group's investments in joint ventures include goodwill identified on acquisition. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognize further losses, unless it has incurred obligation or made payments on behalf of the joint ventures.

Unrealized gains on transactions between the Group and its joint venture are eliminated to the extent of the interest in the joint venture held by the Group. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint venture have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH, 2014

2 Summary of significant accounting policies (Continued)

(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 a 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 exceeds the carrying amounts in the consolidated financial statements of the investee's net assets including goodwill.

(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% to 5%
Plant and machinery	6.7% to 33.3%
Furniture and fixtures	10% to 33.3%
Other assets	10% to 33.3%

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.

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 for 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

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.

2 Summary of significant accounting policies (Continued)

(i) Investment properties (Continued)

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) Leasehold land and land use rights

Leasehold land and land use rights represent non-refundable rental payments for lease of land. The up-front prepayments made for leasehold land and 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 leasehold land and 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 leasehold land and land use rights recorded under properties for sale.

(k) Cemetery assets

Cost of cemetery assets comprises the leasehold land and land use rights and costs of development expenditures incurred for the grave plots and niches for cremation urns. Cemetery assets are classified under current assets unless the construction period of the relevant grave plots or niches for cremation urns is expected to complete beyond the normal operating cycle.

Grave plots and niches for cremation urns are stated at the lower of cost and net realizable value. Net realizable value represents the estimated selling price for cemetery assets less all estimated costs of completion and costs necessary to make the sale.

2 Summary of significant accounting policies (Continued)

(l) Properties for/under development

Properties for/under development are stated at cost less impairment losses. Costs include land costs, amortization of leasehold land and 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.

(m) Properties for sale

Properties for sale which include properties under development (note 2(l)), completed properties and leasehold land 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.

(n) Financial assets

The Group classifies its financial assets in the categories of financial assets at fair value through profit or loss, 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.

Financial assets at fair value through profit or loss are classified as current assets if they are either held for trading or are expected to be realized within twelve months from the balance sheet date. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorized as held for trading unless they are designated as hedges. Financial assets at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the consolidated income statement, and subsequently carried at fair value.

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.

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 risks and rewards of ownership.

2 Summary of significant accounting policies (Continued)

(n) Financial assets (Continued)

Realized and unrealized gains and losses arising from changes in the fair value of financial assets at fair value through profit or loss, including interest and dividend income, are included in the consolidated income statement in the financial period in which they arise. 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.

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.

(o) Derivative financial instruments

Derivative financial instruments are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair values. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and options pricing models, as appropriate.

Derivative financial instruments that do not qualify for hedge accounting are accounted for as financial assets at fair value through profit or loss and changes in the fair value are recognized in the consolidated income statement.

(p) Convertible note

Convertible note issued by a subsidiary of the Group that contains both the liability and conversion option components is classified by the subsidiary separately into respective items on initial recognition in accordance with the substance of the contractual arrangements and definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the subsidiary's own equity instruments is classified as an equity instrument of the subsidiary.

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

2 Summary of significant accounting policies (Continued)

(p) Convertible note (Continued)

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

Transaction costs that relate to the issue of the convertible note are allocated to the liability and equity components of the subsidiary in proportion to the allocation of the gross proceed. Transaction costs relating to the equity component are charged directly to equity of the subsidiary. Transaction costs relating to the liability component are included in the carrying amount of the liability portion of the subsidiary and amortized over the period of the convertible note using the effective interest method.

The liability component (or part of the liability component) of the convertible note of the subsidiary is derecognized when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expired.

The liability component of the convertible note is classified under current liability unless the subsidiary has an unconditional right to defer settlement of the liability for at least twelve months from the balance sheet date.

(q) Inventories

Inventories, which mainly comprise watch components, merchandise, bonded polyester fabrics, home finishing products and printed products, 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.

(r) 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 into bankruptcy or financial reorganization, and default or delinquency in payments are considered as indicators that the receivable is impaired. The amount of the provision 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)

(s) 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.

(t) Assets and liabilities of disposal groups classified as held for sale

Assets of disposal groups are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The assets of disposal groups are stated at the lower of carrying amount and fair value less costs to sell. The related liabilities of disposal groups are also classified as held for sale at their carrying amounts correspondingly.

(u) 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.

(v) 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.

2 Summary of significant accounting policies (Continued)

(w) 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.

(x) 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 under 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.

(y) Current and deferred taxation

The tax expenses for the year comprise current and deferred tax. 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.

2 Summary of significant accounting policies (Continued)

(z) 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.

(aa) 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 recognizes 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.
- (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) Sales of cemetery assets are recognized when the Group has transferred to the customers the right to use the cemetery assets upon the execution of a binding agreement.
- (vi) Service and management fees are recognized when the services are rendered.
- (vii) 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.
- (viii) Dividend income is recognized when the right to receive payment is established.

(ab) 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.

2 Summary of significant accounting policies (Continued)

(ac) 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.

(ad) 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.

(ae) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH, 2014

2 Summary of significant accounting policies (Continued)

(ae) Translation of foreign currencies (Continued)

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.

(af) 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.

(ag) 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.

(ah) 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.

3 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(i) Credit risk

The maximum exposure to credit risk is represented by the carrying amount of each financial assets (other than available-for-sale financial assets and financial assets at fair value through profit or loss) 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 28.

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 and those in assets held for sale) placed with Hong Kong and the PRC banks and financial institutions amounted to approximately HK\$1,650 million (2013: HK\$1,383 million) and HK\$716 million (2013: HK\$439 million) respectively.

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. For some customers of sales of goods and merchandise transactions, the Group has also purchased credit insurances from Export Credit Insurance Corporation on certain overseas sales to compensate for losses from debts that are not collectible.

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, and the customers are widely dispersed across diverse geographical areas.

In respect of the other debtors, amounts due from associated companies and a joint venture and 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 sell 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 42).

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

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, the PRC and other countries. 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\$463 million (2013: HK\$443 million). Details of the bank borrowings are disclosed in note 37.

The table below analyses 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.

	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
Group					
2014					
Creditors and accruals	502,899	–	–	–	502,899
Bank borrowings	628,045	832,345	1,282,874	792,956	3,536,220
Convertible note	51,421	–	–	–	51,421
Loans and payables with non-controlling interests	–	–	–	31,997	31,997
	1,182,365	832,345	1,282,874	824,953	4,122,537
Financial guarantees (note 42)	–	–	–	593,591	593,591
2013					
Creditors and accruals	309,146	–	–	–	309,146
Bank borrowings	565,382	146,169	1,300,760	787,106	2,799,417
Convertible note	513	51,421	–	–	51,934
Loans and payables with non-controlling interests	–	–	–	10,175	10,175
	875,041	197,590	1,300,760	797,281	3,170,672
Financial guarantees (note 42)	–	–	–	443,160	443,160

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
Company					
2014					
Creditors and accruals	2,216	–	–	–	2,216
Amounts due to a subsidiary	66,691	–	–	–	66,691
	68,907	–	–	–	68,907
Financial guarantees (note 42)					
Bank borrowings of subsidiaries	295,662	675,816	1,261,465	792,956	3,025,899
Bank borrowing of a joint venture	117,077	–	–	–	117,077
	412,739	675,816	1,261,465	792,956	3,142,976
2013					
Creditors and accruals	1,942	–	–	–	1,942
Financial guarantees (note 42)					
Bank borrowings of subsidiaries	427,860	121,466	1,026,527	787,106	2,362,959
Bank borrowing of a joint venture	118,907	–	–	–	118,907
	546,767	121,466	1,026,527	787,106	2,481,866

(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 mainly arises from interest-bearing bank deposits, bank borrowings and convertible note. Bank deposits and bank borrowings issued at variable rates expose the Group to cash flow interest rate risk. The convertible note issued at fixed rate exposes the Group to fair value interest rate risk. The Group has not hedged its 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 decreased/increased by approximately HK\$1,415,000 (2013: HK\$2,240,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH, 2014

3 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(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, the PRC, Singapore, Malaysia, Vietnam, Mongolia, Taiwan and Philippines. 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 and financial assets at fair value through profit or loss. Unrealized gains and losses arising from the change in the fair value of available-for-sale financial assets and financial assets at fair value through profit or loss are recognized in other comprehensive income and the consolidated income statement respectively. 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.

The table below summarizes the impact of increase/decrease of the market price of the Group's publicly-traded investments by 5% with all other variables held constant:

	Impact on pre-tax result		Impact on investment revaluation reserve	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
5% change in market price	3,895	12,387	4,147	3,524

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 bank 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 and those in assets held for sale) and financial assets at fair value through profit or loss. Total capital represents shareholders' funds as shown in the consolidated balance sheet. The gearing ratio at 31st March, 2014 is 10.2% (2013: 6.5%).

(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 bank 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)

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 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
Group			
2014			
Assets			
Available-for-sale financial assets			
– Listed securities	119,006	–	119,006
– Unlisted investments	–	90,149	90,149
	119,006	90,149	209,155
Financial assets at fair value through profit or loss			
– Listed securities and bonds	77,898	–	77,898
Total assets	196,904	90,149	287,053
2013			
Assets			
Available-for-sale financial assets			
– Listed securities	94,152	–	94,152
– Unlisted investments	–	16,898	16,898
	94,152	16,898	111,050
Financial assets at fair value through profit or loss			
– Listed securities and bonds	247,745	–	247,745
Total assets	341,897	16,898	358,795

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) and financial assets at fair value through profit or loss.

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-sales financial assets (unlisted investments) and derivative financial instruments.

3 Financial risk management (Continued)

(c) Fair value estimation (Continued)

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

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

	Assets	Liabilities
	Available- for-sale financial assets	Derivative financial instruments
	HK\$'000	HK\$'000
Group		
At 1st April, 2012	18,447	(3,500)
Additions	3,669	–
Disposals	(6,019)	–
Change in fair value recognized in the consolidated income statement	–	3,500
Change in fair value recognized in other comprehensive income	801	–
At 31st March, 2013	16,898	–
Additions	76,660	–
Disposals	(2,317)	–
Changes in exchange rates	(1,092)	–
At 31st March, 2014	90,149	–
Total gain for the year in the consolidated income statement for instruments held as at the balance sheet date		
2014		
Fair value gain	–	–
2013		
Fair value gain	–	3,500

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH, 2014

3 Financial risk management (Continued)

(d) Financial instruments by category

**Group
2014**

	Loans and receivables HK\$'000	Financial assets at fair value through profit or loss HK\$'000	Available- for-sale financial assets HK\$'000	Total HK\$'000
Assets as per the consolidated balance sheet				
Amount due from a joint venture	63,950	–	–	63,950
Available-for-sale financial assets	–	–	209,155	209,155
Loans and receivables	12,550	–	–	12,550
Debtors and prepayments excluding prepayments	530,325	–	–	530,325
Financial assets at fair value through profit or loss	–	77,898	–	77,898
Pledged bank balances	55,440	–	–	55,440
Cash and bank balances	2,313,185	–	–	2,313,185
Total	2,975,450	77,898	209,155	3,262,503
				Financial liabilities at amortized cost HK\$'000
Liabilities as per the consolidated balance sheet				
Creditors and accruals excluding accrued expenses				456,325
Bank borrowings				3,252,257
Convertible note				59,682
Loans and payables with non-controlling interests				31,997
Total				3,800,261

3 Financial risk management (Continued)

(d) Financial instruments by category (Continued)

Group (Continued)

2013

	Loans and receivables HK\$'000	Financial assets at fair value through profit or loss HK\$'000	Available- for-sale financial assets HK\$'000	Total HK\$'000
Assets as per the consolidated balance sheet				
Amount due from a joint venture	61,138	–	–	61,138
Available-for-sale financial assets	–	–	111,050	111,050
Loans and receivables	12,836	–	–	12,836
Debtors and prepayments excluding prepayments	615,363	–	–	615,363
Financial assets at fair value through profit or loss	–	247,745	–	247,745
Pledged bank balances	30,516	–	–	30,516
Cash and bank balances	1,803,087	–	–	1,803,087
Total	2,522,940	247,745	111,050	2,881,735
Financial liabilities at amortized cost HK\$'000				
Liabilities as per the consolidated balance sheet				
Creditors and accruals excluding accrued expenses				261,664
Bank borrowings				2,557,830
Convertible note				52,549
Loans and payables with non-controlling interests				10,175
Total				2,882,218

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH, 2014

3 Financial risk management (Continued)

(d) Financial instruments by category (Continued) Company

	Loans and receivables	
	2014 HK\$'000	2013 HK\$'000
Assets as per the balance sheet		
Loan receivable from a subsidiary	56,225	56,225
Debtors and prepayments excluding prepayments	1,329	203
Amounts due from subsidiaries	473,533	781,988
Cash and bank balances	1,038,851	676,707
Total	1,569,938	1,515,123
Financial liabilities at amortized cost		
	2014 HK\$'000	2013 HK\$'000
Liabilities as per the balance sheet		
Creditor and accruals excluding accrued expenses	2,216	1,942
Amounts due to a subsidiary	66,691	–
	68,907	1,942

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 and other international valuation standards. 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 price in stock market. 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 the Group's printing business

The management conducts an impairment review of the cash generating unit of the Group's printing business and determines the recoverable amount of the printing business based on the value-in-use calculation taking into account the estimated useful lives of the property, plant and equipment. This calculation uses cash flow projections based on the detailed financial budgets approved by the management covering a 5-year period with a discount rate of 13.5% and annual growth rates ranging from reduction in sales of 8% to increment in sales of 9% and by extrapolating the cash flow projection based on these financial budgets using a steady growth rate of 5% for year 6 to year 14. Estimates and judgments are applied in determining the growth rate and the discount rate. Management estimates the growth rate and the discount rate based on certain assumptions, such as sales growth, unit price, production cost and production capacity. This evaluation is also subject to changes in factors such as industry performance and changes in technology. The management determined that there was no impairment of the Group's printing business as at 31st March, 2014.

4 Critical accounting estimates and judgments (Continued)

(g) Impairment of the Group's cemetery business

The Group assesses the estimated recoverable amount of the cash generating unit of the Group's cemetery business. The estimated recoverable amount is based on the valuation report from an independent valuer, in which the report is prepared according to the cash flow projections from the management.

The detailed financial budget for the cash flow projections approved by the management was prepared for a 10-year period with a discount rate of 15.9% and annual growth rates for various types of products ranging from 4% to 40% and by extrapolating the cash flow projections based on the financial budget using a steady growth rate of 40% for each type of product which would be available for sale by phases with a steady price increment over another 30-year period. Estimates and judgments are applied in determining the growth rate and the discount rate. Management estimates the growth rate and the discount rate based on certain assumptions, such as sales growth, unit price, development plan and development cost. This evaluation is also subject to changes in factors such as government regulations, demographic growth rate and death rate. The management determined that there was no impairment of the Group's cemetery business as at 31st March, 2014.

(h) 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.

(i) 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.

(j) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH, 2014

4 Critical accounting estimates and judgments (Continued)

(k) Capitalization of borrowing costs and amortization of leasehold land and land use rights

Borrowing costs directly attributable to the construction of investment properties under development, properties under development and cemetery assets, and amortization of leasehold land and 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 leasehold land and 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 assets 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	797,959	565,867
Rental income and management fees	152,735	147,506
Sales of goods and merchandise	387,300	361,564
Securities trading	29,207	14,657
Interest income from financial assets at fair value through profit or loss	1,497	1,497
Dividend income from listed investments	10,868	3,024
Sales of cemetery assets	9,487	6,230
	1,389,053	1,100,345

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, hotel operation and management, sale of goods and merchandise and services, securities investment and trading, cemetery and others. The CODM assesses the performance of the operating segments based on a measure of segment result.

6 Segment information (Continued)

(a) Segment information by business lines (Continued)

The segment information by business lines is as follows:

	Property investment and development HK\$'000	Hotel operation and management HK\$'000	Sale of goods and merchandise and services HK\$'000	Securities investment and trading HK\$'000	Cemetery HK\$'000	Other and corporate HK\$'000	2014 Total HK\$'000
Revenues	950,694	–	387,300	41,572	9,487	–	1,389,053
Other income and net gain	128,488	–	14,888	–	64	19,644	163,084
Operating profit/(loss)	825,521	(9,181)	(46,675)	41,572	(4,850)	(167,971)	638,416
Finance costs	(54,123)	–	(4,550)	–	(369)	–	(59,042)
Share of results of associated companies	59	10,477	–	–	–	828	11,364
Share of result of a joint venture	(69)	–	–	–	–	–	(69)
Profit/(loss) before taxation	771,388	1,296	(51,225)	41,572	(5,219)	(167,143)	590,669
Taxation (charge)/credit	(98,939)	–	(564)	–	1,420	–	(98,083)
Profit/(loss) for the year	672,449	1,296	(51,789)	41,572	(3,799)	(167,143)	492,586
Segment assets	11,119,069	4,037	453,948	85,724	688,734	1,791,308	14,142,820
Associated companies	2,706	41,709	–	–	–	8,350	52,765
Joint venture	–	–	–	–	–	–	–
Amount due from a joint venture	63,950	–	–	–	–	–	63,950
Total assets	11,185,725	45,746	453,948	85,724	688,734	1,799,658	14,259,535
Total liabilities	4,548,075	486	112,730	–	178,135	148,955	4,988,381
Other segment items are as follows:							
Capital expenditure	855,797	–	11,619	–	10,300	6,789	884,505
Depreciation	3,505	–	28,499	–	687	12,572	45,263
Amortization of leasehold land and land use rights							
– charged to the consolidated income statement	32	–	2,183	–	74	–	2,289
– capitalized into properties	4,000	–	–	–	–	–	4,000
Provision for impairment of property, plant and equipment	–	–	2,321	–	–	–	2,321
Provision for impairment of inventories	–	–	2,423	–	–	–	2,423
Provision for impairment of trade debtors	1,266	–	623	–	819	–	2,708
Provision for impairment of other deposits	7,272	–	–	–	–	–	7,272
Reversal of provision for impairment of trade debtors	–	–	919	–	–	–	919

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	Securities investment and trading HK\$'000	Cemetery HK\$'000	Other and corporate HK\$'000	2013 Total HK\$'000
Revenues	713,373	361,564	19,178	6,230	-	1,100,345
Other income and net gain	25,004	19,580	-	8	21,038	65,630
Operating profit/(loss)	1,456,492	(43,198)	19,178	(6,352)	(159,589)	1,266,531
Finance costs	(43,781)	(3,896)	-	-	-	(47,677)
Share of results of associated companies	49	-	-	-	(449)	(400)
Share of result of a joint venture	(29)	-	-	-	-	(29)
Profit/(loss) before taxation	1,412,731	(47,094)	19,178	(6,352)	(160,038)	1,218,425
Taxation (charge)/credit	(79,537)	(567)	-	636	69	(79,399)
Profit/(loss) for the year	1,333,194	(47,661)	19,178	(5,716)	(159,969)	1,139,026
Segment assets	9,767,869	481,499	247,745	680,507	1,609,165	12,786,785
Associated companies	2,697	-	-	-	7,522	10,219
Joint venture	-	-	-	-	-	-
Amount due from a joint venture	61,138	-	-	-	-	61,138
Total assets	9,831,704	481,499	247,745	680,507	1,616,687	12,858,142
Total liabilities	3,577,760	111,247	-	177,342	148,431	4,014,780
Other segment items are as follows:						
Capital expenditure	694,883	11,697	-	6,834	6,689	720,103
Depreciation	4,525	29,708	-	744	12,578	47,555
Amortization of leasehold land and land use rights						
- charged to the consolidated income statement	32	2,557	-	73	-	2,662
- capitalized into properties	4,000	-	-	-	-	4,000
Provision for impairment of properties for/under development						
Provision for impairment of properties for sale	2,000	-	-	-	-	2,000
Provision for impairment of inventories	-	617	-	-	-	617
Provision for impairment of trade debtors	21	2,366	-	-	-	2,387
Provision for impairment of other deposits	4,000	-	-	-	-	4,000
Reversal of provision for impairment of trade debtors						
	952	1,414	-	-	-	2,366

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	194,448	232,590	292,772	202,136
The PRC	812,673	520,627	506,433	457,654
Other countries	381,932	347,128	85,300	60,313
	1,389,053	1,100,345	884,505	720,103

	Non-current assets (Note)		Total assets	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Hong Kong	6,534,791	5,854,493	8,983,771	8,121,382
The PRC	1,344,472	1,255,540	4,380,030	3,957,915
Other countries	578,351	485,648	895,734	778,845
	8,457,614	7,595,681	14,259,535	12,858,142

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	24,769	19,972
Loans and receivables	–	557
Dividend income from available-for-sale financial assets	2,776	977
Sales of scraped materials	5,325	3,899
Reversal of provision for impairment of trade debtors	919	2,366
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
Loss on disposal of an investment property	–	(41)
Net (loss)/gain on disposal of property, plant and equipment	(60)	4,916
Gain on disposal of available-for-sale financial assets	1,894	4,179
Net exchange gain/(loss)	159	(1,096)
Sundries	8,596	11,488
	163,084	65,630

Note: On 27th May, 2013, a 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 33(c)). Details of the transaction were set out in the announcement of the Company dated 27th May, 2013.

8 Operating profit

	2014	2013
	HK\$'000	HK\$'000
Operating profit is stated after crediting:		
Gross rental income from investment properties	125,581	122,274
Net realized gain of financial assets at fair value through profit or loss	23,750	72,251
Fair value gain of financial assets at fair value through profit or loss	5,457	–
Fair value gain of derivative financial instruments	–	3,500
and after charging:		
Cost of properties sold	511,531	321,703
Cost of inventories sold	232,281	231,482
Depreciation	45,263	47,555
Amortization of leasehold land and land use rights	2,289	2,662
Provision for impairment of property, plant and equipment	2,321	–
Provision for impairment of properties for/under development	–	759
Provision for impairment of properties for sale	–	2,000
Provision for impairment of inventories	2,423	617
Provision for impairment of trade debtors	2,708	2,387
Provision for impairment of other deposits	7,272	4,000
Fair value loss of financial assets at fair value through profit or loss	–	61,094
Staff costs, including Directors' emoluments		
Wages and salaries	215,497	181,357
Retirement benefit costs (note 9)	7,777	5,190
Operating lease rental on land and buildings	19,763	18,529
Outgoings in respect of investment properties	46,902	45,510
Auditors' remuneration		
Audit and audit related services	4,456	4,262
Non-audit services	1,350	1,200

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH, 2014

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, Singapore, Malaysia, Vietnam and Mongolia 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 respective countries. The governments of the respective countries are 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	61,121	36,770
Bank borrowings wholly repayable after five years	20,496	19,154
Bank overdraft wholly repayable within five years	166	269
Convertible note wholly repayable within five years	7,750	6,826
	89,533	63,019
Fair value adjustment of trade debtors	369	–
Amount capitalized into		
Investment properties	(1,124)	–
Properties for/under development	(2,561)	(1,208)
Properties for sale	(19,425)	(7,308)
Cemetery assets	(7,750)	(6,826)
	(30,860)	(15,342)
	59,042	47,677

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 2.36% to 7.38% (2013: 2.95% to 6.15%) per annum, whereas the capitalized effective rate for cemetery assets is 14.86% (2013: 14.86%) per annum.

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

(a) Directors' emoluments

Name of Director	Fees HK\$'000	Salaries and bonuses HK\$'000	Other benefits HK\$'000	Retirement	Total HK\$'000
				scheme contributions HK\$'000	
2014					
Mr. Alan Chuang Shaw Swee	30	2,440	2,400	288	5,158
Mrs. Alice Siu Chuang Siu Suen	20	600	–	45	665
Mr. Ko Sheung Chi ¹	20	3,000	–	15	3,035
Mr. Albert Chuang Ka Pun	20	–	–	–	20
Miss Candy Chuang Ka Wai	20	1,200	–	15	1,235
Mr. Chong Ka Fung	20	600	–	15	635
Mr. Lui Lop Kay	20	1,620	–	122	1,762
Mr. Wong Chung Wai	20	2,100	–	15	2,135
Mr. Abraham Shek Lai Him ²	100	–	–	–	100
Mr. Fong Shing Kwong ²	100	–	–	–	100
Mr. Yau Chi Ming ²	100	–	–	–	100
Mr. David Chu Yu Lin ²	100	–	–	–	100
	570	11,560	2,400	515	15,045
2013					
Mr. Alan Chuang Shaw Swee	30	2,440	2,400	288	5,158
Mrs. Alice Siu Chuang Siu Suen	20	600	–	45	665
Mr. Ko Sheung Chi ¹	20	2,304	696	15	3,035
Mr. Albert Chuang Ka Pun	20	–	–	–	20
Miss Candy Chuang Ka Wai	20	1,200	–	15	1,235
Mr. Chong Ka Fung ³	–	–	–	–	–
Mr. Lui Lop Kay	20	1,560	–	117	1,697
Mr. Wong Chung Wai	20	1,800	–	15	1,835
Mr. Abraham Shek Lai Him ²	100	–	–	–	100
Mr. Fong Shing Kwong ²	100	–	–	–	100
Mr. Yau Chi Ming ²	58	–	–	–	58
Mr. David Chu Yu Lin ²	17	–	–	–	17
Dr. Peter Po Fun Chan ^{2,4}	100	–	–	–	100
	525	9,904	3,096	495	14,020

1 The Chief Executive Officer

2 The Independent Non-Executive Directors

3 Appointed on 26th March, 2013

4 Retired on 26th March, 2013

The emoluments paid to the Independent Non-Executive Directors amounted to HK\$400,000 (2013: HK\$375,000).

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 (Continued)

(b) Five highest paid individuals' emoluments

The five highest paid individuals in the Group include three (2013: three) Directors. Details of the emoluments paid to the two (2013: two) individuals, whose emoluments were the highest in the Group and who are not Directors, are set out below:

	2014	2013
	HK\$'000	HK\$'000
Salaries, bonuses and other benefits	3,988	4,100
Retirement scheme contributions	722	182
	4,710	4,282

The emoluments of these individuals fall within the following band:

Emolument band	Number of individuals	
	2014	2013
HK\$2,000,001 to HK\$2,500,000	2	2

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 Directors and Senior Management" of this report fall within the following bands:

Emolument band	Number of individuals	
	2014	2013
HK\$1,000,000 or below	3	7
HK\$1,000,001 to HK\$1,500,000	4	3
	7	10

12 Taxation

	2014 HK\$'000	2013 HK\$'000
Current taxation		
Hong Kong profits tax	(7,605)	24,009
Overseas profits tax	378	419
PRC corporate income tax	46,825	23,750
PRC land appreciation tax	51,177	29,482
Deferred taxation (note 39)	7,308	1,739
	98,083	79,399

No provision for Hong Kong profits tax has been made as the Group has sufficient tax losses brought forward to set off against the estimated assessable profits for the year. In 2013, Hong Kong profits tax was provided at the rate of 16.5% on the estimated assessable profits for that year. PRC corporate income tax and overseas profits tax have been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the PRC and the countries in which the Group operates respectively. 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 associated companies for the year ended 31st March, 2014 of HK\$170,000 (2013: taxation credit of HK\$68,000) is included in the consolidated income statement as share of results of associated companies. There is no taxation charge/credit of the joint venture for the year ended 31st March, 2014 (2013: Nil).

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	590,669	1,218,425
Share of results of associated companies	(11,364)	400
Share of result of a joint venture	69	29
	579,374	1,218,854
Tax charge at the rate of 16.5% (2013: 16.5%)	95,597	201,111
Effect of different taxation rates in other countries	16,856	(278)
Income not subject to taxation	(90,061)	(202,335)
Expenses not deductible for taxation purposes	9,590	32,911
PRC land appreciation tax deductible for taxation purposes	(12,089)	(5,797)
Utilization of previously unrecognized tax losses	(7,251)	(5,328)
Other temporary differences and tax losses not recognized and others	34,264	29,633
	46,906	49,917
PRC land appreciation tax	51,177	29,482
Taxation	98,083	79,399

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH, 2014

13 Profit attributable to equity holders

Profit attributable to equity holders includes profit of HK\$32,430,000 (2013: HK\$36,535,000) which is dealt with in the financial statements of the Company.

14 Dividends

	2014 HK\$'000	2013 HK\$'000
Interim scrip dividend with a cash option of 2.0 HK cents (2013: 2.0 HK cents) per share	34,077	33,050
Proposed final scrip dividend with a cash option of 3.0 HK cents (2013: 3.0 HK cents) per share	51,662	50,417
	85,739	83,467

On 27th June, 2014, the Board proposed a final scrip dividend with a cash option of 3.0 HK cents (2013: 3.0 HK cents) per share amounting to HK\$51,662,000 (2013: HK\$50,417,000). The amount of HK\$51,662,000 is calculated based on 1,722,060,190 issued shares as at 27th 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\$468,530,000 (2013: HK\$1,147,641,000) and the weighted average number of 1,690,630,402 (2013: 1,619,158,971) 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 and the convertible notes issued by a subsidiary are anti-dilutive.

16 Property, plant and equipment

Group

	Buildings HK\$'000	Plant and machinery HK\$'000	Furniture and fixtures HK\$'000	Other assets HK\$'000	Total HK\$'000
Cost					
At 1st April, 2012	197,475	361,425	94,236	138,601	791,737
Changes in exchange rates	1,715	164	161	113	2,153
Additions	612	7,063	5,991	8,233	21,899
Disposals	–	(35,502)	(7,648)	(3,098)	(46,248)
At 31st March, 2013	199,802	333,150	92,740	143,849	769,541
Changes in exchange rates	(694)	(26)	(467)	(225)	(1,412)
Additions	3,637	6,389	1,887	8,856	20,769
Disposals	–	(300)	(19,426)	(4,289)	(24,015)
Provision for impairment	–	(2,259)	(147)	(498)	(2,904)
Reclassified as assets held for sale	(7,219)	–	–	–	(7,219)
At 31st March, 2014	195,526	336,954	74,587	147,693	754,760
Accumulated depreciation and provision for impairment					
At 1st April, 2012	49,294	294,437	78,819	45,767	468,317
Changes in exchange rates	393	160	51	99	703
Charge for the year	9,594	17,555	6,628	13,778	47,555
Disposals	–	(35,347)	(7,476)	(3,083)	(45,906)
At 31st March, 2013	59,281	276,805	78,022	56,561	470,669
Changes in exchange rates	(291)	(24)	(230)	(159)	(704)
Charge for the year	9,571	16,458	5,518	13,716	45,263
Disposals	–	(300)	(19,083)	(3,744)	(23,127)
Provision for impairment	–	(398)	(27)	(158)	(583)
At 31st March, 2014	68,561	292,541	64,200	66,216	491,518
Net book value					
At 31st March, 2014	126,965	44,413	10,387	81,477	263,242
At 31st March, 2013	140,521	56,345	14,718	87,288	298,872

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH, 2014

16 Property, plant and equipment (Continued)

Company

	Other assets	
	2014	2013
	HK\$'000	HK\$'000
Cost		
At the beginning of the year	532	532
Disposals	(375)	–
At the end of the year	157	532
Accumulated depreciation		
At the beginning of the year	522	490
Charge for the year	10	32
Disposals	(375)	–
At the end of the year	157	522
Net book value		
At the end of the year	–	10

- (a) Other assets comprise computer equipment, motor vehicles and yachts.
- (b) Buildings and plant and machinery of the Group with net book value of HK\$31,421,000 (2013: HK\$11,346,000) have been pledged as securities for the borrowing facilities granted to the Group (note 37).
- (c) Buildings of the Group are situated on land with the following lease terms:

	2014	2013
	HK\$'000	HK\$'000
Outside Hong Kong:		
Long-term leases	20,218	20,763
Medium-term leases	106,747	119,758
	126,965	140,521

- (d) Depreciation of the Group of HK\$17,131,000 (2012: HK\$23,829,000) and HK\$28,132,000 (2013: HK\$23,726,000) have been included in cost of sales and administrative and other operating expenses, respectively.

16 Property, plant and equipment (Continued)

- (e) In view of the respective performance of the sale of goods and merchandise and services segment, management performed impairment assessment on the respective property, plant and equipment and determined that there is no impairment as at 31st March, 2014 (2013: Nil), except for those assets from the watch component business under this segment of the Group (with details below). The recoverable amounts were determined based on the cash flow projections from the management, taking into account the estimated useful lives of the respective property, plant and equipment.

In view of the restructuring of the manufacturing division of the watch component business under 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

	Properties under development	Completed properties	Total
	HK\$'000	HK\$'000	HK\$'000
As 1st April, 2012	520,000	4,310,675	4,830,675
Changes in exchange rates	415	(2,613)	(2,198)
Reclassification (note g)	890,000	(890,000)	–
Additions	1,777	3,864	5,641
Disposal	–	(14,680)	(14,680)
Transfer from properties for sale (note 26)	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	502,223	696,862	1,199,085
At 31st March, 2013	1,943,227	4,117,183	6,060,410
Changes in exchange rates	(1,490)	(20,234)	(21,724)
Additions	154,486	1,768	156,254
Interest expenses capitalized	1,124	–	1,124
Transfer from properties for sale (note 26)	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	43,485	406,784	450,269
At 31st March, 2014	2,237,124	4,509,154	6,746,278

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH, 2014

17 Investment properties (Continued)

- (a) Investment properties of the Group are held under the following lease terms:

	2014 HK\$'000	2013 HK\$'000
In Hong Kong:		
Long-term leases	1,377,060	1,246,810
Medium-term leases	4,731,000	4,278,000
	6,108,060	5,524,810
Outside Hong Kong:		
Freehold	380,528	383,846
Long-term leases	257,690	151,754
	638,218	535,600
	6,746,278	6,060,410

- (b) Investment properties in Hong Kong, Malaysia and the PRC were revalued at 31st March, 2014 on an open market value basis by Vigers Appraisal And Consulting Limited, VPC Alliance (KL) Sendirian Berhad and DTZ Debenham Tie Leung Limited, independent professional property valuers, respectively. Please also refer to note 44 "Subsequent event" for the potential disposal of a completed investment property in the PRC by the Group subsequent to 31st March, 2014.
- (c) Investment properties of HK\$6,476,802,000 (2013: HK\$5,873,847,000) have been pledged as securities for the borrowing facilities granted to the Group (note 37).
- (d) Valuation processes of the Group

The Group's investment properties were valued 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.

17 Investment properties (Continued)

(e) Valuation techniques

Fair value of completed properties in Hong Kong, Malaysia and the PRC 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 in Hong Kong and the PRC 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 by 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.

(f) 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, the following capitalization rates are used in the income capitalization method for the completed properties in respective locations:

	Hong Kong	Malaysia	The PRC
Capitalization rates used for:			
Commercial properties	3.3%–10.0%	6.0%	5.0%–6.5%
Residential properties	2.4%–3.0%	N/A	N/A

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 in Hong Kong and the PRC. 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.

(g) Completed investment properties of HK\$890,000,000 commenced the redevelopment during the year ended 31st March, 2013 and they were then reclassified from completed properties to properties under development within investment properties. The redevelopment is continuing and has not yet completed as at 31st March, 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH, 2014

18 Leasehold land and land use rights

	Group	
	2014	2013
	HK\$'000	HK\$'000
Leasehold land and land use rights	32,749	83,893

(a) The interests in leasehold land and land use rights represent prepaid operating lease payments.

(b) Leasehold land and land use rights of the Group are held under the following lease terms:

	2014	2013
	HK\$'000	HK\$'000
Outside Hong Kong:		
Long-term leases	1,632	1,664
Medium-term leases	31,117	82,229
	32,749	83,893

(c) Amounts of HK\$424,000 (2013: HK\$429,000) and HK\$1,865,000 (2013: HK\$2,233,000) of amortization charged to the consolidated income statement from leasehold land and land use rights have been included in cost of sales and administrative and other operating expenses, respectively.

19 Properties for/under development

	Group	
	2014	2013
	HK\$'000	HK\$'000
At the beginning of the year	530,120	421,502
Changes in exchange rates	(749)	3,351
Additions	202,179	125,982
Interest expenses capitalized	2,561	1,208
Transfer from other deposits included in debtors and prepayments (note 28)	6,219	–
Transfer to properties for sale (note 26)	–	(21,164)
Provision for impairment	–	(759)
At the end of the year	740,330	530,120

19 Properties for/under development (Continued)

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

	2014 HK\$'000	2013 HK\$'000
In Hong Kong:		
Long-term leases	269,279	166,556
Outside Hong Kong:		
Long-term leases	151,742	151,766
Medium-term leases	200,704	149,968
Short-term leases	118,605	61,830
	471,051	363,564
	740,330	530,120

- (b) During the year, amortization of leasehold land and land use rights classified under properties for/under development of HK\$4,000,000 (2013: HK\$4,000,000) was capitalized therein.
- (c) In view of the respective market conditions, management performed impairment assessment on properties for/under development and determined that there was no impairment as at 31st March, 2014 (2013: provision for impairment of HK\$759,000 was made). The recoverable amounts were determined based on the valuation performed by Vigers Appraisal And Consulting Limited, an independent professional property valuer, and the internal valuation from the management.

20 Cemetery assets

	Group 2014 HK\$'000	2013 HK\$'000
Total cemetery assets	668,442	662,319
Current portion included in current assets	(110,142)	(111,290)
	558,300	551,029

As at 31st March, 2014, included in the cemetery assets which are classified as current assets are grave plots and niches for cremation urns of cemetery business with the aggregate carrying value of HK\$105,864,000 (2013: HK\$107,145,000) that are expected to be realized after more than twelve months from the balance sheet date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH, 2014

21 Subsidiaries

	Company	
	2014	2013
	HK\$'000	HK\$'000
Unlisted investments, at cost	889,708	888,708

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 46 to the consolidated financial statements.

Set out below are the summarized consolidated financial information for the respective groups of Chuang's China Investments Limited ("Chuang's China") and Midas International Holdings Limited ("Midas"), both are listed subsidiaries of the Group, that have non-controlling interest of 43.1% (2013: 43.1%) and 39.2% (2013: 39.2%) respectively which are material to the Group.

Summarized consolidated balance sheet as at 31st March, 2014 and 2013:

	Chuang's China		Midas (Note)	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current				
Assets	3,150,286	3,088,051	387,339	358,440
Liabilities	(1,117,702)	(793,535)	(255,320)	(149,838)
Total current net assets	2,032,584	2,294,516	132,019	208,602
Non-current				
Assets	919,473	667,140	710,306	778,052
Liabilities	(335,474)	(426,187)	(201,747)	(309,892)
Total non-current net assets	583,999	240,953	508,559	468,160
Net assets	2,616,583	2,535,469	640,578	676,762

21 Subsidiaries (Continued)

Summarized consolidated income statement for the years ended 31st March, 2014 and 2013:

	Chuang's China		Midas (Note)	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Revenues	804,719	509,502	309,846	277,668
Profit/(loss) before taxation	210,784	90,599	(50,475)	(55,034)
Taxation (charge)/credit	(104,384)	(54,437)	1,234	488
Profit/(loss) for the year	106,400	36,162	(49,241)	(54,546)
Other comprehensive income/(loss)	5,988	4,797	(370)	6,988
Total comprehensive income/(loss)	112,388	40,959	(49,611)	(47,558)
Total comprehensive (loss)/income attributable to non-controlling interests	(3,856)	(3,269)	(669)	94

Summarized consolidated cash flow statement for the years ended 31st March, 2014 and 2013:

	Chuang's China		Midas	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Cash flows from operating activities				
Cash from/(used in) operations	237,684	(3,513)	(4,994)	(26,015)
Interest paid	(19,460)	(7,096)	(5,530)	(4,760)
Tax paid	(55,422)	(31,718)	(346)	(35)
Net cash from/(used in) operating activities	162,802	(42,327)	(10,870)	(30,810)
Net cash used in investing activities	(76,533)	(75,167)	(34,994)	(3,945)
Net cash from/(used in) financing activities	56,844	242,872	(2,419)	20,816
Net increase/(decrease) in cash and cash equivalents	143,113	125,378	(48,283)	(13,939)
Cash and cash equivalents at the beginning of the year	965,777	836,049	117,252	131,128
Exchange difference on cash and cash equivalents	(699)	4,350	(52)	63
Cash and cash equivalents at the end of the year	1,108,191	965,777	68,917	117,252

The information above is the amount before inter-company eliminations.

Note: The summarized consolidated financial information of the Midas group includes the fair value adjusted amounts for the identifiable assets acquired and liabilities assumed by the Group since 2011 when Midas has become a subsidiary of the Group after its rights issue (formerly an associated company of the Group).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH, 2014

22 Associated companies

	Group	
	2014	2013
	HK\$'000	HK\$'000
Share of net assets	51,371	10,219
Loan receivable	1,394	–
	52,765	10,219
Unlisted investments, at cost, net	43,118	2,479

The movements of the associated companies are analyzed as follows:

	2014	2013
	HK\$'000	HK\$'000
At the beginning of the year	10,219	10,669
Acquisition of associated companies	29,838	–
Loan receivable	1,394	–
Share of profit/(loss) before taxation	733	(468)
Share of taxation (charge)/credit	(170)	68
Negative goodwill	10,801	–
Share of results	11,364	(400)
Dividend income received	(50)	(50)
At the end of the year	52,765	10,219

Share of results of associated companies in the consolidated income statement includes a negative goodwill of HK\$10,801,000 (2013: Nil) arising from the acquisition of associated companies during the year ended 31st March, 2014.

Loan receivable from an associated company is unsecured, interest free and not receivable within the next twelve months from the balance sheet date.

Particulars of the principal associated companies which, in the opinion of the Directors, materially affect the results or net assets of the Group are set out in note 47 to the consolidated financial statements.

22 Associated companies (Continued)

The Group's share of the revenues and results of its associated companies for the year, and their aggregate assets and liabilities are as follows:

	2014 HK\$'000	2013 HK\$'000
Revenues	7,715	5,655
Profit/(loss) for the year	563	(400)
Assets	72,203	11,970
Liabilities	(19,438)	(1,751)
Net assets	52,765	10,219

23 Joint arrangements

(a) Investment in joint operation

Certain subsidiaries of the Chuang's China group entered into a joint operation arrangement with Chengdu Western Automobile City Company Limited, a third party, under which each of the Chuang's China 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 Chuang's China group's interest in the joint operation was 51% (2013: 51%). The Chuang's China 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 Chuang's China group had made an advance to the joint operation partner amounting to HK\$12,550,000 (2013: HK\$12,552,000) (note 25(b)). The proportionate interest of the Chuang's China group in the joint operation's commitment was HK\$2,909,000 (2013: HK\$2,909,000).

(b) Investment in joint venture

In 2010, the Group set up a joint venture in Hong Kong with a third party. Particulars of the joint venture are set out below:

Name	Place of incorporation/ operation	Registered capital/issued capital	Effective interest held by the Group		Principal activities
			2014	2013	
Ample Excellent Limited	Hong Kong	HK\$2 with 2 shares	50.0%	50.0%	Property development and investment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH, 2014

23 Joint arrangements (Continued)

(b) Investment in joint venture (Continued)

The following amounts represent the Group's 50% share of the revenue and result, and assets and liabilities of the joint venture:

	Group	
	2014 HK\$'000	2013 HK\$'000
Revenue	–	–
Loss for the year	(69)	(29)
Assets	181,030	178,346
Liabilities	(181,394)	(178,641)
Net liabilities	(364)	(295)

As at 31st March, 2014, the Group had made an advance to the joint venture amounting to HK\$64,314,000 (2013: HK\$61,433,000) (note 23(c)). During the year, a loss of HK\$69,000 (2013: HK\$29,000) was shared from the joint venture and the accumulated losses shared were set off against the advance made by the Group to it. The proportionate interest of the Group in the joint venture's commitment was HK\$5,954,000 (2013: HK\$5,417,000).

As at 31st March, 2014, the Company had provided a guarantee of HK\$117,000,000 (2013: HK\$117,000,000) for the banking facility granted to the joint venture (note 42).

(c) Amount due from a joint venture

Amount due from a joint venture is the advance to the joint venture for the acquisition of leasehold land and land use rights in Hong Kong, and the financing of the property development (note 23(b)). It is unsecured, interest free and not receivable within the next twelve months from the balance sheet date. The advance will be repaid from the Group's share of the net proceeds upon the sale of properties.

24 Available-for-sale financial assets

	Group	
	2014 HK\$'000	2013 HK\$'000
Listed securities in Hong Kong, at market value	119,006	94,152
Unlisted investments, at fair value	90,149	16,898
	209,155	111,050

24 Available-for-sale financial assets (Continued)

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

	2014 HK\$'000	2013 HK\$'000
At the beginning of the year	111,050	92,984
Changes in exchange rates	(1,092)	–
Additions	91,553	35,875
Disposals	(2,317)	(6,019)
Change in fair value recognized in other comprehensive income	9,961	(11,790)
At the end of the year	209,155	111,050

- (b) The listed securities in Hong Kong are denominated in Hong Kong dollar, whereas the unlisted investments are denominated in United States dollar and Renminbi. The listed securities in Hong Kong represent the Chuang's China group's interest in a listed company in Hong Kong. The unlisted investments in United States dollar represent the Group's interest in an investment fund established and managed by an investment bank for investments in various long-term projects. The unlisted investments in Renminbi represent the Chuang's China group's interest in a PRC company established for investments in various long-term projects in the PRC.

25 Loans and receivables

	Group	
	2014 HK\$'000	2013 HK\$'000
Loans (note a)	–	2,011
Advance to the joint operation partner (note b)	12,550	12,552
	12,550	14,563
Current portions included in debtors and prepayments (note 28)		
Loans (note a)	–	(1,727)
	12,550	12,836

- (a) The loans included a mortgage loan provided to a purchaser of the Group's property in Hong Kong and a loan to an independent third party in Hong Kong at the prevailing market rates. These loans had been fully repaid during the year.
- (b) Advance to the joint operation partner by the Chuang's China group is provided for financing the property development in Chengdu, the PRC (note 23(a)) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH, 2014

26 Properties for sale

	Group	
	2014	2013
	HK\$'000	HK\$'000
Completed properties	755,352	489,664
Properties under development	1,519,271	1,700,515
	2,274,623	2,190,179

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

	2014	2013
	HK\$'000	HK\$'000
At the beginning of the year	1,700,515	1,384,457
Changes in exchange rates	84	9,024
Property development expenditure	424,253	449,112
Interest expenses capitalized	19,425	7,308
Disposals	(12)	(12)
Transfer from properties for/under development (note 19)	–	21,164
Transfer from other deposits included in debtors and prepayments (note 28)	67,909	68,114
Transfer to investment properties (note 17)	(18,758)	(13,475)
Transfer to completed properties	(674,145)	(225,177)
At the end of the year	1,519,271	1,700,515

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

	2014	2013
	HK\$'000	HK\$'000
In Hong Kong:		
Long-term leases	374,951	344,571
Medium-term leases	21,171	23,669
	396,122	368,240
Outside Hong Kong:		
Freehold	76,755	61,549
Long-term leases	1,623,401	1,718,757
Medium-term leases	178,345	41,633
	1,878,501	1,821,939
	2,274,623	2,190,179

26 Properties for sale (Continued)

- (c) Properties for sale of HK\$520,076,000 (2013: HK\$842,319,000) have been pledged as securities for the borrowing facilities granted to the Group (note 37).
- (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 28) have been transferred to completed properties.
- (e) In view of the respective market conditions, the management performed impairment assessment on properties for sale and determined that there was no impairment as at 31st March, 2014 (2013: provision for impairment of HK\$2,000,000 was made). The recoverable amounts were determined based on the valuation performed by Vigers Appraisal And Consulting Limited, an independent professional property valuer, and the internal valuation from the management.

27 Inventories

	Group	
	2014 HK\$'000	2013 HK\$'000
Raw materials	21,249	24,355
Work in progress	12,840	15,285
Finished goods and merchandise	94,633	93,064
	128,722	132,704

28 Debtors and prepayments

	Group		Company	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Trade debtors	113,014	122,343	–	–
Other debtors and prepayments	83,136	59,971	1,385	259
Utility and other deposits	362,188	440,740	–	–
	558,338	623,054	1,385	259

Rental income and management fees are received in advance whereas receivables from cemetery operation are settled in accordance with the terms of respective contracts. Credit terms of sales of goods and merchandise mainly range from 30 days to 180 days.

As at 31st March, 2014, trade debtors from the cemetery business with the aggregate carrying value of HK\$6,859,000 (2013: HK\$4,858,000) are expected to be recovered after more than twelve months from the balance sheet date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH, 2014

28 Debtors and prepayments (Continued)

The aging analysis of the trade debtors of the Group is as follows:

	Group	
	2014	2013
	HK\$'000	HK\$'000
Below 30 days	61,053	63,215
31 to 60 days	10,495	20,322
61 to 90 days	20,559	12,184
Over 90 days	20,907	26,622
	113,014	122,343

As at 31st March, 2014, trade debtors of HK\$84,730,000 (2013: HK\$100,095,000) of the Group were neither past due nor impaired.

As at 31st March, 2014, trade debtors of HK\$28,284,000 (2013: HK\$22,248,000) 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 analysis of these trade debtors is as follows:

	Group	
	2014	2013
	HK\$'000	HK\$'000
Below 30 days	4,893	2,530
31 to 60 days	1,087	305
61 to 90 days	5,442	1,583
Over 90 days	16,862	17,830
	28,284	22,248

Other deposits of the Group include net deposits of HK\$321,515,000 (2013: HK\$394,583,000) for property development projects and acquisition of properties and leasehold land and land use rights in Hong Kong, the PRC and Vietnam after the accumulated provision for impairment of HK\$38,272,000 (2013: HK\$38,955,000) as at 31st March, 2014. Deposits of HK\$6,219,000 (2013: Nil) and HK\$72,909,000 (2013: HK\$68,114,000) have been transferred to properties for/under development (note 19) and properties for sale (note 26) respectively during the year.

Other debtors of the Group include an amount receivable from an associated company of HK\$2,914,000 (2013: Nil) which is unsecured, interest free and receivable on demand.

The maximum exposure to credit risk at the balance sheet 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, Renminbi and United States dollar. The carrying values of debtors and prepayments approximate their fair values.

29 Loan receivable and amounts due from/(to) subsidiaries

	Company	
	2014 HK\$'000	2013 HK\$'000
Loan receivable	56,225	56,225
Amounts receivable	1,883,769	2,192,224
Provision for impairment	(1,410,236)	(1,410,236)
	473,533	781,988
Amounts payable	66,691	–

The loan receivable is unsecured, interest-bearing at prevailing market rate and is not receivable within the next twelve months from the balance sheet date.

The amounts receivable are unsecured, interest free and receivable on demand.

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

30 Financial assets at fair value through profit or loss

	Group	
	2014 HK\$'000	2013 HK\$'000
Listed securities and bonds in Hong Kong, at market value	77,898	247,745

31 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	55,440	30,516	–	–
Cash and bank balances				
Cash at bank and in hand	833,945	437,337	2,448	5,204
Short-term deposits	1,487,334	1,365,750	1,036,403	671,503
	2,321,279	1,803,087	1,038,851	676,707
Reclassified as assets held for sale	(8,094)	–	–	–
	2,313,185	1,803,087	1,038,851	676,707
	2,368,625	1,833,603	1,038,851	676,707

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH, 2014

31 Pledged bank balances and cash and bank balances (Continued)

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 365 days (2013: 1 to 365 days).

Pledged bank balances of HK\$55,000,000 (2013: HK\$30,000,000) and HK\$440,000 (2013: HK\$516,000) have been pledged as securities for the borrowing facilities (note 37) and the financial guarantee facilities (note 42) granted to the Group, respectively.

Cash and bank balances of HK\$78,019,000 (2013: HK\$6,477,000) are restricted and can only be used for the payments of construction costs of certain properties for sale, and the repayment of bank borrowings on these properties.

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.

Cash and bank balances (including pledged bank balances and those in assets held for sale) are denominated in the following currencies:

	Group		Company	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Hong Kong dollar	1,451,647	1,150,555	1,038,618	674,556
Renminbi	771,215	443,143	–	–
United States dollar	145,703	228,694	153	2,074
Others	8,154	11,211	80	77
	2,376,719	1,833,603	1,038,851	676,707

32 Assets and liabilities of disposal group classified as held for sale

	Group	
	2014	2013
	HK\$'000	HK\$'000
Assets		
Leasehold land and land use rights	46,216	–
Property, plant and equipment	7,219	–
Cash and bank balances	8,094	–
	61,529	–
Liabilities		
Deferred taxation liabilities	(3,294)	–
	58,235	–

On 14th May, 2014, a subsidiary of the Group entered into an agreement with an independent third party to dispose of its investment in the wholly-owned subsidiaries at a consideration of approximately HK\$78.2 million. All the related assets and liabilities had been reclassified as “assets of disposal group classified as held for sale” and “liabilities of disposal group classified as held for sale” respectively as at 31st March, 2014. The whole consideration was received on 21st May, 2014 and a net gain is expected to be realized by the Group. Details of the transaction were set out in the announcement of Midas dated 14th May, 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH, 2014

33 Creditors and accruals

	Group		Company	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Trade creditors (note a)	51,269	51,752	–	–
Other creditors and accrued expenses (note b)	348,930	220,562	2,216	1,942
Provision for indemnity (note c)	60,886	–	–	–
Amounts payable to non-controlling interests (note d)	1,825	1,782	–	–
Tenant and other deposits	39,989	35,050	–	–
	502,899	309,146	2,216	1,942

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

	Group	
	2014 HK\$'000	2013 HK\$'000
Below 30 days	16,397	33,872
31 to 60 days	13,777	7,549
Over 60 days	21,095	10,331
	51,269	51,752

- (b) Other creditors and accrued expenses of the Group include the construction cost payables and accruals of HK\$225,361,000 (2013: HK\$92,537,000) for the property development projects of the Group. Other creditors of the Group include an amount payable to an associated company of HK\$2,610,000 (2013: HK\$2,610,000) which is unsecured, interest free and repayable on demand.
- (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.

34 Sales deposits received

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

35 Share capital

	2014	2013
	HK\$'000	HK\$'000
Authorized:		
2,500,000,000 shares of HK\$0.25 each	625,000	625,000
	Number of	Amount
	shares	HK\$'000
Issued and fully paid at HK\$0.25 each:		
At 1st April, 2012	1,592,844,917	398,211
2012 final scrip dividend and 2013 interim scrip dividend (note 14)	87,705,614	21,927
At 31st March, 2013	1,680,550,531	420,138
2013 final scrip dividend and 2014 interim scrip dividend (note 14)	41,509,659	10,377
At 31st March, 2014	1,722,060,190	430,515

All new shares rank pari passu to the existing shares.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH, 2014

36 Reserves

Group

	Share premium	Capital redemption reserve	Capital reserve	Statutory reserve	Investment revaluation reserve	Exchange reserve	Retained profits	Proposed final dividend	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st April, 2012	722,168	4,462	421,269	349	30,571	14,951	4,593,925	55,750	5,843,445
Profit for the year	-	-	-	-	-	-	1,147,641	-	1,147,641
Net exchange differences	-	-	-	-	-	11,819	-	-	11,819
Change in fair value of available-for-sale financial assets	-	-	-	-	(6,365)	-	-	-	(6,365)
2012 final scrip dividend paid	32,320	-	-	-	-	-	-	(55,750)	(23,430)
2013 interim scrip dividend paid	20,832	-	-	-	-	-	(33,050)	-	(12,218)
2013 proposed final scrip dividend	-	-	-	-	-	-	(50,417)	50,417	-
Increase of interests in a subsidiary by non-controlling interests	-	-	(2,940)	-	-	-	-	-	(2,940)
At 31st March, 2013	775,320	4,462	418,329	349	24,206	26,770	5,658,099	50,417	6,957,952
Profit for the year	-	-	-	-	-	-	468,530	-	468,530
Net exchange differences	-	-	-	-	-	(15,159)	-	-	(15,159)
Realization of exchange reserve upon disposal of a subsidiary	-	-	-	-	-	(241)	-	-	(241)
Change in fair value of available-for-sale financial assets	-	-	-	-	5,668	-	-	-	5,668
Realization of investment revaluation reserve upon disposal of available-for-sale financial assets	-	-	-	-	(171)	-	-	-	(171)
2013 final scrip dividend paid	16,047	-	-	-	-	-	-	(50,417)	(34,370)
2014 interim scrip dividend paid	14,480	-	-	-	-	-	(34,077)	-	(19,597)
2014 proposed final scrip dividend	-	-	-	-	-	-	(51,662)	51,662	-
At 31st March, 2014	805,847	4,462	418,329	349	29,703	11,370	6,040,890	51,662	7,362,612

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.

36 Reserves (Continued)

Company

	Share premium HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Retained profits HK\$'000	Proposed final dividend HK\$'000	Total HK\$'000
At 1st April, 2012	722,168	4,462	30,498	1,168,052	55,750	1,980,930
Profit for the year	–	–	–	36,535	–	36,535
2012 final scrip dividend paid	32,320	–	–	–	(55,750)	(23,430)
2013 interim scrip dividend paid	20,832	–	(30,498)	(2,552)	–	(12,218)
2013 proposed final scrip dividend	–	–	–	(50,417)	50,417	–
At 31st March, 2013	775,320	4,462	–	1,151,618	50,417	1,981,817
Profit for the year	–	–	–	32,430	–	32,430
2013 final scrip dividend paid	16,047	–	–	–	(50,417)	(34,370)
2014 interim scrip dividend paid	14,480	–	–	(34,077)	–	(19,597)
2014 proposed final scrip dividend	–	–	–	(51,662)	51,662	–
At 31st March, 2014	805,847	4,462	–	1,098,309	51,662	1,960,280

Under the Companies Act 1981 of Bermuda and the Bye-laws of the Company, the contributed surplus which arose as a result of a group reorganization in 1991 is also distributable to shareholders of the Company. Total distributable reserves of the Company amounted to HK\$1,149,971,000 (2013: HK\$1,202,035,000) as at 31st March, 2014.

37 Borrowings

	Group	
	2014 HK\$'000	2013 HK\$'000
Unsecured bank borrowings		
Short-term bank borrowings	16,676	26,577
Long-term bank borrowings	189,536	18,840
	206,212	45,417
Secured bank borrowings		
Short-term bank borrowings	12,659	–
Long-term bank borrowings	3,033,386	2,512,413
	3,046,045	2,512,413
Total bank borrowings	3,252,257	2,557,830

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH, 2014

37 Borrowings (Continued)

The total bank borrowings are analyzed as follows:

	2014 HK\$'000	2013 HK\$'000
Short-term bank borrowings	29,335	26,577
Long-term bank borrowings	3,222,922	2,531,253
	3,252,257	2,557,830

The long-term bank borrowings are analyzed as follows:

	2014 HK\$'000	2013 HK\$'000
Long-term bank borrowings		
Wholly repayable within five years *	1,851,532	1,369,556
Wholly repayable after five years *	1,371,390	1,161,697
	3,222,922	2,531,253
Current portion included in current liabilities		
Portion due within one year	(122,997)	(388,691)
Portion due after one year which contains a repayment on demand clause	(382,942)	(132,881)
	(505,939)	(521,572)
	2,716,983	2,009,681

* *Ignoring the effect of any repayment on demand clause*

The bank borrowings of the Group are secured by certain assets including property, plant and equipment, investment properties, properties for sale and bank deposits with an aggregate carrying value of HK\$7,083,299,000 (2013: HK\$6,757,512,000), shares of certain subsidiaries and guaranteed by the Company, Chuang's China, Midas and a subsidiary, and bank borrowings of HK\$2,494,990,000 (2013: HK\$1,620,561,000) are also secured by the assignment of rental income.

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

	2014 HK\$'000	2013 HK\$'000
Within the first year	152,332	415,268
Within the second year	888,589	105,396
Within the third to fifth years	1,400,209	1,280,883
After the fifth year	811,127	756,283
	3,252,257	2,557,830

37 Borrowings (Continued)

The effective interest rates of the bank borrowings at the balance sheet date range from 1.46% to 7.56% (2013: 0.86% to 7.56%) per annum. The fair values of the bank borrowings, based on the cash flows discounted at the borrowing rates of 1.46% to 7.56% (2013: 0.86% to 7.56%) per annum, approximate their carrying values and are within level 2 of the fair value hierarchy.

Bank borrowings of the Midas group amounted to HK\$10,730,000 as at 31st March, 2014 included covenants that require the maintenance of certain financial covenants by the Midas group. As at 31st March, 2014, certain of these financial covenants were not met by the Midas group. These bank borrowings become repayable on demand as at 31st March, 2014 and are classified as current liabilities. Subsequent to 31st March, 2014, the Midas group has obtained written consent from the relevant bank that the bank agreed not to demand immediate payment as a result of the breach of financial covenants. The Board is of the opinion that the breach of covenants would not affect the financial positions of the Midas group and the Group.

The bank borrowings are denominated in the following currencies:

	2014 HK\$'000	2013 HK\$'000
Hong Kong dollar	2,713,256	2,096,114
Renminbi	366,073	273,556
Malaysian Ringgit	172,928	188,160
	3,252,257	2,557,830

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

	2014 HK\$'000	2013 HK\$'000
6 months or less	3,073,461	2,284,274
7 to 12 months	178,796	273,556
	3,252,257	2,557,830

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH, 2014

38 Convertible note

	Group	
	2014	2013
	HK\$'000	HK\$'000
At carrying value	59,682	52,549
At principal amount	61,750	61,750

The convertible note was issued by Midas to its shareholder at the principal amount of HK\$130 million on 19th September, 2007. It is denominated in Hong Kong dollar and its maturity date is on 3rd August, 2014. Its coupon rate is 1% per annum and the conversion price is HK\$0.223 per share. The effective interest rate during the year is 14.86% (2013: 14.86%) per annum.

The convertible note entitles the holder an option to convert, in whole or in part, the principal amount into ordinary shares of Midas on any business day prior to five business days before its maturity date. Unless previously converted, the convertible note will be redeemed at par on its maturity date.

Midas also issued two convertible notes to the Group in the past years, in which one was redeemed in full at par on its maturity date during the year ended 31st March, 2012. The remaining one was issued to the Group at the principal amount of HK\$60 million in August 2009. There was no conversion of such convertible note into new shares of Midas during the years ended 31st March, 2014 and 2013. The remaining principal amount is approximately HK\$51.3 million as at 31st March, 2014 and 2013. It is denominated in Hong Kong dollar and its maturity date is on 3rd August, 2014. Its coupon rate is 1% per annum and the conversion price is HK\$0.223 per share. The respective portions of this convertible note are eliminated in the consolidated financial statements of the Group.

39 Deferred taxation liabilities

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

Group	HK\$'000
At 1st April, 2012	352,824
Changes in exchange rates	2,409
Charged to the consolidated income statement (note 12)	1,739
At 31st March, 2013	356,972
Changes in exchange rates	(436)
Charged to the consolidated income statement (note 12)	7,308
Reclassified as liabilities held for sale	(3,294)
At 31st March, 2014	360,550

39 Deferred taxation liabilities (Continued)

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	348,538	3,115	33,249	384,902	(32,078)
Changes in exchange rates (Credited)/charged to the consolidated income statement	2,237 (8,635)	164 9,343	8 2,482	2,409 3,190	– (1,451)
At 31st March, 2013	342,140	12,622	35,739	390,501	(33,529)
Changes in exchange rates (Credited)/charged to the consolidated income statement	(134) (14,668)	(290) 19,973	(12) 319	(436) 5,624	– 1,684
Reclassified as liabilities held for sale	(3,294)	–	–	(3,294)	–
At 31st March, 2014	324,044	32,305	36,046	392,395	(31,845)

Deferred taxation liabilities for the fair value gains represent the deferred taxation on the differences between the carrying values of the properties and assets as included in the consolidated financial statements and the carrying values of these properties and assets 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.

Deferred taxation assets of HK\$323.5 million (2013: HK\$335.4 million) arising from unused tax losses of HK\$1,894.1 million (2013: HK\$1,974.5 million) and HK\$0.1 million (2013: HK\$0.2 million) on temporary differences in respect of accelerated tax depreciation of HK\$0.9 million (2013: HK\$1.2 million) have not been recognized in the consolidated financial statements respectively. The tax losses 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.

40 Loans and payables with non-controlling interests

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH, 2014

41 Commitments

(a) Capital commitments

	Group	
	2014	2013
	HK\$'000	HK\$'000
Contracted but not provided for:		
Property development projects and property, plant and equipment	402,393	421,266
Available-for-sale financial assets	49,952	–
	452,345	421,266

(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:

	Group	
	2014	2013
	HK\$'000	HK\$'000
Within the first year	18,416	17,272
Within the second to fifth years	34,723	2,355
	53,139	19,627

(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	2013
	HK\$'000	HK\$'000
Within the first year	102,834	76,552
Within the second to fifth years	94,704	88,661
After the fifth year	2,140	2,696
	199,678	167,909

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

42 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 37)	–	–	2,778,850	2,168,757
Guarantee for outstanding bank borrowing of a joint venture as at the balance sheet date (note 23(b))	–	–	117,000	117,000
Guarantees for mortgage loans to purchasers of properties of the Group in the PRC (note)	593,591	443,160	–	–
	593,591	443,160	2,895,850	2,285,757

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 purchaser's 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 31).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH, 2014

43 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	638,416	1,266,531
Interest income	(24,769)	(20,529)
Dividend income from available-for-sale financial assets	(2,776)	(977)
Depreciation	45,263	47,555
Amortization of leasehold land and land use rights	2,289	2,662
Change in fair value of investment properties	(450,269)	(1,199,085)
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)
Loss on disposal of investment property	–	41
Net loss/(gain) on disposal of property, plant and equipment	60	(4,916)
Gain on disposal of available-for-sale financial assets	(1,894)	(4,179)
Provision for impairment of property, plant and equipment	2,321	–
Provision for impairment of properties for/under development	–	759
Provision for impairment of properties for sale	–	2,000
Provision for impairment of inventories	2,423	617
Provision for impairment of trade debtors	2,708	2,387
Provision for impairment of other deposits	7,272	4,000
Fair value gain of derivative financial instruments	–	(3,500)
Operating profit before working capital changes	102,338	74,953
Decrease in loans and receivables	2,011	1,728
Increase in properties for/under development and properties for sale	(98,640)	(407,637)
Decrease/(increase) in inventories	1,559	(8,608)
Decrease in cemetery assets	1,148	1,389
Increase in debtors and prepayments	(25,470)	(119,761)
Decrease in financial assets at fair value through profit or loss	169,847	82,749
Increase/(decrease) in creditors and accruals	14,643	(5,389)
Increase in sales deposits received	113,584	229,984
Cash from/(used in) operations	281,020	(150,592)

43 Notes to the consolidated cash flow statement (Continued)

(b) Analysis of cash and cash equivalents

	2014 HK\$'000	2013 HK\$'000
Cash and bank balances	2,313,185	1,803,087
Bank deposits maturing more than three months from date of placement	(44,646)	(15,990)
Cash and bank balances included in assets of disposal group classified as held for sale	8,094	–
Cash and cash equivalents	2,276,633	1,787,097

44 Subsequent event

On 12th June, 2014, a 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 before deducting non-controlling interests. Details of the transaction were set out in the announcement of Chuang's China dated 12th June, 2014.

45 Approval of the consolidated financial statements

The consolidated financial statements were approved by the Board on 27th June, 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH, 2014

46 Principal subsidiaries

Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective interest held by the Group		Principal activities
			2014	2013	
Accurate Development Limited	Hong Kong	HK\$2 with 2 shares	100.0%	100.0%	Property development and investment
Anshan Chuang's Property Development Company Limited	PRC	RMB130,000,000 (2013: RMB90,000,000)	56.9%	56.9%	Property development and investment
Anshan Chuang's Real Estate Development Company Limited	PRC	RMB210,000,000 (2013: RMB170,000,000)	56.9%	56.9%	Property development and investment
Chengdu Chuang's Investment Services Limited	PRC	HK\$80,000,000	56.9%	56.9%	Property development and investment
China Policy Limited	British Virgin Islands/ Vietnam	US\$1 with 1 share	100.0%	100.0%	Investment holding
Chinaculture.com Limited	British Virgin Islands/ Hong Kong	US\$1 with 1 share	56.9%	56.9%	Investment holding
Chuang's China Enterprises Limited	Hong Kong	HK\$117,622,779 with 458,310,965 shares	56.9%	56.9%	Investment holding
* Chuang's China Investments Limited	Bermuda/Hong Kong	HK\$79,784,157 with 1,595,683,140 shares (2013: HK\$78,092,026 with 1,561,840,530 shares)	56.9%	56.9%	Investment holding
Chuang's China Realty Limited	Bermuda/Hong Kong	HK\$100,000 with 2,000,000 shares	56.9%	56.9%	Investment holding
Chuang's China Treasury Limited	Cayman Islands/ Hong Kong	US\$1 with 1 share	56.9%	56.9%	Investment holding
@ Chuang's Consortium Limited	Hong Kong	HK\$455,141,193 with 4,000 shares	100.0%	100.0%	Investment holding
Chuang's Credit Limited	Hong Kong	HK\$10,300,000 with 10,300,000 shares	100.0%	100.0%	Money lending
Chuang's Development (Chengdu) Limited	Hong Kong	HK\$20 with 2 shares HK\$1,000,000 with 100,000 non-voting deferred shares	56.9%	56.9%	Property investment

46 Principal subsidiaries (Continued)

Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective interest held by the Group		Principal activities
			2014	2013	
Chuang's Development (Dong Guan) Limited	Hong Kong	HK\$2 with 2 shares	56.9%	56.9%	Investment holding
Chuang's-Edelweiss LLC	Mongolia	US\$100,000 with 100,000 shares	53.0%	53.0%	Property development and investment
Chuang's Engineering Limited	Hong Kong	HK\$20 with 2 shares	100.0%	100.0%	Project management
Chuang's Finance & Investments Limited	Hong Kong	HK\$1,100,000 with 110,000 shares	100.0%	100.0%	Property investment
Chuang's Industrial (Holdings) Limited	Hong Kong	HK\$196,825,069 with 189,231,936 shares	100.0%	100.0%	Investment holding, hire of assets and trading of merchandise
Chuang's Properties (Central Plaza) Sdn. Bhd.	Malaysia	MYR5,000,000 with 5,000,000 shares	100.0%	100.0%	Property investment
@ Chuang's Properties International Limited	British Virgin Islands/ Hong Kong	US\$10 with 10 shares	100.0%	100.0%	Investment holding, property development and investment
Chuang's Properties Limited	Hong Kong	HK\$300,000,000 with 300,000,000 shares	100.0%	100.0%	Investment holding
Chuang's Properties Mongolia Limited	British Virgin Islands/ Mongolia	US\$1 with 1 share	100.0%	100.0%	Investment holding
Chuang's Properties Vietnam Limited	British Virgin Islands/ Vietnam	US\$10 with 10 shares	100.0%	100.0%	Investment holding
Chuang's Real Estate Agency Limited	Hong Kong	HK\$2 with 2 shares	100.0%	100.0%	Property agency services
Dongguan Chuang's Real Estate Development Company Limited	PRC	RMB135,420,000	56.9%	56.9%	Property development and investment
Double Wealthy Company Limited	Hong Kong	HK\$160 with 160 shares	56.9%	56.9%	Investment holding
^ Dragon Rich Investments Limited	Hong Kong	HK\$100 with 100 shares	48.4%	48.4%	Investment holding
Equity King Limited	Hong Kong	HK\$2 with 2 shares	100.0%	100.0%	Securities trading

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH, 2014

46 Principal subsidiaries (Continued)

Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective interest held by the Group		Principal activities
			2014	2013	
Ever Favour Limited	Hong Kong	HK\$1 with 1 share	100.0%	100.0%	Property development and investment
Fanus Limited	British Virgin Islands/ Hong Kong	US\$100 with 100 shares	100.0%	100.0%	Investment holding
Farmtec (Malaysia) Sdn. Bhd.	Malaysia	MYR1,000,000 with 1,000,000 shares	100.0%	100.0%	Property development and investment
Fortune Wealth Memorial Park Limited	Hong Kong	HK\$10,000 with 1,000 shares	53.2%	53.2%	Investment holding
Fortune Wealth Memorial Park (Si Hui) Limited	PRC	HK\$36,380,000	50.7%	50.7%	Development and construction of cemetery and provision of related management services in the PRC
General Nominees Limited	Hong Kong	HK\$5,000 with 500 shares	100.0%	100.0%	Nominee and secretarial services
@ Gold Throne Finance Limited	British Virgin Islands/ Hong Kong	US\$1 with 1 share	100.0%	100.0%	Investment holding
Guangdong Boluo Yuanzhou Midas Printing Limited	PRC	US\$12,503,119	60.8%	60.8%	Book printing and binding
Guangzhou Chuang's Investment Services Limited	PRC	RMB22,500,000	56.9%	56.9%	Investment holding
Guangzhou Panyu Chuang's Real Estate Development Company Limited (note 44)	PRC	RMB60,000,000	56.9%	56.9%	Property development and investment
^ Hunan Han Ye Real Estate Development Company Limited	PRC	RMB25,000,000	30.7%	30.7%	Property development and investment
Ilham Kencana Sdn. Bhd.	Malaysia	MYR10,000 with 10,000 shares	100.0%	100.0%	Property development and investment
Income Holdings Limited	British Virgin Islands/ Hong Kong	US\$1 with 1 share	100.0%	100.0%	Investment holding

46 Principal subsidiaries (Continued)

Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective interest held by the Group		Principal activities
			2014	2013	
Jannerson Limited	Hong Kong	HK\$5,000 with 5,000 shares	100.0%	100.0%	Property investment
Koledo Company Limited	Hong Kong	HK\$200 with 2 shares HK\$200 with 2 non-voting deferred shares	100.0%	100.0%	Property investment
Ladona Limited	British Virgin Islands/ Vietnam	US\$10 with 10 shares	100.0%	100.0%	Investment holding
Lambda Industrial Limited	Hong Kong	HK\$3,000,000 with 3,000,000 shares	100.0%	100.0%	Property investment
Mega Well Limited	Hong Kong	HK\$2 with 2 shares	100.0%	100.0%	Property and hotel development and investment
* Midas International Holdings Limited	Cayman Islands/ Hong Kong	HK\$220,720,828 with 2,207,208,278 ordinary shares	60.8%	60.8%	Investment holding
Midas Printing International Limited	Hong Kong	HK\$7,000 with 7,000 shares	60.8%	60.8%	Trading of printed products
Mongolia Property Development LLC	Mongolia	US\$100,000 with 1,000 shares	100.0%	100.0%	Property development and investment
On Profit Investment Limited	Hong Kong	HK\$2 with 2 shares	56.9%	56.9%	Property development and investment
Option Success Limited	British Virgin Islands/ Mongolia	US\$1 with 1 share	100.0%	100.0%	Investment holding
@ Profit Stability Investments Limited	British Virgin Islands/ Hong Kong	US\$1 with 1 share	100.0%	100.0%	Investment holding
@ Sav Hospitality Limited	Hong Kong	HK\$1,000,000 with 1,000,000 shares	100.0%	56.9%	Hotel management
Silver Chase Investment Limited	Hong Kong	HK\$2 with 2 shares	56.9%	56.9%	Property development and investment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST MARCH, 2014

46 Principal subsidiaries (Continued)

Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective interest held by the Group		Principal activities
			2014	2013	
Silver Dragon Investment Limited	Hong Kong	HK\$2 with 2 shares	56.9%	56.9%	Property development and investment
Sintex Nylon and Cotton Products (Pte) Limited	Singapore	S\$850,000 with 8,500 shares	88.2%	88.2%	Manufacture and sale of bonded polyester fabrics and home finishing products
Success Gain Investment Limited (note 32)	Hong Kong	HK\$2 with 2 shares	60.8%	60.8%	Investment holding
Supreme Property Services Limited	Hong Kong	HK\$1,000 with 1,000 shares	100.0%	100.0%	Property management
Uniworld Property Management Limited	Hong Kong	HK\$2 with 2 shares	100.0%	100.0%	Property management
[^] Xiamen Mingjia Binhai Resort Company Limited	PRC	RMB75,000,000 (later increase to RMB100,000,000)	33.9%	33.9%	Property and hotel development and investment
Yuen Sang Watch Industries Limited	Hong Kong	HK\$1,168,407 with 1,000,000 shares	56.9%	56.9%	Manufacture and sale of watch components

* Listed in Hong Kong

@ Directly held by the Company

[^] As at 31st March, 2014, these companies are subsidiaries of Chuang's China of which the Group holds 56.9% (2013: 56.9%) equity interest. Accordingly, these companies are classified as subsidiaries of the Group.

47 Principal associated companies

Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective interest held by the Group		Principal activities
			2014	2013	
Marigordon Realty & Development Co., Inc.	Philippines	PHP6,000,000 with 6,000 shares	40.0%	–	Hotel operation
Pacific Cebu Resort International, Inc.	Philippines	PHP70,000,000 with 70,000 shares	40.0%	–	Hotel operation
[^] Treasure Auctioneer International Limited	British Virgin Islands/ Hong Kong	US\$1,000,000 with 1,000,000 shares	14.2%	14.2%	Auction services

[^] As at 31st March, 2014, it is an associated company of Chuang's China of which the Group holds 56.9% (2013: 56.9%) equity interest. Accordingly, it is classified as an associated company of the Group.

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

Location	Term	Usage	Group's interest
Hong Kong			
Chuang's London Plaza, No. 219 Nathan Road, Tsim Sha Tsui, K.I.L. No. 6345	Medium lease	Commercial	100.0%
Hotel sáv No. 83 Wuhu Street, Hunghom, H.H.I.L. Nos. 428, 440 S.A., 440 R.P., 304, 305, 394, 462, 443, 456, 455, 470, 466 and 452	Medium lease	Hotel/Commercial/ Carparking spaces	100.0%
Chuang's Tower, Nos. 30–32 Connaught Road Central, Central, M.L. Nos. 376, 410 and 375	Long lease	Commercial/Offices	100.0%
House A, No. 37 Island Road, Deep Water Bay, R.B.L. No. 599	Medium lease	Residential	100.0%
No. 15 Gough Hill Road, The Peak, R.B.L. No. 723	Medium lease	Residential	100.0%
Malaysia			
Central Plaza, No. 34 Jalan Sultan Ismail, 50250 Kuala Lumpur, Lot No. 1262, Section 57, Kuala Lumpur, Federal Territory	Freehold	Commercial/Offices/ Carparking spaces	100.0%

1. Investment properties (Continued)

Location	Term	Usage	Group's interest
The People's Republic of China			
Chuang's Le Papillon, Guangzhou, Guangdong			
– Phase I: Commercial podium	Long lease	Commercial	56.9%
– Phase III: Commercial podium	Long lease	Commercial, planning stage	56.9%
Chuang's New City, Dongguan, Guangdong			
– Gold Coast: Club house	Long lease	Commercial	56.9%
– Imperial Garden Phase I: Commercial podium	Long lease	Commercial	56.9%
– Imperial Garden Phase III: Commercial podium	Long lease	Commercial, planning stage	56.9%
6th Floor, Chengdu Digital Plaza, No. 1 Renmin South Road, Section 4, Wuhou District, Chengdu, Sichuan Province	Long lease	Commercial	56.9%
Commercial podium, Chuang's Mid-town, Anshan, Liaoning	Long lease	Commercial, planning stage	56.9%

2. Property projects

Location	Stage of completion	Expected completion date	Usage	Approximate area	Group's interest
Hong Kong					
Parkes Residence, No. 101 Parkes Street, K.I.L. No. 1511, R.P.S.A., S.D., S.E., S.S.2.S.C., R.P.S.C. and S.B. of K.I.L. No. 1510	Superstructure works in progress	Third quarter of 2015	Residential/ Commercial	Site area – about 4,882 sq. ft. Gross floor area – about 44,000 sq. ft.	100.0%
Villa 28 and Villa 30, Po Shan Road, I.L. No. 6070	Demolition works completed, strategic planning stage	N/A	Residential	Site area – about 10,000 sq. ft. Gross floor area – about 40,365 sq. ft.	50.0%
Vietnam					
Greenview Garden, Thu Duc District, Ho Chi Minh City	Planning stage	N/A	Residential/ Commercial	Site area – about 20,300 sq. m. Gross floor area – about 94,000 sq. m.	100.0%

PARTICULARS OF PRINCIPAL PROPERTIES (CONTINUED)

2. Property projects (Continued)

Location	Stage of completion	Expected completion date	Usage	Approximate area	Group's interest
Taiwan					
sáv Residence, Xinyi District, Taipei City	Internal decoration works in progress	Third quarter of 2014	Residential	Site area – about 12,500 sq. ft. Gross floor area for registration – about 20,600 sq. ft.	100.0%
Mongolia					
International Finance Centre, Sukhbaatar District, Ulaanbaatar	Foundation works completed	N/A	Commercial/ Offices	Site area – about 3,272 sq. m. Gross floor area – estimated to be about 39,000 sq. m.	100.0%
The Edelweiss Residence, Sukhbaatar District, Ulaanbaatar	Foundation works in progress	N/A	Residential/ Commercial	Site area – about 5,600 sq. m. Gross floor area – estimated to be about 40,000 sq. m.	53.0%
The People's Republic of China					
Chuang's Le Papillon, Guangzhou, Guangdong					
– Phase I:					
Block A, B, C, D, E	Completed	Completed	Residential	Site area – about 53,519 sq. m. Gross floor area – about 18,395 sq. m. (and 208 carparking spaces)	56.9%
– Phase II:					
Block F, G, H, I, K, M, N	Completed	Completed	Residential/ Commercial	Site area – about 50,585 sq. m. Gross floor area – about 24,235 sq. m.	56.9%
Block J, L, P	Superstructure works completed	2014–2015	Residential	Site area – about 18,926 sq. m. Gross floor area – about 40,155 sq. m. (and 1,242 carparking spaces)	56.9%
– Phase III:					
Block Q, R, S, T, U, V, W, X	Master planning completed, strategic planning stage	N/A	Comprehensive development area	Site area – about 93,476 sq. m. Gross floor area – about 165,690 sq. m.	56.9%

2. Property projects (Continued)

Location	Stage of completion	Expected completion date	Usage	Approximate area	Group's interest
The People's Republic of China (Continued)					
Imperial Garden, Chuang's New City, Dongguan, Guangdong					
– Phase I: Block 1 to 8	Completed	Completed	Residential	Site area – about 23,775 sq. m. Gross floor area – about 11,098 sq. m. (and 133 carparking spaces)	56.9%
– Phase II: Block 9 to 14	Superstructure works completed	2014–2015	Residential	Site area – about 9,500 sq. m. Gross floor area – about 61,272 sq. m.	56.9%
– Phase III: Block 15 to 55	Planning stage	N/A	Comprehensive development area	Site area – about 158,576 sq. m. Gross floor area – about 355,842 sq. m.	56.9%
sáv Resort & Spa, Xiamen, Fujian	Interior and fitting out works in progress	2014–2015	Resort and villa	Site area – about 27,574 sq. m. Gross floor area – about 18,000 sq. m.	33.9%
Chuang's Mid-town, Anshan, Liaoning	Foundation works in progress	2016–2017	Comprehensive development area	Site area – about 11,000 sq. m. Gross floor area – about 100,000 sq. m.	56.9%
Chuang's Plaza, Anshan, Liaoning	Master planning in progress	N/A	Comprehensive development area	Site area – about 39,500 sq. m. Gross floor area – about 390,000 sq. m.	56.9%
Phase I, Beverly Hills, Changsha, Hunan	Completed	Completed	Residential	Site area – about 95,948 sq. m. Gross floor area – about 19,800 sq. m.	30.7%
	Superstructure works completed	N/A	Commercial	Gross floor area – about 11,600 sq. m.	30.7%

SUMMARY OF FINANCIAL INFORMATION

Results

	2010 HK\$'000 (Restated)	2011 HK\$'000	2012 HK\$'000	2013 HK\$'000	2014 HK\$'000
Revenues	560,887	382,785	2,207,128	1,100,345	1,389,053
Profit attributable to equity holders	915,684	789,686	901,313	1,147,641	468,530
Earnings per share (HK cents)	60.45	51.20	57.07	70.88	27.71
Dividend per share (HK cents)					
Interim	1.00	1.80	2.00	2.00	2.00
Final	2.00	3.20	3.50	3.00	3.00
Total	3.00	5.00	5.50	5.00	5.00

Assets and liabilities

	2010 HK\$'000 (Restated)	2011 HK\$'000	2012 HK\$'000	2013 HK\$'000	2014 HK\$'000
Non-current assets	4,936,671	5,202,504	6,372,086	7,719,567	8,679,319
Current assets	3,632,098	4,895,714	4,883,002	5,138,575	5,580,216
Total assets	8,568,769	10,098,218	11,255,088	12,858,142	14,259,535
Total liabilities	(3,135,472)	(3,750,536)	(3,536,371)	(4,014,780)	(4,988,381)
Non-controlling interests	(859,379)	(952,616)	(1,477,061)	(1,465,272)	(1,478,027)
Shareholders' funds	4,573,918	5,395,066	6,241,656	7,378,090	7,793,127
Net asset value per share (HK\$)	2.99	3.42	3.92	4.39	4.53

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 and investments held for trading	1,001.5	1,788.9 [®]	2,220.7	2,081.3 [#]	2,454.6[#]
Bank borrowings	2,529.7	2,562.6	2,335.7	2,557.8	3,252.3
Net debt to equity ratio (%)	33.4	14.3	1.8	6.5	10.2

[®] Included restricted bank balance which was released as bank balances of the Group in April 2011.

[#] Included pledged bank balances and those in assets held for sale.

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 Consortium International 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 12:00 noon 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. Ko Sheung Chi as an executive Director;
 - (b) To re-elect Mr. Wong Chung Wai as an executive Director;
 - (c) To re-elect Mr. Abraham Shek Lai Him as an independent non-executive Director;
 - (d) To re-elect Mr. Fong Shing Kwong as an independent non-executive Director;
 - (e) 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\$0.25 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.”

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

6. To transact any other business.

By order of the Board of
Chuang's Consortium International Limited
Lee Wai Ching
Company Secretary

Hong Kong, 29th July, 2014

Notes:

1. Any member entitled to attend and vote at the annual general meeting of the Company (the "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 Standard 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 3.0 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 Standard 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
CONSORTIUM
INTERNATIONAL
LIMITED**

(Incorporated in Bermuda with limited liability)
Stock Code: 367