

華士

Building
on our Strength
Annual Report

2007

Chuang's Consortium International Limited

(Incorporated in Bermuda with limited liability)

STOCK CODE: 367

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CORPORATE INFORMATION

Directors

Alan Chuang Shaw Swee (*Chairman*)
Alice Siu Chuang Siu Suen (*Vice-Chairman*)
Ko Sheung Chi (*Managing Director*)
Lui Lop Kay
Albert Chuang Ka Pun
Wong Chung Wai
Peter Po Fun Chan, B.B.S., M.B.E., J.P.*
Abraham Shek Lai Him, J.P.*
Chan Wai Dune*

* *Independent Non-Executive Directors*

Audit Committee/ Nomination Committee/ Remuneration Committee

Peter Po Fun Chan, B.B.S., M.B.E., J.P.
Abraham Shek Lai Him, J.P.
Chan Wai Dune

Qualified Accountant

Chan Chun Man

Company Secretary

Lee Wai Ching

Auditors

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

Registrars

Bermuda:

Butterfield Fund Services (Bermuda) Limited
Rosebank Centre, 11 Bermudiana Road, Pembroke, HM 08, Bermuda

Hong Kong:

Standard Registrars Limited
26th Floor, Tesbury Centre,
28 Queen's Road East, Wanchai, Hong Kong

Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited
Bank of China (Hong Kong) Limited
China Construction Bank Corporation
Industrial and Commercial Bank of China
The Development Bank of Singapore Limited
EON Bank Berhad

CORPORATE INFORMATION *(Continued)*

Registered Office	Clarendon House, 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: http://www.chuang-consortium.com
Singapore Office	245 Jalan Ahmad Ibrahim, Jurong Town, Singapore 629144, Republic of Singapore
Malaysia Office	CP 01, Suite 1902-03, 19th Floor, Central Plaza, 34 Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia
Vietnam Office	No. 642, Nation Highway 1A, Tan An Town, Long An Province, Vietnam
Stock Code	367

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Mr. Alan Chuang Shaw Swee (aged 55), the chairman, has extensive experience in property development and investment in Hong Kong, the People's Republic of China and Southeast Asia. With his substantial connections, he has been actively involved in development and management of investments in Hong Kong and Southeast Asia. He was an Adviser of Hong Kong Affairs and a member of the Selection Committee for the Government of the Hong Kong Special Administrative Region. He is a member of the National Committee of The Chinese People's Political Consultative Conference, a member of All-China Federation of Returned Overseas Chinese, a member of China Overseas Friendship Association, the Deputy Chairman of ESE Literature Fund, a standing member of The Chinese People's Political Consultative Conference, Fujian Provincial Committee, 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 a 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, the Senate of the Democratic Alliance for the Betterment and Progress of Hong Kong, the Life Honorary President and the Vice Director of the General Association of Xiamen (Hong Kong) Limited, the Permanent President of Hong Kong Hui An Natives Association, the Life Honorary President of Chuang & Yen Clansmen's General Association and a director of The Hong Kong Christian Mutual Improvement Society, the Hong Kong Christian Home for the Aged Limited and the Hong Kong Digestive Foundation Limited. He is the brother of Mrs. Alice Siu Chuang Siu Suen and the father of Mr. Albert Chuang Ka Pun. He joined the Group in 1970.

Mrs. Alice Siu Chuang Siu Suen (aged 58), the vice-chairman, has over 33 years of experience in managing investment businesses and in property development and investment. She is a sister of Mr. Alan Chuang Shaw Swee and an aunt of Mr. Albert Chuang Ka Pun. She joined the Group in 1971.

Mr. Ko Sheung Chi (aged 51), the managing director, has over 27 years of experience in general management. He is also the Chairman of Chuang's China Investments Limited,

a subsidiary of the Company, and a non-executive director of CNT Group Limited, the shares of these companies are listed on The Stock Exchange of Hong Kong Limited (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. Lui Lop Kay (aged 51), was appointed an executive director in 2001 and is responsible for property division of the Group. He is a fellow member of the Hong Kong Institute of Surveyors. Mr. Lui has over 25 years of experience in real estate in Hong Kong and the Asia Pacific region. He joined the Group in 1996.

Mr. Albert Chuang Ka Pun (aged 26), was appointed an executive director in 2007 and is responsible for property development and investment of the Group. He has 3 years of experience in property business and general management. He holds a bachelor degree of arts with major in economics. He is the son of Mr. Alan Chuang Shaw Swee and a nephew of Mrs. Alice Siu Chuang Siu Suen. He joined the Group in 2005.

Mr. Wong Chung Wai (aged 38), was appointed an executive director in 2007 and is responsible for project management of the Group. He has over 15 years of experience in architecture, project management and contract administration. 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.

Dr. Peter Po Fun Chan B.B.S., M.B.E., J.P., FCPA, FCPA (Australia) (aged 85), was appointed an independent non-executive director in 1997. He is an independent non-executive director of Chuang's China Investments Limited, a subsidiary of the Company, and China Resources Enterprise, Limited and a non-executive director of Prime Investments Holdings Limited, all are listed on the Stock Exchange. He was the chairman of the former Kowloon Stock Exchange and former Hong Kong Federation of Stock Exchanges. Dr. Chan was also a Registered Dealing Director under the Securities Ordinance. He is a member of a number of scientific institutions which include Society of Petroleum Engineers and Society of Underwater Technology.

Mr. Abraham Shek Lai Him J.P. (aged 62), was appointed an independent non-executive director in 2004. He is currently a member of the Legislative Council for the Hong Kong Special Administrative Region, the Managing Board of Kowloon-Canton Railway Corporation, the Council of The Hong Kong University of Science & Technology and the Court of The University of Hong Kong. He holds a bachelor degree of arts. He is an independent non-executive director of Midas International Holdings Limited, an associated company of the Company, Paliburg Holdings Limited, Lifestyle International Holdings Limited, NWS Holdings Limited, See Corporation Limited, Titan Petrochemicals Group Limited, ITC Corporation Limited, Country Garden Holdings Company Limited and Hop Hing Holdings Limited, all are listed on the Stock Exchange and a director of The Hong Kong Mortgage Corporation Limited. Mr. Shek is also an independent non-executive director of Eagle Asset Management (CP) Limited (the manager of Champion Real Estate Investment Trust) and Regal Portfolio Management Limited (the manager of Regal Real Estate Investment Trust), both trusts are listed on the Stock Exchange.

Mr. Chan Wai Dune (aged 54), was appointed an independent non-executive director in 2006. Mr. Chan has over 26 years of experience in the finance sector, particularly in auditing and taxation areas. He is a certified public accountant and a fellow member of each of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants and the Taxation Institute of Hong Kong. He is an independent non-executive director of Chuang's China Investments Limited, a subsidiary of the Company, Hualing Holdings Limited, Jinheng Automotive Safety Technology Holdings Limited, Minmetals Resources Limited, Mexan Limited, Sam Woo Holdings Limited, Sino Union Petroleum & Chemical International Limited and Hunan Nonferrous Metals Corporation Limited, all are listed on the Stock Exchange. Mr. Chan is currently a member of CPPCC of Guangzhou Municipal Committee and the Executive Council of China Overseas Friendship Association. Mr. Chan was a member of the Selection Committee for the First Government of the Hong Kong Special Administrative Region. Mr. Chan is currently the managing director of a certified public accounting firm.

SENIOR MANAGEMENT

Mr. Lee Yiu Sing (aged 40), the property manager responsible for property leasing and management of the Group, has over 14 years of experience in property 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. Kwan Siu Yuen (aged 48), the senior property manager responsible for property development and sales of the Group. He is an associate member of both the Hong Kong Institute of Surveyors and the Royal Institution of Chartered Surveyors. Mr. Kwan has over 20 years of experience in property valuation, real estate development and sales in Hong Kong as well as the Asia Pacific Region. He joined the Group in 1998.

Mr. Chan Chun Man (aged 31), the qualified accountant and financial controller, has over 8 years of experience in finance, accounting and auditing. He holds a bachelor degree in accountancy. 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 46), the company secretary responsible for the Group's company secretarial matters. She has over 23 years of experience in corporate services and office administration. She holds a bachelor degree in commerce and a master degree in business administration. 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 61), a director and the general manager of the Singapore Division, holds a higher diploma in textile technology and is a member of the Textile Institute of United Kingdom. He joined the Group in 1970.

Mr. Lee Pin Boon (aged 57), a director and the general manager of the Malaysia Division, holds a bachelor degree in accountancy and is a member of the Institute of Certified Public Accountants of Singapore and an associate member of the CPA Australia. Mr. Lee has 33 years of experience in accounting, company secretarial services, personnel and administration. He joined the Group in 1990.

Building for

QUALITY LIFESTYLE

With the improvement in rental of our investment properties and the completion of the projects in Deep Water Bay and The Peak, the Group expects that the capital value of our property portfolio in Hong Kong will be significantly enhanced

With the repositioning of our Group's strategy to allocating more resources to, and becoming one of the key players in, the Vietnam property market, the Group believes that this will add a new dimension to the growth of our Group in the years to come

CHAIRMAN'S STATEMENT

Turnover of the Group increased by 94%, net profit attributable to shareholders increased by 8% and total dividends per share increased by 50%

FINANCIAL REVIEW

During the year under review, the Group's businesses have been benefited from the continuous growth in the economies of Hong Kong and the People's Republic of China (the "PRC").

Turnover of the Group increased from HK\$798.3 million in last year to HK\$1,544.6 million in this year, representing an increase of 93.5%. Turnover derived from property investment and development activities amounted to HK\$583.0 million (2006: HK\$464.4 million), representing an increase of 25.5% principally as a result of an increase in property sales in the PRC. Manufacturing and trading businesses recorded a turnover of HK\$104.1 million (2006: HK\$92.2 million), representing an increase of 12.9% when compared with that of last year. Turnover from securities trading activities increased significantly to HK\$857.6 million (2006: HK\$241.7 million) as the Group has increased its securities investment activities amid the improved market sentiment during the year.

Gross profit increased by 18.9% to HK\$203.2 million (2006: HK\$170.9 million), which was principally attributable to the increase in profits from sales of properties and marketable securities. Other income increased by 69.0% to HK\$94.8 million. Reflecting the improvement in office and retail properties in Hong Kong, the Group recorded an upward revaluation of HK\$200.7 million during the year. On the costs side, as a result of an increase in business activities, distribution costs and administrative expenses increased by HK\$11.8 million and HK\$40.8 million, respectively. Finance costs increased by 12.5% to HK\$66.5 million and share of profits of associated companies decreased by 48.7% to HK\$9.6 million. Taking all these into account, profit attributable to equity holders of the Company increased by 8.2% to

HK\$214.9 million (2006: HK\$198.6 million). Earnings per share was 14.54 HK cents (2006: 13.44 HK cents).

DIVIDENDS

The Directors have resolved to recommend for the shareholders' approval at the forthcoming annual general meeting the payment of a final dividend of 1.0 HK cent (2006: 1.0 HK cent) per share for the year ended 31st March, 2007. The final dividend, if approved, will be paid on or before 22nd October, 2007 by allotment of new shares with a cash option to the shareholders whose names appear on the Company's register of members on 30th August, 2007.

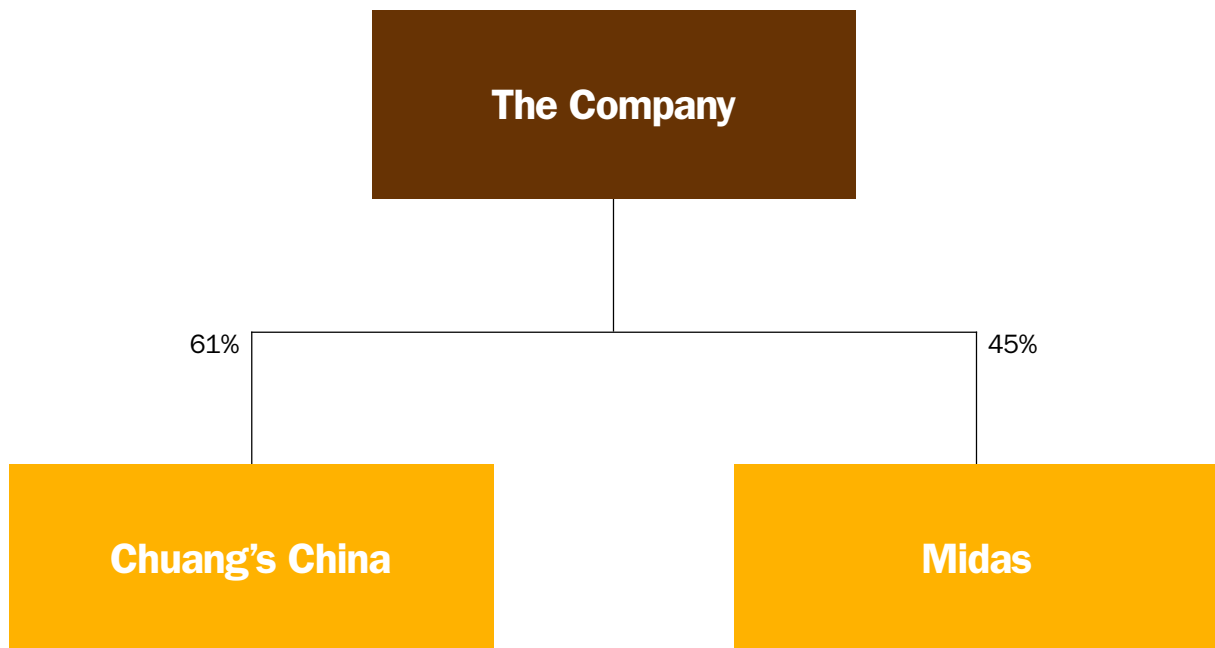
Subject to the Listing Committee of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granting listing of and permission to deal in the new shares to be issued pursuant to the scrip dividend scheme, new share entitlements will be calculated by reference to the average of the closing prices on the Stock Exchange of the shares of the Company for the five consecutive trading days up to and including 30th August, 2007. A circular giving full details of the scrip dividend scheme and a form of election will be sent to the shareholders as soon as practicable.

A special interim dividend of 0.5 HK cent (2006: Nil) per share and an interim dividend of 0.75 HK cent (2006: 0.5 HK cent) per share have been paid in respect of the current financial year. Total dividends for the year, therefore, amounted to 2.25 HK cents (2006: 1.5 HK cents) per share, representing an increase of 50%.

NEW GROUP STRUCTURE:

During the year, the Group has completed a group rationalisation exercise whereby the Company acquired from Chuang's China Investments Limited ("Chuang's China") its entire approximately 45% interest in Midas International Holdings Limited ("Midas") resulting in the Company holding a direct interest in Midas and Chuang's China ceasing to have any interest in Midas. The new group structure, which is shown

below, will enable the respective shareholders and investors in the Company and Chuang's China to more clearly evaluate their investments in the companies and will also enable Chuang's China to generate additional resources for allocating to, and become more focused in, the PRC property market. The Group believes that this new group structure will enable the Group to conduct its businesses more effectively.



BUSINESS REVIEW:

The principal activities of the Group comprise property development and investment in Hong Kong, Malaysia, Vietnam and the PRC, manufacturing businesses and investments.

In the past years, in respect of property business, the Group has been focusing mainly in Hong Kong. In the coming years, whilst Hong Kong will still be a principal area of focus, in particular, the niche luxurious residential property market in which the Group has considerable experience and expertise, the Group will be allocating more resources towards the PRC and emerging markets, in particular Vietnam, as the Group believes that projects identified in these markets are equally rewarding.

(a) Chuang's Properties Limited

All the Group's property activities in Hong Kong are conducted through this wholly-owned subsidiary.

(i) Investment Properties

The Group owns Chuang's London Plaza in Tsim Sha Tsui, Chuang's Hung Hom Plaza in Hunghom, portion of Chuang's Enterprises Building in Wanchai and Chuang's Tower in Central (through Chuang's China) with a total gross floor area ("GFA") of approximately 374,000 sq.ft. of retail, office and car parking spaces for investment purposes. Occupancy rate of these properties remains at a high level and rental and other income from investment properties in Hong Kong during the year amounted to HK\$85.6 million.

It has always been the Group's objective to consistently enhance the yield and thus the capital value of our investment properties. Steps taken by the Group during the year included the following:

- (a) carrying out improvement and renovation works so as to upgrade the quality of our properties;
- (b) reshuffling tenant mix so as to attract higher quality tenants and tenants willing to pay a higher rental;
- (c) upgrading the quality of our management service to be more user-friendly; and
- (d) creating more advertising signages on our properties to generate additional rental.



Chuang's Tower

BUSINESS REVIEW:

Furthermore, approval has been obtained from relevant authorities to convert the usage of Chuang's Tower in Central from office to hotel usage. The Group believes that such approval will provide flexibility to the Group to enhance the value of the property and the Group is conducting feasibility studies on the benefits of such conversion. Approval has also been obtained from the relevant authorities to combine 2 units at 17/F and 18/F, Twin Brook, No. 43 Repulse Bay Road into a duplex with GFA of over 5,400 sq.ft.. In view of strong demand for high quality apartment with sea-view in that area, the marketability and capital value of this property will be significantly improved.

As stated in last year's annual report, the Group will take advantage of rising property prices to dispose of certain of our investment properties. In this respect, the Group has successfully disposed of Chuang's City Tower in Wanchai for HK\$282 million, generating profit of approximately HK\$60 million for the year ended 31st March, 2007. Subsequent to the balance sheet date, the Group also disposed of certain shopping units in The Harbourside in North Point for HK\$15.4 million. The proceeds from these disposals have been and will be applied for land replenishment.



Chuang's
Hung Hom Plaza



Chuang's
Enterprises Building

BUSINESS REVIEW:



Chuang's
London Plaza

BUSINESS REVIEW:

(ii) Properties Under Development

During the year, property sales of the Group in Hong Kong amounted to HK\$36.0 million, mainly derived from disposal of remaining units of Reading Place in mid-level. Currently the Group is undertaking various development projects in Hong Kong.

In Deep Water Bay, the Group is redeveloping Park Villa into 4 bungalows with GFA of approximately 26,000 sq.ft.. Site formation and foundation works are in progress and the project is expected to be completed by the end of 2008. In view of strong demand in the luxurious residential property market, the Group expects that rental and thus capital value of this property will be significantly enhanced upon completion.

Park Villa



BUSINESS REVIEW:

In January 2007, the Group completed the acquisition of No.15 Gough Hill Road, The Peak for HK\$166 million. The permissible developable GFA of this property is 9,235 sq.ft.. The Group will redevelop this property into bungalows.

The Group participated a 30% interest in the redevelopment of Midas Plaza, No. 1 Tai Yau Street, San Po Kong, Kowloon

into a 22-storey high-class industrial/office building with a GFA of 190,000 sq.ft.. Superstructure works have been completed and internal and external finishing works are in progress. The project is expected to be completed by the end of 2007. Negotiations are now taking place with our partner for taking up 30% share of the floor area for the Group's own use.



Midas Plaza

BUSINESS REVIEW:



(b) Chuang's International Limited

All the Group's property activities in Malaysia and emerging markets are conducted through this wholly-owned subsidiary.

(i) Malaysia

The Group owns Central Plaza located in "Golden Triangle" of Kuala Lumpur, Malaysia for investment purpose. It has a total GFA of 380,000 sq.ft. of retail, office and car parking spaces, and rental income from this property during the year amounted to HK\$11.6 million.

The Group is also undertaking the development of Taman Sri Amber in Seremban, Malaysia. It is a low density mixed development comprising 244 single-storey and double-storey terrace houses, 406 apartments and various shopping units with a total GFA of approximately 690,000 sq.ft.. Phase I of the project with a total GFA of 94,000 sq.ft. has been sold and development of the remaining GFA of 596,000 sq.ft. will commence soon.

Recently, the Malaysian Government has announced the abolishment of real property gain tax and the introduction of policies which aim to simplify and speed up certain approval procedures relating to property projects. The Group believes that these are logical moves by the government to promote and boost investments in the property sector and the Group will identify new investment opportunities in Malaysia.

Central Plaza

BUSINESS REVIEW:

(ii) Vietnam

The economy of Vietnam has been growing tremendously with GDP growth in the past 5 years consistently over 7%. With the accession into the World Trade Organisation in early 2007, the growth pattern of the economy of Vietnam is expected to continue. Having a population of more than 85 million and over half of the population below the age of 35, there exists vast business opportunities in the property sector. Ho Chi Minh City and Hanoi are two important cities in Vietnam and their economies accounted for a substantial portion of the GDP of Vietnam. In view of the above, the amount of foreign direct investments into Vietnam and, in particular, into Ho Chi Minh City and Hanoi, have been growing continuously over the past few years. Having identified the business opportunity, the Group has immediately taken action to take advantage of such an opportunity.

(a) **Saigon Beverly Hills**

On 1st June, 2007, the Group entered into an agreement to participate a 70% interest in a property development project in Vietnam for US\$15 million. The project, Saigon Beverly Hills, covers a site area of 273 hectares (2,730,000 sq.m.) and is located in Duc Hoa District, Long An Province, Vietnam, which is in close proximity to, and is approximately 30 kilometers from, the city centre of Ho Chi Minh City, Vietnam. The site is for residential and commercial usage and it is intended that a new township with modern

architectural design having a total GFA of approximately 3,300,000 sq.m. will be developed. Master layout planning of the project is in progress and it is expected that the initial phase of this development will commence by the end of 2007.

Adjacent to the above site is a site of 220 hectares (2,200,000 sq.m.) and the Group is in the process of acquiring this adjacent site to make the development more sizable.

(b) **Central Park**

Recently the Group has signed a memorandum of understanding with a third party to form a joint venture to be owned as to 73% by the Group for undertaking a residential and commercial property development project in the city centre of Ho Chi Minh City, Vietnam. The site covers an area of 18 hectares (180,000 sq.m.) and the total developable GFA of the project is about 840,000 sq.m.. It is expected that the formal agreement for the execution of this project will be finalised soon.

(c) **Project at Hanoi**

The Group is conducting a feasibility study on a property project in Hanoi, Vietnam and expects that a memorandum of understanding in respect of this project will be executed soon.

BUSINESS REVIEW:

(c) Chuang's China

All the Group's property activities in the PRC are conducted through this approximately 61% owned listed subsidiary.

(i) Development Strategy

Land bank for the Group's development in the PRC was purchased some years ago. Over these years, the Group has held back its pace of property development in the PRC as we believe that over time, the value of these property projects would be maximised when the regional economies picked up and infrastructural network improved. This undeveloped land bank of the Group has shown significant build up of value to the present day as properties are sold at steadily-increasing prices across the board in the PRC.

From macro point of view, fundamental improvements have taken place over the past decade. The buoyant economy of the PRC is driving a steady upward trend in average income, giving rise to a massive emerging middle-class section of the population seeking to improve their

standards of living. The enormous momentum generated by the recent completion of supporting infrastructure in the regions of the Group's projects has transformed the Group into an aggressive property player in the PRC with a keen appetite for growth. To shape the future direction of the Group, we believe that the Group should grasp this unprecedented time to unlock the store value of its land bank in the PRC.

(ii) Land Bank

Paving the future roadmap on Mainland China's vast and rapidly-expanding property market, the Group remains constantly alert to land acquisition opportunities. During the year, the Group successfully bid for a site in Changsha with developable GFA of about 500,000 sq.m.. At present, the Group is aggressively developing its property projects in Guangzhou, Dongguan, Huizhou of Guangdong province and two projects in Changsha of Hunan province as follows:

	Financial year 2007 Completed GFA for sale (sq. m.)	Financial year 2008 GFA under development (sq. m.)	Beyond 2008 GFA to be developed (sq. m.)	Total (sq. m.)
Gold Coast, Phase II Chuang's New City, Dongguan, Guangdong	57,381			
Imperial Garden, Phase III Chuang's New City, Dongguan, Guangdong		143,000	387,000	530,000
Chuang's Le Papillon, Guangzhou, Guangdong		70,000	380,000	450,000
Chuang's New Town, Huizhou, Guangdong			144,000	144,000
Beverly Hills, Changsha, Hunan		70,000	1,530,000*	1,600,000
Xingsha Beverly Hills, Changsha, Hunan		150,000	350,000	500,000
Total		433,000	2,791,000	3,224,000

* GFA to be developed includes 1.53 million sq. m. pending procedures for obtaining the land use rights.

BUSINESS REVIEW:

(iii) Property Development

Chuang's Le Papillon, Guangzhou, Guangdong (85% owned by Chuang's China)

Chuang's Le Papillon is located close to the station of Guangzhou Metro route number 4 which is in service at the end of 2006 and that allows efficient commuting from our project to Guangzhou city centre. With the opening of this new metro route, the property prices of the area are heading from strength to strength. Furthermore, the local government will implement major improvements on city

planning and infrastructure to make way for the 2010 Asian Games complex located some 3 km from Chuang's Le Papillon. Strong momentum generated by such improvements will boost demand from home buyers and will give positive support to property prices. The Group is speeding up the construction of Chuang's Le Papillon with total GFA over 450,000 sq.m.. The first phase of 70,000 sq.m. GFA providing 11 residential blocks of over 500 apartments is now in progress, and is scheduled to be completed in the financial year ending 2009.



BUSINESS REVIEW:

Chuang's New City, Dongguan, Guangdong (100% owned by Chuang's China)

At Chuang's New City on the river coast in Dongguan, we witnessed large-scale infrastructure development by the local government, including relocation of shipyard, reclamation of land, expansion of efficient routes into the city centre, and opening of an attractive waterside promenade right across our development. In addition, Chuang's New City is located nearby a new coastal highway under construction from Guangzhou to Shekou, which in turn links to Hong Kong by way of the Hong Kong-Shenzhen

Western Corridor. As infrastructure takes shape to serve this residential project, the Group swung into action to accelerate progress, as demand for accommodation soared at the 530,000 sq.m. complex of Chuang's New City. Construction of Phase III, known as Imperial Garden, has commenced. Construction of 8 residential blocks providing over 700 apartments with GFA of 90,000 sq.m. is in progress and is expected to be completed in the financial year ending 2009. On top of that, site formation work for another 53,000 sq.m. GFA will commence shortly.



Building for **PEOPLE**

In the PRC, the Group will speed up the development of our existing land bank of 3,224,000 sq.m. of GFA in the next four to five years to capitalise on the enormous potential in the PRC market. On the basis of current market prices of properties and the relatively low cost of our land bank which was acquired some years ago, we believe that there will be significant margin for our property development business in the PRC

BUSINESS REVIEW:

Beverly Hills, Changsha, Hunan (54% owned by Chuang's China)

At Beverly Hills of Changsha, construction works on this complex with over 70,000 sq.m. GFA will be completed soon. We have maintained a commitment to high quality standard throughout this low density development comprising link houses, semi-detached houses and bungalows, as well as service apartments. The Group targets to deliver completed properties to buyers within the financial year ending 2008. The phase II development of 480 mu is under planning stage and approvals are expected to be materialised in the financial year ending 2008.



BUSINESS REVIEW:



BUSINESS REVIEW:

Xingsha Beverly Hills, Changsha, Hunan (100% owned by Chuang's China)

The site of Xingsha Beverly Hills at Changsha is newly purchased by the Group at the end of 2006. Land cost has been fully paid. Master planning is finalised for the low density development comprising bungalows, link houses, and semi-detached houses providing 500,000 sq.m. GFA. Site formation work will commence shortly on phase I with GFA of 150,000 sq.m. and phase I is expected to be completed in the financial year ending 2009.

Chuang's New Town, Huizhou, Guangdong (100% owned by Chuang's China)

During the year, the Group disposed of a site of 98,600 sq.m. and the cash proceeds of about HK\$92 million have been utilised on expansion of our property development business. After this disposal, Chuang's New Town has developable GFA of 144,000 sq.m. and is currently under the planning stage.

Development Summary

To sum up our property development in the pipeline, the Group's total GFA under construction will be 433,000 sq.m. for the financial year ending 2008, and will increase to over 600,000 sq.m. for the financial year ending 2009.

(iv) Properties Sales

For the financial year ended 2007, the Group has completed residential project of 57,381 sq.m. at the Gold Coast of Chuang's New City, Dongguan. Results on sales at Gold Coast are encouraging with all its typical flats fully sold out, and the duplex apartments launched during the year are well received, setting a record-breaking sales price of over RMB11,000 per sq.m. for our duplex show flat. Total property sales during the financial year ended 2007 amounted to HK\$165.9 million, representing an eight-fold increase when compared to that of the last corresponding year.

At Beverly Hills of Changsha, soft marketing and pre-sale for link houses and semi-detached houses has commenced. An encouraging result is achieved with 68% of the link houses and 29% of the semi-detached houses being pre-sold. Taking this into account, properties sold as at the date of this report but not yet booked as turnover amounted to RMB197.5 million. Such amount is expected to be booked as turnover for the financial year ending 2008. Furthermore, in the financial year ending 2008, 370 car parking spaces in Gold Coast, Dongguan and 433,000 sq.m. of GFA under development in Guangzhou, Dongguan and Changsha as mentioned above will be available for sale and pre-sale, and total sales value of these properties are expected to exceed HK\$2.2 billion according to current market prices.

BUSINESS REVIEW:

Gold Coast Duplex Show Flats



Supreme Clubhouse at Gold Coast



BUSINESS REVIEW:

(d) Midas

The Group owns a direct approximately 45% interest in Midas, a listed company in Hong Kong engaged principally in books and paper products printing. For the year ended 31st December, 2006, Midas reported turnover of HK\$737.9 million and net profit attributable to shareholders of HK\$17.6 million.

In view of competitive trading environment for its printing business, Midas will concentrate in and expand into higher margin products such as original designed products, products with electronic components and pop-up books. Such expansion requires new hand assembly lines and new factory premises. In this respect, Midas has recently

acquired a piece of land located in Coastal Industry Zone, Dongguan with a site area of about 77,900 sq.m. for the purpose of constructing new factory premises. In order to provide funds to Midas for its expansion programme, the Group has in June 2007 subscribed for a four-year convertible note in Midas for HK\$49.5 million. Upon the exercise in full of the convertible note, the Group's interest in Midas will be increased from approximately 45% to approximately 54%.

Apart from the above expansion plan, Midas will look for new business opportunities so as to broaden its income stream.



FINANCIAL POSITIONS

As at 31st March, 2007, net assets attributable to equity holders of the Company was HK\$3,242.2 million. Net asset value per share amounted to approximately HK\$2.19, which is calculated based on the book cost of the Group's leasehold land and land use rights and properties for/under development in Hong Kong and the PRC, before taking into account the appreciated value.

As at 31st March, 2007, the Group's cash and bank balances and other investments amounted to HK\$1,039.9 million (2006: HK\$847.5 million). Bank borrowings of the Group as at the same date amounted to HK\$1,353.8 million (2006: HK\$1,236.4 million). The Group's net debt to equity ratio, expressed as a percentage of bank borrowings net of cash and bank balances and other investments over total net assets attributable to equity holders of the Company, was approximately 9.7% (2006: 12.9%).

Approximately 91.6% of the Group's bank balances, cash and other investments were in Hong Kong dollar or United States dollar, with the balance 8.4% in Renminbi. Approximately 90.6% of the Group's bank borrowings were denominated in Hong Kong dollar with the balance of 9.4% being denominated in Malaysian Ringgit and Renminbi. Risk in exchange rate fluctuation would not be material.

Approximately 4.6% (2006: 5.0%) of the Group's bank borrowings was repayable within one year, 7.6% (2006: 23.7%) repayable within 1 to 2 years, 70.8% (2006: 66.6%) repayable within 2 to 5 years and the balance of 17.0% (2006: 4.7%) repayable over 5 years.

STAFF

As at 31st March, 2007, the Group employed 1,054 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.

PROSPECTS

In Hong Kong, the economy continues to show healthy growth on the back of growth of the global and the PRC economies. Office and retail rentals are expected to remain firm whilst demand for quality housing, in particular in the luxurious residential sector, should remain strong. With the improvement in rental of our investment properties and the completion of the projects in Deep Water Bay and The Peak, the Group expects that the capital value of our property portfolio will be significantly enhanced.

In the PRC, the Group will speed up the development of our existing land bank of 3,224,000 sq.m. of GFA in the next four to five years to capitalise on the enormous potential in the PRC market. On the basis of current market prices of properties and the relatively low cost of our land bank which was acquired some years ago, we believe that there will be significant margin for our property development business in the PRC. On top of that, the Group will plough back proceeds from property sales in the PRC on new projects to bring in greater return to shareholders.

With the repositioning of our Group's strategy to allocating more resources to, and becoming one of the key players in, the Vietnam property market, the Group believes that this will add a new dimension to the growth of our Group in the years to come.

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, 13th July, 2007

CORPORATE GOVERNANCE REPORT

INTRODUCTION

The Company is committed to achieving 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 Code on Corporate Governance Practices (the “CG Code”) as set out in Appendix 14 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

REPORT ON CORPORATE GOVERNANCE PRACTICES

(A) The Board

(i) Board composition

The board of Directors (the “Board”) comprises 9 Directors as at the date of this report, the Board members are as follows:

Name	Position
Mr. Alan Chuang Shaw Swee (“Mr. Alan Chuang”) (Note)	Chairman
Mrs. Alice Siu Chuang Siu Suen (“Mrs. Siu”) (Note)	Vice-Chairman
Mr. Ko Sheung Chi	Managing Director
Mr. Lui Lop Kay	Executive Director
Mr. Albert Chuang Ka Pun (“Mr. Albert Chuang”) (Note)	Executive Director
Mr. Wong Chung Wai	Executive Director
Dr. Peter Po Fun Chan	Independent Non-Executive Director
Mr. Abraham Shek Lai Him	Independent Non-Executive Director
Mr. Chan Wai Dune	Independent Non-Executive Director

Note: Mr. Alan Chuang is a brother of Mrs. Siu. Mr. Albert Chuang is a son of Mr. Alan Chuang and a nephew of Mrs. Siu.

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. If the Board identifies a suitable qualified candidate to become a Board member, it will make recommendation to the Nomination Committee for him/her to be elected as a Director of the Company.

REPORT ON CORPORATE GOVERNANCE PRACTICES (Continued)**(A) The Board (Continued)****(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.

(iii) Board meetings

The Board held four 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	3/4
Mrs. Siu	Vice-Chairman	3/4
Mr. Ko Sheung Chi	Managing Director	4/4
Mr. Lui Lop Kay	Executive Director	4/4
Mr. Albert Chuang (Note 1)	Executive Director	1/4
Mr. Wong Chung Wai (Note 2)	Executive Director	0/4
Ms. So Kan Yiu (Note 3)	Executive Director	2/4
Ms. Cathy Chan Chung Shan (Note 4)	Executive Director	4/4
Dr. Peter Po Fun Chan	Independent Non-Executive Director	4/4
Mr. Abraham Shek Lai Him	Independent Non-Executive Director	3/4
Mr. Chan Wai Dune (Note 5)	Independent Non-Executive Director	1/4
Mr. David Chris Lee Tsung Hei (Note 6)	Independent Non-Executive Director	1/4

Notes:

1. Mr. Albert Chuang was appointed on 18th January, 2007.
2. Mr. Wong Chung Wai was appointed on 3rd April, 2007.
3. Ms. So Kan Yiu resigned on 18th January, 2007.
4. Ms. Cathy Chan Chung Shan resigned on 30th April, 2007.
5. Mr. Chan Wai Dune was appointed on 18th October, 2006.
6. Mr. David Chris Lee Tsung Hei resigned on 18th October, 2006.

REPORT ON CORPORATE GOVERNANCE PRACTICES (Continued)

(A) The Board (Continued)

(iv) Nomination Committee

A Nomination Committee was established with clear terms of reference to review the composition of the Board. The Nomination Committee currently comprises three Independent Non-Executive Directors, Dr. Peter Po Fun Chan, Mr. Abraham Shek Lai Him and Mr. Chan Wai Dune. 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 Committee also approved the recommended candidates to become Board members by resolutions in writing.

The attendance record of each committee member is as follows:

Name	No. of meeting attended/held
Dr. Peter Po Fun Chan *	1/1
Mr. Abraham Shek Lai Him	1/1
Mr. Chan Wai Dune	0/1
Mr. David Chris Lee Tsung Hei	0/1

* Chairman of the Nomination Committee

(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 introduction 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.

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 received an annual fee of HK\$100,000. In determining such fee, the Board has taken into account the current market conditions. Such fee is also subject to shareholders' approval in annual general meetings.

(iii) Remuneration Committee

A Remuneration Committee was established with clear terms of reference to review the remuneration of the Executive Directors and senior management. The Remuneration Committee currently comprises three Independent Non-Executive Directors, Dr. Peter Po Fun Chan, Mr. Abraham Shek Lai Him and Mr. Chan Wai Dune. The committee met once during the year to review the remuneration policy of the Group. The committee also approved the remuneration packages of the Executive Directors and senior management of the Group by resolutions in writing.

The attendance record of each committee member is as follows:

Name	No. of meeting attended/held
Dr. Peter Po Fun Chan *	1/1
Mr. Abraham Shek Lai Him	1/1
Mr. Chan Wai Dune	0/1
Mr. David Chris Lee Tsung Hei	0/1

* Chairman of the Remuneration Committee

REPORT ON CORPORATE GOVERNANCE PRACTICES (Continued)

(C) Accountability and audit

(i) Financial reporting

The Board acknowledges that it is its responsibility to prepare the 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 Company.

(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' investment.

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 unauthorised use or disposition, transactions are executed in accordance with management's authorisation, 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. Based on the assessment made by senior management of the Group, the Board, in conjunction with the Audit Committee, is satisfied that the existing internal control procedures of the Group are adequate for its present requirement.

(iii) Audit Committee

An Audit Committee was established with clear terms of reference to review and supervise the financial reporting process and internal controls of the Group. The Audit Committee currently comprises three Independent Non-Executive Directors, Dr. Peter Po Fun Chan, Mr. Abraham Shek Lai Him and Mr. Chan Wai Dune. The committee held two meetings during the year to discuss the relationship with the external auditors, to review the interim and annual financial statements of the Company and to evaluate the system of internal controls of the Group.

REPORT ON CORPORATE GOVERNANCE PRACTICES (Continued)

(C) Accountability and audit (Continued)

(iii) Audit Committee (Continued)

The attendance record of each committee member is as follows:

Name	No. of meetings attended/held
Dr. Peter Po Fun Chan *	2/2
Mr. Abraham Shek Lai Him	0/2
Mr. Chan Wai Dune	1/2
Mr. David Chris Lee Tsung Hei	1/2

* Chairman of the Audit Committee

(iv) Auditors' remuneration

During the year, the remuneration paid or payable to the principal auditors of the Company, Messrs PricewaterhouseCoopers, is set out as follows:

Services rendered	HK\$'000
Audit services	1,300
Non-audit services	705
	2,005

REPORT ON CORPORATE GOVERNANCE PRACTICES (Continued)

(D) Delegation by the Board

(i) Board Committees

The Company has established three committees, namely Audit Committee, Nomination Committee and Remuneration Committee. These committees were formed with specific 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 back and obtain prior approval from the Board. All delegations to executive management are reviewed periodically to ensure that they remain appropriate.

(E) Communication with shareholders

(i) Annual general meetings

The Board regards annual general meetings as the principal opportunity to meet shareholders of the Company. The Chairman attended the annual general meeting of the Company held in August 2006 to answer questions raised by shareholders.

(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

The procedures and requirements for demanding a poll in general meetings are fully disclosed in circulars to shareholders and communicated to shareholders prior to the commencement of general meetings.

CONCLUSION

The Company has complied with the code provisions of the CG Code for the year ended 31st March, 2007.

On behalf of the Board of

Chuang's Consortium International Limited

Ko Sheung Chi

Managing Director

Hong Kong, 13th July, 2007

REPORT OF THE DIRECTORS

The Board of Directors (the “Board”) presents the audited financial statements of the Company and its subsidiaries (together the “Group”) for the year ended 31st March, 2007.

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 43 to the financial statements.

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

RESULTS AND DIVIDENDS

The results of the Group for the year are set out in the consolidated profit and loss account on page 45.

The Directors have resolved to recommend for the shareholders’ approval at the forthcoming annual general meeting the payment of a final dividend of 1.0 HK cent (2006: 1.0 HK cent) per share for the year ended 31st March, 2007. The final dividend, if approved, will be paid on or before 22nd October, 2007 by allotment of new shares with a cash option to the shareholders whose names appear on the Company’s register of members on 30th August, 2007.

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 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 30th August, 2007.

A special interim dividend of 0.5 HK cent (2006: Nil) per share and an interim dividend of 0.75 HK cent (2006: 0.5 HK cent) per share have been paid in respect of the current financial year. Total dividends for the year, therefore, amounted to 2.25 HK cents (2006: 1.5 HK cents) per share, representing an increase of 50%.

SUBSIDIARIES

Particulars regarding the principal subsidiaries of the Company are set out in note 43 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

Details of share capital of the Company are set out in note 32 to the financial statements.

REPORT OF THE DIRECTORS *(Continued)*

DONATIONS

During the year, the Group made charitable and other donations amounting to HK\$1,621,000.

PRE-EMPTIVE RIGHTS

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

RESERVES

Movements in reserves during the year are set out in note 33 to the financial statements.

PARTICULARS OF PRINCIPAL PROPERTIES

Particulars of principal properties held by the Group are set out on pages 105 to 108.

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the five years ended 31st March, 2007 is shown on page 109.

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. Lui Lop Kay	
Mr. Albert Chuang Ka Pun	(appointed on 18th January, 2007)
Mr. Wong Chung Wai	(appointed on 3rd April, 2007)
Dr. Peter Po Fun Chan	
Mr. Abraham Shek Lai Him	
Mr. Chan Wai Dune	(appointed on 18th October, 2006)
Ms. So Kan Yiu	(resigned on 18th January, 2007)
Ms. Cathy Chan Chung Shan	(resigned on 30th April, 2007)
Mr. David Chris Lee Tsung Hei	(resigned on 18th October, 2006)

At the forthcoming annual general meeting, Mr. Alan Chuang Shaw Swee, Mr. Albert Chuang Ka Pun, Mr. Wong Chung Wai, Dr. Peter Po Fun Chan and Mr. Chan Wai Dune will retire from office in accordance with the Company's Bye-law 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.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management as at the date of this report are set out on pages 4 to 5 of this annual report.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than the share option schemes adopted by the Company and its subsidiary 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, 2007, 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 ("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. Chuang")	724,334,630	Note 1	49.01
Mrs. Alice Siu Chuang Siu Suen ("Mrs. Siu")	236,040,538	Note 2	15.97
Mr. Lui Lop Kay ("Mr. Lui")	116,000	Beneficial owner	0.008
Dr. Peter Po Fun Chan ("Dr. Chan")	751,187	Beneficial owner	0.05

Note 1: Such interests comprised 556,302,006 shares in the Company owned by Evergain Holdings Limited ("Evergain"), a company beneficially owned by Mr. Chuang, and the remaining interests arose as a result of Mr. Chuang being a discretionary object of a discretionary trust, the trustee of which held 168,032,624 shares in the Company. Mr. Chuang and Mr. Albert Chuang Ka Pun are directors of Evergain.

Note 2: Such interests comprised 68,007,914 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 168,032,624 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. Chuang	795,716,556	Notes 3 & 6	62.14
Mrs. Siu	2,000,000	Beneficial owner	0.16
Mr. Lui	12,500	Beneficial owner	0.001
Dr. Chan	4,120	Interest in controlled corporation	0.0003

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

Name of Director	Number of shares	Capacity	Percentage of shareholding
Mr. Chuang	238,800,000	Notes 4 & 6	44.69
Mr. Abraham Shek Lai Him	10,000	Beneficial owner	0.002

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

Name of Director	Number of shares	Capacity	Percentage of shareholding
Mr. Chuang	350,000	Notes 5 & 6	35.0

Note 3: Such interests comprised 787,216,556 shares in Chuang's China beneficially owned by Profit Stability Investments Limited, a wholly owned subsidiary of the Company, and 8,500,000 shares in Chuang's China beneficially owned by Mr. Chuang.

Note 4: Such interests arose through the ownership of the relevant shares by Gold Throne Finance Limited, a wholly owned subsidiary of the Company.

Note 5: Such interests comprised 100,000 shares owned by a corporation beneficially owned by Mr. Chuang and 250,000 shares beneficially owned by China Cyberworld Limited, a wholly owned subsidiary of Chuang's China. Chuang's China is a subsidiary of the Company.

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

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)

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.

Other than as disclosed herein, as at 31st March, 2007, 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. Chuang (the chairman and an executive Director of the Company) holds equity interests and directorships in, and Mr. Ko Sheung Chi and Mr. Albert Chuang Ka Pun (both executive Directors) 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, 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 Group Limited are of different types and/or in different locations from those of the Group, the Group operates its business independently of the businesses of, and at arm's length from, the businesses of the Private Companies and CNT Group Limited.

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, 2007, 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 Holdings Limited	556,302,006	Beneficial owner, <i>Note 1</i>	37.64
Mrs. Chong Ho Pik Yu	556,302,006	<i>Note 2</i>	37.64
Madam Chuang Shau Har ("Madam Chuang")	168,755,848	<i>Note 3</i>	11.42
Mr. Lee Sai Wai ("Mr. Lee")	168,755,848	<i>Note 4</i>	11.42

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. 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 168,032,624 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 168,032,624 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, 2007, 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.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

BORROWINGS

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

PLEDGE OF ASSETS

As at 31st March, 2007, the Group has pledged the shares and assets of certain subsidiaries, including investment properties, leasehold land and land use rights, properties for/under development and properties for sale, with an aggregate net book value of HK\$3,204,357,000 (2006: HK\$3,040,600,000), to secure banking facilities granted to these 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 five largest suppliers and customers of the Group accounted for less than 30% of the purchases and turnover of the Group for the year respectively.

RETIREMENT SCHEMES

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

SHARE OPTION SCHEMES

Pursuant to the ordinary resolutions passed in the annual general meeting of the Company held on 30th August, 2002, a share option scheme of the Company (the “Scheme”) has been adopted and the share option scheme adopted by Chuang’s China on 26th August, 2002 (the “Chuang’s China Scheme”) has been approved.

(i) 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: 132,800,615 shares are available for issue under the Scheme, representing approximately 9% 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 30th August, 2002
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 as stated in the Stock Exchange’s daily quotation sheet on the Offer Date (which must be a trading day); (ii) the average closing price of the shares as stated in the Stock Exchange’s daily quotation sheets for the five trading days immediately preceding the Offer Date (which must be a trading day); and (iii) the nominal value of a share
8. The remaining life of the Scheme: Valid until 29th August, 2012 unless otherwise terminated under the terms of the Scheme

SHARE OPTION SCHEMES (Continued)

(ii) 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 (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: 102,443,969 shares of Chuang's China are available for issue under the Chuang's China Scheme, representing 8% 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 26th August, 2002
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 25th August, 2012 unless otherwise terminated under the terms of the Chuang's China Scheme

REPORT OF THE DIRECTORS *(Continued)*

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31st March, 2007.

CONNECTED TRANSACTION

The Group has granted loans to Fantasy Development Limited (“Fantasy”) for the purpose of financing Artiful Limited (“Artiful”), a company in which the Group and Fantasy hold 70% and 30% of its issued share capital respectively. The purpose of the loans was to allow Fantasy to on-lend such amounts to Artiful to meet its financing requirements for the development of a property project in Hong Kong. The parties agreed that the loans would bear interest at prevailing market interest rates and that Fantasy would repay the loans from the sales proceeds of the property. As at 31st March, 2007, the total amount of the loans plus interest outstanding was approximately HK\$13,036,000. Details of the transaction were announced by the Company on 16th July, 2002.

AUDITORS

The financial statements for the year were audited by PricewaterhouseCoopers who shall retire at the forthcoming annual general meeting 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, 13th July, 2007

REPORT OF THE INDEPENDENT AUDITORS

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

We have audited the financial statements of Chuang's Consortium International Limited (the "Company") set out on pages 45 to 104, which comprise the consolidated and company balance sheets as at 31st March, 2007, and the consolidated profit and loss account, 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 notes.

RESPONSIBILITY OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements 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. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

RESPONSIBILITY OF THE AUDITORS

Our responsibility is to express an opinion on these 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 as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the judgment of the auditors, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the preparation and true and fair presentation of the financial statements 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 internal control of the Company. 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 financial statements.

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

OPINION

In our opinion, the financial statements give a true and fair view of the state of affairs of the Group and the Company as at 31st March, 2007 and of the profit and cash flows of the Group 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, 13th July, 2007

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31st March, 2007

	Note	2007 HK\$'000	2006 HK\$'000
Turnover	5	1,544,566	798,314
Cost of sales		(1,341,390)	(627,380)
Gross profit		203,176	170,934
Other income	7	94,792	56,065
Distribution costs		(26,729)	(14,926)
Administrative expenses		(159,869)	(119,084)
Other operating expenses		(37,213)	(8,165)
Change in fair value of investment properties		200,710	194,936
Operating profit	8	274,867	279,760
Finance costs	10	(66,475)	(59,068)
Share of results of associated companies		9,633	18,740
Profit before taxation		218,025	239,432
Taxation	12	(1,256)	(28,741)
Profit for the year		216,769	210,691
Attributable to:			
Equity holders	13	214,866	198,572
Minority interests		1,903	12,119
		216,769	210,691
Dividends	14	33,255	22,170
		HK cents	HK cents
Earnings per share	15	14.54	13.44

The notes on pages 52 to 104 are an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET

As at 31st March, 2007

	Note	2007 HK\$'000	2006 HK\$'000
Non-current assets			
Property, plant and equipment	16	82,494	87,696
Investment properties	17	2,552,428	2,875,225
Leasehold land and land use rights	18	1,076,888	968,793
Properties for/under development	19	362,882	35,832
Associated companies	21	213,867	212,665
Available-for-sale financial assets	22	48,092	21,896
Loans and receivables	23	32,799	35,430
Deferred taxation assets	35	837	6,164
		4,370,287	4,243,701
Current assets			
Properties for sale	24	243,022	280,233
Inventories	25	84,625	17,079
Debtors and prepayments	26	224,539	100,457
Tax recoverable		296	223
Other investments	28	71,896	63,663
Cash and bank balances	29	967,989	783,859
		1,592,367	1,245,514
Current liabilities			
Creditors and accruals	30	250,572	115,084
Derivative financial instruments	31	25,000	–
Current portion of long-term borrowings	34	61,820	62,244
Taxation payable		45,499	25,909
		382,891	203,237
Net current assets		1,209,476	1,042,277
Total assets less current liabilities		5,579,763	5,285,978

CONSOLIDATED BALANCE SHEET (Continued)

As at 31st March, 2007

	Note	2007 HK\$'000	2006 HK\$'000
Equity			
Share capital	32	369,502	369,502
Reserves	33	2,857,879	2,637,780
Proposed final dividend		14,780	14,780
Shareholders' funds		3,242,161	3,022,062
Minority interests		615,952	623,443
Total equity		3,858,113	3,645,505
Non-current liabilities			
Long-term borrowings	34	1,291,983	1,174,158
Deferred taxation liabilities	35	355,805	393,022
Other non-current liabilities	36	73,862	73,293
		1,721,650	1,640,473
		5,579,763	5,285,978

Ko Sheung Chi
Director

Albert Chuang Ka Pun
Director

The notes on pages 52 to 104 are an integral part of these financial statements.

BALANCE SHEET

As at 31st March, 2007

	Note	2007 HK\$'000	2006 HK\$'000
Non-current assets			
Property, plant and equipment	16	280	249
Subsidiaries	20	888,708	874,435
Loan to a subsidiary	27	56,225	–
		945,213	874,684
Current assets			
Debtors and prepayments	26	765	3,248
Amounts due from subsidiaries	27	917,694	959,262
Cash and bank balances	29	606,090	619,852
		1,524,549	1,582,362
Current liabilities			
Creditors and accruals	30	1,480	1,309
		1,523,069	1,581,053
Net current assets			
		2,468,282	2,455,737
Equity			
Share capital	32	369,502	369,502
Reserves	33	2,084,000	2,071,455
Proposed final dividend		14,780	14,780
		2,468,282	2,455,737

Ko Sheung Chi
Director

Albert Chuang Ka Pun
Director

The notes on pages 52 to 104 are an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31st March, 2007

	Note	2007 HK\$'000	2006 HK\$'000
Cash flows from operating activities			
Cash from operations	40(a)	58,793	233,884
Interest paid		(69,894)	(59,155)
Hong Kong profits tax refunded/(paid)		5	(48)
Overseas tax paid		(14,118)	(153)
Net cash (used in)/from operating activities		(25,214)	174,528
Cash flows from investing activities			
Purchase of property, plant and equipment		(10,868)	(7,828)
Purchase of investment properties		(11,014)	–
Purchase of leasehold land and land use rights		(173,977)	–
Proceeds from disposal of property, plant and equipment		1,204	1,341
Proceeds from disposal of investment properties, net		277,372	2,000
Additions to properties for/under development		(20,626)	(3,584)
Purchase of a subsidiary	40(c)	–	(6,097)
Purchase of additional interest in an associated company		–	(426)
Purchase of additional interest in a subsidiary		(8,694)	–
Increase in amounts receivable from associated companies		(1,486)	(378)
Proceeds from redemption of unlisted preference shares		–	23,500
Purchase of available-for-sale financial assets		(1,172)	–
Decrease in bank deposits maturing more than three months from date of placement		15,142	6,729
Interest received		36,853	18,489
Dividends received		12,510	11,855
Net cash from investing activities		115,244	45,601
Cash flows from financing activities			
New bank loans		266,000	421,825
Repayment of bank loans		(158,063)	(244,969)
Capital contribution from minority interests		40,148	–
Capital element of finance lease payments		–	(131)
Decrease in net amounts with minority interests		–	(1,542)
Dividends paid to shareholders		(33,255)	(22,170)
Dividend paid to minority interests		(5,588)	(4,087)
Net cash from financing activities	40(b)	109,242	148,926
Net increase in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year		765,494	396,439
Cash and cash equivalents at the end of the year	40(d)	964,766	765,494

The notes on pages 52 to 104 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March, 2007

	Share capital	Other reserves	Retained profits	Shareholders' funds	Minority interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st April, 2005	369,502	967,872	1,509,114	2,846,488	616,213	3,462,701
Changes in exchange rates	–	5,869	–	5,869	1,443	7,312
Change in fair value of available-for-sale financial assets	–	(6,697)	–	(6,697)	(4,446)	(11,143)
Net expense recognised directly in equity	–	(828)	–	(828)	(3,003)	(3,831)
Profit for the year	–	–	198,572	198,572	12,119	210,691
Total (expense)/income recognised for the year	–	(828)	198,572	197,744	9,116	206,860
Capital contribution from minority interests	–	–	–	–	1,419	1,419
Purchase of additional interest in a subsidiary	–	–	–	–	782	782
Dividend paid to minority interests	–	–	–	–	(4,087)	(4,087)
2005 final dividend	–	–	(14,780)	(14,780)	–	(14,780)
2006 interim dividend	–	–	(7,390)	(7,390)	–	(7,390)
At 31st March, 2006	369,502	967,044	1,685,516	3,022,062	623,443	3,645,505

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the year ended 31st March, 2007

	Share capital HK\$'000	Other reserves HK\$'000	Retained profits HK\$'000	Shareholders' funds HK\$'000	Minority interests HK\$'000	Total HK\$'000
At 31st March, 2006	369,502	967,044	1,685,516	3,022,062	623,443	3,645,505
Changes in exchange rates	–	20,771	–	20,771	3,349	24,120
Share of reserve of an associated company	–	2,332	–	2,332	–	2,332
Change in fair value of available-for-sale financial assets	–	15,385	–	15,385	9,639	25,024
Net income recognised directly in equity	–	38,488	–	38,488	12,988	51,476
Profit for the year	–	–	214,866	214,866	1,903	216,769
Total income recognised for the year	–	38,488	214,866	253,354	14,891	268,245
Capital contribution from minority interests	–	–	–	–	40,148	40,148
Purchase of additional interest in a subsidiary	–	–	–	–	(20,785)	(20,785)
Purchase of additional interest in an associated company (note 21)	–	–	–	–	(36,157)	(36,157)
Dividend paid to minority interests	–	–	–	–	(5,588)	(5,588)
2006 final dividend	–	–	(14,780)	(14,780)	–	(14,780)
2007 special interim dividend	–	–	(7,390)	(7,390)	–	(7,390)
2007 interim dividend	–	–	(11,085)	(11,085)	–	(11,085)
At 31st March, 2007	369,502	1,005,532	1,867,127	3,242,161	615,952	3,858,113

The notes on pages 52 to 104 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2007

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, 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, manufacturing and sale of watch components and merchandise, bonded polyester fabrics and home finishing products, securities investment and trading, and the provision of information technology services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted for the preparation of these financial statements, which have been consistently applied for all the years presented, are set out below:

(a) Basis of preparation

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

The preparation of financial statements in conformity with Hong Kong Financial Reporting Standards 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 financial statements, are disclosed in note 4 below.

For the financial year ended 31st March, 2007, the Group adopted the following new amendments and interpretations that are effective for the accounting periods beginning on 1st January, 2006 and relevant to the operation of the Group:

HKAS 39 (Amendment)	The Fair Value Options
HKAS 39 and HKFRS 4 (Amendment)	Financial Instruments: Recognition and Measurement and Insurance Contracts – Financial Guarantee Contracts
HK(IFRIC)-Int 4	Determining whether an Arrangement contains a Lease

The adoption of the above amendments and interpretations does not have any significant effect on the accounting policies of the Group.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31st March, 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

The following standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1st January, 2007 or later periods but which the Group has not early adopted:

HKFRS 7	Financial Instruments: Disclosures
HKFRS 8	Operating Segments
HKAS 1 (Amendment)	Presentation of Financial Statements – Capital Disclosures
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions

The Group will apply the above standards, amendments and interpretations for its financial period commencing on or after 1st April, 2007, but they are not expected to have a significant impact on the financial position of the Group.

(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 attributable to the Group.

Results attributable to subsidiaries and associated companies acquired or disposed of during the financial period are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal as applicable.

The profit or loss on disposal of subsidiaries or associated companies 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

Subsidiaries are companies in which the Group has the power to exercise control governing the financial and operating policies of the company, generally accompanying a direct or an indirect shareholding of more than half of the voting power, or holds more than half of the issued equity capital. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Subsidiaries (Continued)

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. 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. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the profit and loss account.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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 income.

(d) Minority interests

Minority interests represent the interest of outside shareholders in operating results and net assets of subsidiaries.

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals of equity interests to minority interests result in gains and losses for the Group that are recorded in the profit and loss account. Purchases of equity interests from minority interests result in goodwill, which is the difference between any consideration paid and the relevant share of the carrying value of net assets of the subsidiary being acquired.

(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 recognised at cost. The investments in associated companies of the Group include goodwill, net of any accumulated impairment loss, identified on acquisition.

The share of post-acquisition profits or losses of associated companies attributable to the Group is recognised in the profit and loss account, and the share of post-acquisition movements in reserves is recognised in reserves. 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 receivable, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31st March, 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Associated companies (Continued)

Unrealised 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. Unrealised 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 policies adopted by the Group.

(f) 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 and associated companies attributable to the Group at the effective date of acquisition, and in respect of an increase in holding in a subsidiary, the excess of the cost of acquisition and the carrying amount of the proportion of the minority interests acquired. 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 acquisition of subsidiaries is included in intangible assets while goodwill on acquisition of associated companies is included in investments in associated companies. Goodwill is tested for impairment annually or when there is an indication for impairment and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

If the cost of acquisition is less than the fair value of the net assets acquired or the carrying amount of the proportion of the minority interests acquired, the difference is recognised directly in the profit and loss account.

(g) 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 recognised 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 profit and loss account during the financial period in which they are incurred.

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

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

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

Profit or loss on disposal is determined as the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the profit and loss account.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) 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 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 properties are measured initially at cost, including related transaction costs. After initial recognition, investment properties are carried at fair value. Fair value is based on valuations carried out by external valuers. Change in fair value is recognised in the profit and loss account. The fair value of investment properties reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.

Subsequent expenditure is charged 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 profit and loss account during the financial period in which they are incurred.

Property that is being constructed or developed for future use as investment property is classified as property for/under development and is stated at cost or its carrying amount until construction or development is completed, at which time it is reclassified and subsequently accounted for as investment property.

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

If a property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this property at the date of transfer is recognised in equity as revaluation of property, plant and equipment. However, if the fair value gives rise to a reversal of the previous impairment loss, this write-back is recognised in the profit and loss account.

(i) Leasehold land and land use rights

Leasehold land and land use rights represent non-refundable rental payments for lease of land. The upfront prepayments made for leasehold land and land use rights are amortised on a straight-line basis over the period of the lease or where there is impairment, the impairment is expensed in the profit and loss account. The amortisation of the leasehold land and land use rights is capitalised under the relevant assets when the properties on the land are under construction. In all other cases, the amortisation is recognised in the profit and loss account.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Properties for/under development

Properties for/under development are included under non-current assets and are stated at cost less impairment losses. Costs include land cost, development and construction expenditure incurred and any interest and other direct costs attributable to the development.

On completion, the properties are reclassified to investment properties, property, plant and equipment or properties for sale at the then carrying amount.

Any difference between the fair value of the investment property and its carrying amount at the date of reclassification is recognised in the profit and loss account.

(k) Properties for sale

Properties under development for sale are included under current assets and comprise land cost, development and construction expenditure, any interest 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 realisable value. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

(l) Financial assets

The Group classifies its financial assets in the categories of financial assets at fair value through profit or loss (including other investments), 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 and re-evaluates this designation at every balance sheet date.

Financial assets at fair value through profit or loss (including other investments) are classified as current assets if they are either held for trading or are expected to be realised within twelve months of 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 categorised as held for trading unless they are designated as hedges. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit and loss account, 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 amortised 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 of the balance sheet date. Available-for-sale financial assets are initially recognised at fair value plus transaction cost, and subsequently carried at fair value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Financial assets (Continued)

Regular purchases and sales of investments are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Investments are derecognised 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.

Realised and unrealised 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 profit and loss account in the financial period in which they arise. Unrealised gains and losses arising from the change in the fair value of available-for-sale financial assets are recognised in equity. When available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments are recognised in the profit and loss account as gains or losses.

The fair values of quoted investments are based on current bid prices. 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.

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 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 recognised in the profit and loss account, is removed from equity and recognised in the profit and loss account. Impairment losses recognised in the profit and loss account on available-for-sale financial assets are not reversed through the profit and loss account.

(m) Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. 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 fair value through profit or loss and changes in the fair value are recognised immediately in the profit and loss account.

(n) Inventories

Inventories, which mainly comprise watch components and merchandise, bonded polyester fabrics and home finishing products, are stated at the lower of cost and net realisable value. Costs, calculated on the first-in first-out basis or weighted average basis, include material cost, direct labour cost and an appropriate proportion of production overhead expenditure. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Trade and other debtors

Trade and other debtors are recognised initially at fair value and subsequently measured at amortised 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 receivable. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the profit and loss account.

(p) Impairment of assets

Assets that have an indefinite useful life are not subject to depreciation or amortisation but are tested at least annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised 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.

(q) Provisions

Provisions are recognised 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 recognised as a separate asset but only when the reimbursement is virtually certain.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation, before any tax effects, 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 recognised as interest expense.

(r) Borrowings

Borrowings are recognised 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 asset or 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 amortised cost; any difference between the proceeds, net of transaction costs, and the redemption value is recognised in the profit and loss account over the period of the borrowings using the effective interest method.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Deferred taxation

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 financial statements. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or a liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred taxation is provided on temporary differences arising on investments in subsidiaries and associated companies, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

(t) 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 in the profit and loss account on a straight-line basis over the period of lease.

(u) Revenue recognition

Revenue comprises the fair value of the consideration for the sale of goods and services rendered in the ordinary course of the activities of the Group. Revenue is recognised 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. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the activities have been resolved. Revenue is shown net of sales tax, returns, rebates and discounts, allowances for credit and other revenue reducing factors.

Sales of properties are recognised when the relevant sale and purchase contracts are concluded and the risks and rewards of the properties have been passed to the purchasers.

Rental income, net of incentives given to lessees, is recognised on a straight-line basis over the period of the respective leases.

Sales of goods are recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when goods are delivered to the customers and legal title has passed.

Sales of securities are recognised on the transaction dates when the relevant sale and purchase contract is entered into.

Service and management income are recognised when the services are rendered.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31st March, 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Revenue recognition (Continued)

Interest income is recognised on a time proportion basis, using the effective interest method, taking into account the principal amounts outstanding and the interest rates applicable.

Dividend income is recognised when the right to receive payment is established.

(v) 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 capitalised as part of the cost of their assets. All other borrowing costs are charged to the profit and loss account in the financial period in which they are incurred.

(w) Employee benefits

Contributions to defined contribution retirement schemes are charged to the profit and loss account in the financial period to which the contributions relate.

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

Provisions for bonus entitlements due wholly within twelve months after balance sheet date are recognised 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.

(x) 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, net of bank overdrafts and advances from banks and financial institutions repayable within three months from the date of advance.

(y) 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 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 recognised in the profit and loss account.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) Translation of foreign currencies (Continued)

Translation differences on monetary financial assets and liabilities and non-monetary financial assets at fair value through profit or loss are reported as part of the fair value gains or losses. Translation differences on non-monetary available-for-sale financial assets are included in equity.

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 profit and loss account are translated at average exchange rates; and
- (iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to equity. When a foreign operation is sold, exchange differences that were recorded in equity are recognised in the profit and loss account as part of the gain or loss on sale.

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.

(z) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

(aa) Dividend distribution

Dividend distribution to the shareholders of the Company is recognised as a liability in the financial statements in the financial period in which the dividend payable becomes legal and constructive obligations of the Company.

3. FINANCIAL RISK MANAGEMENT AND FAIR VALUE ESTIMATION

(a) Financial risk management

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 minimise 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 provides principles for overall risk management, as well as policies covering specific areas.

(i) Credit risk

The Group has no significant concentrations of credit risk with any single counterparties. The Group has policies in place to ensure that sales of properties and goods are made to customers with an appropriate credit history.

(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 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, standby banking facilities are established to provide contingency liquidity support.

(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 Group has allowed a policy of obtaining long-term banking facilities to match its long-term investments in Hong Kong, the Mainland China and other countries. The policy also involves close monitoring of interest rate movements and replacing and entering into new banking facilities when favourable pricing opportunities arise.

(iv) Foreign exchange risk

The Group mainly operates in Hong Kong, the Mainland China, Singapore and Malaysia and is exposed to foreign exchange risk arising from currencies other than Hong Kong dollar. The Group has no significant foreign exchange risk due to limited foreign currency transactions other than Renminbi. Translation exposure arising on consolidation of the net assets of entities denominated in foreign currencies is accounted for in the foreign exchange reserve.

(v) Price risk

The Group is exposed to equity securities price risk because investments held by the Group are classified as available-for-sale financial assets, other investments and derivative financial instruments.

3. FINANCIAL RISK MANAGEMENT AND FAIR VALUE ESTIMATION (Continued)

(b) 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.

In assessing the fair value of non-trading securities and other financial assets, the Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date.

The fair values of long-term borrowings are estimated using the expected future payments discounted at market interest rates.

The carrying amounts 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 subsidiaries, creditors and accruals and current borrowings approximate their fair values.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments used in preparing the 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 amounts of assets and liabilities are discussed below:

(a) Fair values of investment properties

The fair values of investment properties are determined by independent valuers on an open market for existing use basis. In making the judgment, consideration is given to assumptions that are mainly based on market conditions existing at the balance sheet date and appropriate capitalisation rates based on an estimation of the expected rental income and related expenses. These estimates are regularly compared to actual market data and actual transactions entered into by the Group.

(b) Fair values of derivative financial instruments

The fair values of derivative financial instruments that are not traded in active markets are determined by using valuation techniques. Where valuation techniques are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them. All models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data, however areas such as credit risk, volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the fair values of derivative financial instruments.

(c) Impairment of assets

The Group tests at least annually whether goodwill or assets that have indefinite useful lives have suffered any impairment. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is determined based on value-in-use calculations. These calculations require the use of estimates, such as discount rates, future profitability and growth rates.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31st March, 2007

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

(d) Taxation

The Group is subject to taxation mainly in Hong Kong and Mainland China. 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 recognises 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.

5. TURNOVER

	2007 HK\$'000	2006 HK\$'000
Securities trading	855,845	240,627
Sale of properties	484,520	362,914
Sale of goods	104,132	92,170
Rental and management fees	98,283	101,362
Dividend from listed investments	1,714	1,085
Service fee	72	156
	1,544,566	798,314

Turnover represents gross proceeds from sales of securities, properties and goods, rental and management fees, dividend and service fee income.

6. SEGMENT INFORMATION

In accordance with the internal financial reporting and operating activities of the Group, the primary segment reporting is business segments and the secondary segment reporting is geographical segments. The main business segments of the Group are property investment and development, sale of goods and services and securities trading. The business of the Group operates in three geographical areas of Hong Kong (property investment and development, sale of goods and services, and securities trading), the Mainland China (property investment and development and sale of goods and services), and other countries (property investment and development and sale of goods and services).

Segment assets consist primarily of property, plant and equipment, investment properties, leasehold land and land use rights, properties, available-for-sale financial assets, loans and receivables, other investments, inventories, debtors and prepayments. Unallocated assets mainly represent cash and bank balances and assets for corporate use. Segment liabilities mainly comprise creditors and accruals, derivative financial instruments, provisions and borrowings and mainly exclude taxation liabilities and balances with minority interests. Unallocated costs represent corporate expenses. Capital expenditure comprises additions to property, plant and equipment, investment properties, leasehold land and land use rights and capitalised expenditure for properties for/under development.

In respect of geographical segments, turnover is based on the country in which the customer is located. Total assets and capital expenditure are based on where the assets are located.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31st March, 2007

6. SEGMENT INFORMATION (Continued)

(a) Business segments

	Property investment and development HK\$'000	Sale of goods and services HK\$'000	Securities trading HK\$'000	Others, corporate and elimination HK\$'000	2007 HK\$'000
Turnover	582,989	104,132	857,559	(114)	1,544,566
Other income	6,687	3,193	–	84,912	94,792
Segment results	268,552	825	9,069	(3,579)	274,867
Finance costs					(66,475)
Share of results of associated companies	(40)	7,880	–	1,793	9,633
Profit before taxation					218,025
Taxation					(1,256)
Profit for the year					216,769
Segment assets	4,479,768	81,636	71,899	850	4,634,153
Associated companies	(803)	212,019	–	2,651	213,867
Unallocated assets					1,114,634
Total assets					5,962,654
Segment liabilities	1,571,469	9,462	113,182	605	1,694,718
Unallocated liabilities					409,823
Total liabilities					2,104,541
Capital expenditure	212,269	1,003	–	4,862	218,134
Depreciation	4,009	2,092	–	10,559	16,660
Amortisation of leasehold land and land use rights	18,887	284	–	–	19,171
Increase in fair value of investment properties	200,710	–	–	–	200,710
Impairment of trade and other debtors	5,010	76	–	–	5,086
Negative goodwill	–	–	–	48,248	48,248

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31st March, 2007

6. SEGMENT INFORMATION (Continued)

(a) Business segments (Continued)

	Property investment and development HK\$'000	Sale of goods and services HK\$'000	Securities trading HK\$'000	Others, corporate and elimination HK\$'000	2006 HK\$'000
Turnover	464,430	92,170	241,712	2	798,314
Other income	26,895	1,650	–	27,520	56,065
Segment results	313,755	1,344	10,340	(45,679)	279,760
Finance costs					(59,068)
Share of results of associated companies	(31)	19,179	–	(408)	18,740
Profit before taxation					239,432
Taxation					(28,741)
Profit for the year					210,691
Segment assets	4,249,948	73,622	63,666	611	4,387,847
Associated companies	(713)	212,553	–	825	212,665
Unallocated assets					888,703
Total assets					5,489,215
Segment liabilities	1,403,918	8,399	5	515	1,412,837
Unallocated liabilities					430,873
Total liabilities					1,843,710
Capital expenditure	15,684	715	–	2,485	18,884
Depreciation	3,158	1,993	–	10,547	15,698
Amortisation of leasehold land and land use rights	16,744	266	–	–	17,010
Increase in fair value of investment properties	194,936	–	–	–	194,936
Impairment of trade and other debtors	1,856	–	–	–	1,856
Impairment of goodwill	–	–	–	799	799
Negative goodwill	–	–	–	5,167	5,167

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31st March, 2007

6. SEGMENT INFORMATION (Continued)

(b) Geographical segments

	Turnover HK\$'000	Total assets HK\$'000	Capital expenditure HK\$'000
2007			
Hong Kong	1,298,125	4,245,498	195,789
The Mainland China	166,875	1,361,462	20,093
Other countries	79,566	355,694	2,252
	1,544,566	5,962,654	218,134
2006			
Hong Kong	712,950	3,916,286	5,202
The Mainland China	18,084	1,243,148	13,021
Other countries	67,280	329,781	661
	798,314	5,489,215	18,884

7. OTHER INCOME

	2007 HK\$'000	2006 HK\$'000
Negative goodwill	48,248	5,167
Interest	38,678	22,171
Write back of provisions for construction costs and tax liabilities undertakings (note 37)	–	12,395
Deferred profit realised on disposal of properties (note 21)	–	6,025
Sundries	7,866	10,307
	94,792	56,065

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31st March, 2007

8. OPERATING PROFIT

	2007 HK\$'000	2006 HK\$'000
Operating profit is stated after crediting:		
Gross rental income from investment properties	81,283	83,441
Net realised and unrealised gains on other investments	32,364	9,263
Dividend from listed investments	1,714	1,085
Interest from loans and receivables	2,489	1,429
Gain on disposal of property, plant and equipment	–	354
Gain on disposal of investment properties	27,372	1,688
Negative goodwill	48,248	5,167
and after charging:		
Cost of properties and inventories sold	489,659	374,916
Depreciation	16,660	15,698
Amortisation of leasehold land and land use rights	19,171	17,010
Loss on disposal of property, plant and equipment	399	–
Loss on derivative financial instruments	25,000	–
Operating lease rental on land and buildings	6,151	3,979
Outgoings in respect of investment properties	27,038	23,697
Impairment of trade and other debtors	5,086	1,856
Impairment of goodwill	–	799
Staff costs, including Directors' emoluments		
Wages and salaries	54,843	47,061
Retirement benefit costs (note 9)	2,280	2,063
Auditors' remuneration	1,542	1,304

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31st March, 2007

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 Mainland China, Singapore and Malaysia 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

	2007 HK\$'000	2006 HK\$'000
Interest expense		
Bank loans wholly repayable within five years	53,079	54,248
Bank loans wholly repayable after five years	14,786	6,926
Finance lease obligations	–	5
Loans from minority interests wholly repayable within five years	99	–
	67,964	61,179
Amount capitalised into properties for/under development	(477)	(589)
Amount capitalised into properties for sale	(1,012)	(1,522)
	66,475	59,068

The capitalisation rates applied to funds borrowed generally and used for the development of properties range from 6.93% to 8.75% (2006: 5.76% to 8.50%) per annum.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31st March, 2007

11. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUALS' 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	
2007					
Mr. Alan Chuang Shaw Swee	30	1,400	2,400	150	3,980
Mrs. Alice Siu Chuang Siu Suen	20	600	-	45	665
Mr. Ko Sheung Chi	20	1,995	696	12	2,723
Mr. Lui Lop Kay	20	1,200	-	80	1,300
Mr. Albert Chuang Ka Pun	20	83	-	3	106
Ms. So Kan Yiu	-	276	-	10	286
Ms. Cathy Chan Chung Shan	20	660	-	12	692
Dr. Peter Po Fun Chan	100	-	-	-	100
Mr. Abraham Shek Lai Him	100	-	-	-	100
Mr. Chan Wai Dune	100	-	-	-	100
	430	6,214	3,096	312	10,052
2006					
Mr. Alan Chuang Shaw Swee	30	1,400	2,400	150	3,980
Mrs. Alice Siu Chuang Siu Suen	20	600	-	45	665
Mr. Ko Sheung Chi	20	1,788	696	12	2,516
Mr. Lui Lop Kay	20	1,200	-	60	1,280
Ms. So Kan Yiu	20	576	-	12	608
Ms. Cathy Chan Chung Shan	20	576	-	12	608
Dr. Peter Po Fun Chan	80	-	-	-	80
Mr. David Chris Lee Tsung Hei	80	-	-	-	80
Mr. Abraham Shek Lai Him	80	-	-	-	80
	370	6,140	3,096	291	9,897

The emoluments paid to Independent Non-Executive Directors amounted to HK\$300,000 (2006: HK\$240,000).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31st March, 2007

11. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS (Continued)

(b) Five highest paid individuals' emoluments

The five highest paid individuals in the Group include three (2006: three) Directors. Details of the aggregate emoluments paid to the two (2006: two) individuals, whose emoluments were the highest in the Group and who are not Directors, are set out below:

	2007	2006
	HK\$'000	HK\$'000
Salaries, bonuses, housing and allowances, benefits in kind	2,944	3,140
Retirement scheme contributions	113	89
	3,057	3,229

The emoluments of the individuals fall within the following bands:

Emoluments bands	Number of individuals	
	2007	2006
HK\$1,000,001 to HK\$1,500,000	1	1
HK\$1,500,001 to HK\$2,000,000	1	1
	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 year, 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 year.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31st March, 2007

12. TAXATION

	2007 HK\$'000	2006 HK\$'000
Current		
Hong Kong	–	7,483
Overseas	33,430	(151)
Deferred (note 35)	(32,174)	21,409
	1,256	28,741

No provision for Hong Kong profits tax has been made as the Group does not have any estimated assessable profits for the year (2006: 17.5%). Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.

Share of taxation of associated companies for the year ended 31st March, 2007 amounting to HK\$3,359,000 (2006: HK\$4,981,000) is included in the profit and loss account as share of results of associated companies.

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:

	2007 HK\$'000	2006 HK\$'000
Profit before taxation	218,025	239,432
Share of results of associated companies	(9,633)	(18,740)
	208,392	220,692
Tax charge at the rate of 17.5% (2006: 17.5%)	36,469	38,621
Effect of different taxation rates in other countries	2,563	(595)
Income not subject to taxation	(23,427)	(17,318)
Expenses not deductible for taxation purposes	19,400	6,546
Utilisation of previously unrecognised tax losses	(19,557)	(7,183)
Other temporary difference and tax losses not recognised	15,100	10,227
Underprovision of current tax and write back of deferred taxation in previous years	(29,292)	–
Other items	–	(1,557)
Taxation charge	1,256	28,741

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31st March, 2007

13. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS

Profit attributable to equity holders includes HK\$45,800,000 (2006: HK\$23,015,000) which is dealt with in the financial statements of the Company.

14. DIVIDENDS

	2007 HK\$'000	2006 HK\$'000
Special interim dividend paid of 0.5 HK cent (2006: Nil) per share	7,390	–
Interim dividend paid of 0.75 HK cent (2006: 0.5 HK cent) per share	11,085	7,390
Proposed final scrip dividend with a cash option of 1.0 HK cent (2006: cash dividend of 1.0 HK cent) per share	14,780	14,780
	33,255	22,170

The Board of Directors declared on 13th July, 2007 a proposed final scrip dividend with a cash option of 1.0 HK cent (2006: cash dividend of 1.0 HK cent) per share amounting to HK\$14,780,000 (2006: HK\$14,780,000). This dividend will be accounted for as an appropriation of reserves in the year ending 31st March, 2008.

15. EARNINGS PER SHARE

The calculation of the earnings per share is based on the profit attributable to equity holders of HK\$214,866,000 (2006: HK\$198,572,000) and 1,478,006,155 (2006: 1,478,006,155) shares in issue during the year.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31st March, 2007

16. PROPERTY, PLANT AND EQUIPMENT**Group**

	Buildings HK\$'000	Plant and machinery HK\$'000	Other assets HK\$'000	Total HK\$'000
Cost				
At 31st March, 2005	56,730	38,810	130,471	226,011
Changes in exchange rates	526	157	192	875
Additions	336	401	7,091	7,828
Disposals	–	–	(6,341)	(6,341)
At 31st March, 2006	57,592	39,368	131,413	228,373
Changes in exchange rates	2,645	789	809	4,243
Additions	–	392	10,476	10,868
Disposals	–	–	(5,615)	(5,615)
At 31st March, 2007	60,237	40,549	137,083	237,869
Accumulated depreciation and impairment				
At 31st March, 2005	12,081	35,167	82,650	129,898
Changes in exchange rates	144	151	140	435
Charge for the year	963	691	14,044	15,698
Disposals	–	–	(5,354)	(5,354)
At 31st March, 2006	13,188	36,009	91,480	140,677
Changes in exchange rates	713	757	580	2,050
Charge for the year	1,016	713	14,931	16,660
Disposals	–	–	(4,012)	(4,012)
At 31st March, 2007	14,917	37,479	102,979	155,375
Net book value				
At 31st March, 2007	45,320	3,070	34,104	82,494
At 31st March, 2006	44,404	3,359	39,933	87,696

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31st March, 2007

16. PROPERTY, PLANT AND EQUIPMENT (Continued)**Company**

	Other assets	
	2007	2006
	HK\$'000	HK\$'000
Cost		
At the beginning of the year	281	–
Additions	94	281
At the end of the year	375	281
Accumulated depreciation		
At the beginning of the year	32	–
Charge for the year	63	32
At the end of the year	95	32
Net book value		
At the end of the year	280	249

(a) Other assets comprise furniture and fixtures, computer equipment, motor vehicles and yacht.

(b) Buildings are held under the following terms:

	2007	2006
	HK\$'000	HK\$'000
Outside Hong Kong		
Freehold	8,920	8,920
Long-term leases	9,815	10,020
Medium-term leases	26,585	25,464
	45,320	44,404

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31st March, 2007

17. INVESTMENT PROPERTIES

	Group	
	2007	2006
	HK\$'000	HK\$'000
At the beginning of the year	2,875,225	2,675,350
Changes in exchange rates	17,566	5,251
Additions	11,014	–
Transfer to properties for/under development	(304,664)	–
Transfer from leasehold land and land use rights	2,577	–
Disposals	(250,000)	(312)
Change in fair value	200,710	194,936
At the end of the year	2,552,428	2,875,225

(a) Investment properties are held under the following terms:

	2007	2006
	HK\$'000	HK\$'000
In Hong Kong		
Long-term leases	757,920	1,214,010
Medium-term leases	1,530,000	1,438,000
	2,287,920	2,652,010
Outside Hong Kong		
Freehold	242,708	220,815
Long-term leases	21,800	2,400
	264,508	223,215
	2,552,428	2,875,225

(b) Investment properties in Hong Kong, Malaysia and the Mainland China were revalued at 31st March, 2007 on an open market value basis by Vigers Appraisal & Consulting Limited, VPC Alliance (KL) Sendirian Berhad and DTZ Debenham Tie Leung Limited, independent professional property valuers, respectively.

(c) Investment properties with net book value of HK\$2,488,908,000 (2006: HK\$2,843,015,000) have been pledged as securities for the borrowing facilities granted to the Group (note 34).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31st March, 2007

18. LEASEHOLD LAND AND LAND USE RIGHTS

	Group	
	2007	2006
	HK\$'000	HK\$'000
At the beginning of the year	968,793	971,823
Changes in exchange rates	4,424	1,440
Purchase of a subsidiary	–	12,540
Additions	173,977	–
Transfer to investment properties	(2,577)	–
Transfer to properties for sale	(48,558)	–
Amortisation	(19,171)	(17,010)
At the end of the year	1,076,888	968,793

Leasehold land and land use rights are held under the following terms:

	2007	2006
	HK\$'000	HK\$'000
In Hong Kong		
Medium-term leases	171,977	–
Outside Hong Kong		
Long-term leases	820,878	883,045
Medium-term leases	84,033	85,748
	904,911	968,793
	1,076,888	968,793

The interests in leasehold land and land use rights represent prepaid operating lease payments, of which HK\$349,542,000 (2006: HK\$180,700,000) are pledged as securities for the borrowing facilities granted to the Group (note 34).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31st March, 2007

19. PROPERTIES FOR/UNDER DEVELOPMENT

	Group	
	2007 HK\$'000	2006 HK\$'000
At the beginning of the year	35,832	208,863
Changes in exchange rates	1,219	–
Property development expenditure	22,275	11,056
Interest expenses capitalised	477	589
Transfer from investment properties	304,664	–
Transfer to properties for sale	(1,585)	(184,676)
At the end of the year	362,882	35,832

Properties for/under development amounting to HK\$349,731,000 (2006: HK\$16,434,000) are pledged as securities for the borrowing facilities granted to the Group (note 34).

20. SUBSIDIARIES

	Company	
	2007 HK\$'000	2006 HK\$'000
Unlisted shares, at cost	888,708	874,435

Particulars of principal subsidiaries which, in the opinion of the Directors, materially affect the results or net assets of the Group are set out in note 43 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31st March, 2007

21. ASSOCIATED COMPANIES

	Group	
	2007	2006
	HK\$'000	HK\$'000
Share of net assets	213,867	212,665
Investments, at cost		
Listed shares in Hong Kong	115,940	115,940
Unlisted shares	81,387	81,387
	197,327	197,327
Market value of listed shares	96,714	131,340

Particulars of 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 44 to the financial statements.

The movements in the share of net assets are analysed as follows:

	2007	2006
	HK\$'000	HK\$'000
At the beginning of the year	212,665	197,971
Changes in exchange rates	33	24
Additions	–	426
Negative goodwill from additions	–	249
Share of profit before taxation	12,992	23,721
Share of taxation	(3,359)	(4,981)
Share of reserves	2,332	–
Dividend received	(10,796)	(10,770)
Deferred profit realised on disposal of properties (note 7)	–	6,025
At the end of the year	213,867	212,665

In February 2007, the Group acquired from Chuang's China Investments Limited ("Chuang's China"), a listed subsidiary of the Group, its entire 44.7% equity interests in Midas International Holdings Limited ("Midas") at a consideration of HK\$119.4 million, resulting in a negative goodwill of HK\$36.2 million.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31st March, 2007

22. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group	
	2007	2006
	HK\$'000	HK\$'000
Listed equity shares, at market value	46,920	21,896
Unlisted shares, at fair value	1,172	–
	48,092	21,896
At the beginning of the year	21,896	33,057
Write off	–	(18)
Additions	1,172	–
Change in fair value	25,024	(11,143)
At the end of the year	48,092	21,896

The listed investments mainly represent 12.8% equity interest in CNT Group Limited, which is incorporated in Bermuda and listed in Hong Kong and is principally engaged in property investment and development and the manufacture and sale of paint products.

23. LOANS AND RECEIVABLES

	Group	
	2007	2006
	HK\$'000	HK\$'000
Mortgage loans	24,116	24,699
Amount receivable from minority interest	9,516	12,238
	33,632	36,937
Current portions included in other debtors		
Mortgage loans	(833)	(1,507)
	32,799	35,430

Mortgage loans are provided to purchasers of the Group's properties. The amount receivable from minority interest is unsecured, not receivable within the next twelve months and carries interest at prevailing market rates.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31st March, 2007

24. PROPERTIES FOR SALE

	Group	
	2007	2006
	HK\$'000	HK\$'000
Properties under development		
At the beginning of the year	18,895	118,684
Changes in exchange rates	618	185
Property development expenditure	42,424	68,300
Interest expenses capitalised	1,012	1,522
Transfer from properties for/under development	–	184,676
Transfer to completed properties	–	(168,550)
Disposals	–	(185,922)
At the end of the year	62,949	18,895
Completed properties	180,073	261,338
	243,022	280,233

Completed properties amounting to HK\$64,713,000 (2006: HK\$89,681,000) are carried at net realisable value. Properties for sale amounting to HK\$16,176,000 (2006: HK\$451,000) are pledged as securities for the borrowing facilities granted to the Group (note 34).

25. INVENTORIES

	Group	
	2007	2006
	HK\$'000	HK\$'000
Raw materials	5,301	5,236
Work in progress	2,980	3,191
Finished goods and merchandise	77,344	9,652
	85,625	18,079
Provision	(1,000)	(1,000)
	84,625	17,079

Finished goods of HK\$1,011,000 (2006: HK\$2,540,000) are carried at net realisable value.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31st March, 2007

26. DEBTORS AND PREPAYMENTS

	Group		Company	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Trade debtors	21,780	21,679	–	–
Other debtors	47,871	52,085	731	3,219
Utility and other deposits	145,520	18,274	–	–
Prepayments	9,368	8,419	34	29
	224,539	100,457	765	3,248

Debtors and prepayments are mainly denominated in Hong Kong dollar and Renminbi.

Other debtors include amounts receivable from associated companies amounting to HK\$35,165,000 (2006: HK\$34,429,000), which are unsecured, interest free and have no fixed repayment terms, except for an amount of HK\$750,000 which carried interest at prevailing market rates and was fully repaid in October 2006.

Other deposits include HK\$125,710,000 (2006: Nil) for acquisition of a piece of land in Changsha, the Mainland China.

Rental and management fee are receivable in advance. Credit terms of sales of goods mainly ranged from 30 days to 90 days. The aging analysis of the trade debtors of the Group is as follows:

	2007 HK\$'000	2006 HK\$'000
Below 30 days	10,098	8,054
31 to 60 days	7,889	4,167
61 to 90 days	1,691	3,339
Over 90 days	2,102	6,119
	21,780	21,679

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31st March, 2007

27. LOAN AND AMOUNTS DUE FROM SUBSIDIARIES

	Company	
	2007 HK\$'000	2006 HK\$'000
Loan receivable	56,225	–
Amounts receivable	2,327,930	2,369,498
Impairment	(1,410,236)	(1,410,236)
	917,694	959,262

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

The amounts receivable are unsecured, interest free and have no fixed repayment terms.

28. OTHER INVESTMENTS

	Group	
	2007 HK\$'000	2006 HK\$'000
Equity securities, at market value		
Listed in Hong Kong	71,896	63,663

The investments (2006: Nil) are pledged as securities for the commitment of the purchase of listed securities.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31st March, 2007

29. CASH AND BANK BALANCES

	Group		Company	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Cash at bank and in hand	81,973	40,242	649	288
Short-term deposits	886,016	743,617	605,441	619,564
	967,989	783,859	606,090	619,852

The effective interest rates on short-term deposits range from 3.61% to 5.01% (2006: 1.71% to 4.37%) per annum and these deposits have maturities ranged from 1 to 90 days (2006: 1 to 365 days).

Cash and bank balances amounting to HK\$212,127,000 (2006: Nil) are pledged as securities for the commitment of the purchase of listed securities and HK\$3,223,000 (2006: Nil) are pledged as securities for guarantee facilities (note 39) granted to the Group respectively.

30. CREDITORS AND ACCRUALS

	Group		Company	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Trade creditors	15,721	17,096	–	–
Other creditors	113,387	46,088	–	–
Amounts payable to minority interests	416	416	–	–
Tenant and other deposits	96,525	32,848	–	–
Accrued expenses	24,523	18,636	1,480	1,309
	250,572	115,084	1,480	1,309

Creditors and accruals are mainly denominated in Hong Kong dollar and Renminbi.

The amounts payable to minority interests are unsecured, interest free and have no fixed repayment terms.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31st March, 2007

30. CREDITORS AND ACCRUALS (Continued)

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

	2007	2006
	HK\$'000	HK\$'000
Below 30 days	3,573	4,224
31 to 60 days	729	1,377
Over 60 days	11,419	11,495
	15,721	17,096

31. DERIVATIVE FINANCIAL INSTRUMENTS

	2007	2006
	HK\$'000	HK\$'000
Derivative financial instruments for purchase of listed securities, at fair value	25,000	–

32. SHARE CAPITAL

	2007	2006
	HK\$'000	HK\$'000
Authorised:		
2,500,000,000 shares of HK\$0.25 each	625,000	625,000
Issued and fully paid:		
1,478,006,155 shares of HK\$0.25 each	369,502	369,502

The Group adopted a share option scheme (the "Scheme") pursuant to the annual general meeting held on 30th August, 2002, which is valid and effective for a term of ten years from the date of its adoption. Under the Scheme, the Directors of the Company may grant options to the eligible persons as defined in the Scheme, inter alia, any employees, Directors 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 30th August, 2002. No options have been granted under the Scheme since its adoption.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31st March, 2007

33. RESERVES

Group

	Share premium HK\$'000	Capital redemption reserve HK\$'000	Capital reserve HK\$'000	Statutory reserve HK\$'000	Investment revaluation reserve HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1st April, 2005	658,331	4,462	417,686	2,073	(8,181)	(106,499)	1,494,334	2,462,206
Changes in exchange rates	-	-	-	-	-	5,869	-	5,869
Change in fair value of available-for-sale financial assets	-	-	-	-	(6,697)	-	-	(6,697)
Profit for the year	-	-	-	-	-	-	198,572	198,572
2006 interim dividend paid	-	-	-	-	-	-	(7,390)	(7,390)
2006 proposed final dividend	-	-	-	-	-	-	(14,780)	(14,780)
At 31st March, 2006	658,331	4,462	417,686	2,073	(14,878)	(100,630)	1,670,736	2,637,780
Changes in exchange rates	-	-	-	-	-	20,771	-	20,771
Share of reserve of an associated company	-	-	-	-	-	2,332	-	2,332
Change in fair value of available-for-sale financial assets	-	-	-	-	15,385	-	-	15,385
Profit for the year	-	-	-	-	-	-	214,866	214,866
2007 special interim dividend paid	-	-	-	-	-	-	(7,390)	(7,390)
2007 interim dividend paid	-	-	-	-	-	-	(11,085)	(11,085)
2007 proposed final dividend	-	-	-	-	-	-	(14,780)	(14,780)
At 31st March, 2007	658,331	4,462	417,686	2,073	507	(77,527)	1,852,347	2,857,879

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31st March, 2007

33. RESERVES (Continued)

Company

	Share premium HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 31st March, 2005	658,331	4,462	372,140	1,035,677	2,070,610
Profit for the year	–	–	–	23,015	23,015
2006 interim dividend paid	–	–	(7,390)	–	(7,390)
2006 proposed final dividend	–	–	(14,780)	–	(14,780)
At 31st March, 2006	658,331	4,462	349,970	1,058,692	2,071,455
Profit for the year	–	–	–	45,800	45,800
2007 special interim dividend paid	–	–	(7,390)	–	(7,390)
2007 interim dividend paid	–	–	(11,085)	–	(11,085)
2007 proposed final dividend	–	–	(14,780)	–	(14,780)
At 31st March, 2007	658,331	4,462	316,715	1,104,492	2,084,000

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 reorganisation in 1991 is also distributable to shareholders of the Company. Total distributable reserves of the Company amounted to HK\$1,435,987,000 (2006: HK\$1,423,442,000) as at 31st March, 2007.

34. LONG-TERM BORROWINGS

	Group	
	2007 HK\$'000	2006 HK\$'000
Secured bank loans		
Wholly repayable within five years	1,045,776	1,122,992
Wholly repayable after five years	308,027	113,410
	1,353,803	1,236,402
Current portion included in current liabilities	(61,820)	(62,244)
	1,291,983	1,174,158

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31st March, 2007

34. LONG-TERM BORROWINGS (Continued)

The bank loans are secured by certain investment properties, leasehold land and land use rights, properties for/ under development and properties for sale with an aggregate carrying amount of HK\$3,204,357,000 (2006: HK\$3,040,600,000), shares of certain subsidiaries and guaranteed by the Company, and loans of HK\$1,152,415,000 (2006: HK\$1,164,939,000) are also secured by the assignment of rental income. The bank loans are repayable in the following periods:

	2007	2006
	HK\$'000	HK\$'000
Within one year	61,820	62,244
Second year	102,502	292,672
Third to fifth year	958,898	823,561
After five years	230,583	57,925
	1,353,803	1,236,402

The effective interest rates of the loans at the balance sheet date are ranging from 4.53% to 8.75% (2006: 4.43% to 8.50%) per annum. The fair values of the loans, based on cash flows discounted at the borrowing rates of 4.53% to 8.75% (2006: 4.43% to 8.50%) per annum, are approximate their carrying amounts. The loans are denominated in the following currencies:

	2007	2006
	HK\$'000	HK\$'000
Hong Kong dollar	1,225,947	1,126,680
Malaysian Ringgit	62,348	61,377
Renminbi	65,508	48,345
	1,353,803	1,236,402

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31st March, 2007

35. DEFERRED TAXATION

	Deferred taxation liabilities			Deferred taxation assets
	Fair value gains HK\$'000	Accelerated depreciation allowances	Total HK\$'000	Fair value losses HK\$'000
		HK\$'000		
Group				
At 31st March, 2005	383,368	3,364	386,732	(21,359)
Changes in exchange rates	64	12	76	–
Charged/(credited) to profit and loss account (note 12)	7,506	(1,292)	6,214	15,195
At 31st March, 2006	390,938	2,084	393,022	(6,164)
Changes in exchange rates	226	58	284	–
(Credited)/charged to profit and loss account (note 12)	(36,185)	(1,316)	(37,501)	5,327
At 31st March, 2007	354,979	826	355,805	(837)

Deferred taxation liabilities for the fair value gains of HK\$191,503,000 (2006: HK\$235,365,000) represent the deferred taxation on the differences between the carrying amounts of the properties for/under development as included in the consolidated financial statements and the carrying amounts of these properties as included in the financial statements of the relevant subsidiaries. The amounts were based on the date of acquisition of those subsidiaries by the Group in prior years.

On 16th March, 2007, the National People's Congress approved the Corporate Income Tax Law in the Mainland China (the "New CIT Law"), which will reduce the corporate income tax rate from 33% to 25% with effect from 1st January, 2008. Consequently, the Group has reassessed the amount of deferred taxation liabilities based on the revised corporate income tax rate. As a result, deferred taxation liabilities of HK\$43.9 million have been written back during the year. The New CIT Law also provides for preferential tax rates, tax incentives for prescribed industries and activities, grandfathering provisions as well as determination of taxation profit. However, detailed measures concerning these matters have yet to be issued by the State Council. Consequently, the Group is not in a position to assess the impact, if any, of these changes. The Group will continue to evaluate the impact as more detailed regulations on these areas are announced.

The remaining deferred taxation liabilities for the fair value gains and the deferred taxation assets for the fair value losses represent the deferred taxation liabilities and assets on the revaluation of the investment properties respectively.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31st March, 2007

35. DEFERRED TAXATION (Continued)

Deferred taxation liabilities, which are expected to be settled after more than twelve months, 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\$226 million (2006: HK\$217 million) arising from unused tax losses of HK\$1,291 million (2006: HK\$1,240 million) and of HK\$13 million in 2006 on net accumulated revaluation deficit in respect of investment properties of HK\$74 million in 2006 have not been recognised in the financial statements. The tax losses have no expiry dates.

Deferred taxation liabilities of HK\$15 million (2006: HK\$16 million) on temporary differences in respect of depreciation allowances of HK\$86 million (2006: HK\$91 million) and of HK\$29 million (2006: Nil) on net accumulated revaluation surplus in respect of investment properties of HK\$166 million (2006: Nil) have not been recognised in the financial statements as there are sufficient unrecognised deferred taxation assets to set off against them.

36. OTHER NON-CURRENT LIABILITIES

	Group	
	2007	2006
	HK\$'000	HK\$'000
Provisions (note 37)	21,019	21,019
Loans from minority interests	52,843	52,274
	73,862	73,293

Loans from minority interests are unsecured, interest free and are not repayable within the next twelve months.

37. PROVISIONS

	Group	
	2007	2006
	HK\$'000	HK\$'000
At the beginning of the year	21,019	33,414
Write back (note 7)	–	(12,395)
At the end of the year	21,019	21,019

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31st March, 2007

37. PROVISIONS (Continued)

Pursuant to an agreement dated 29th October, 2001, the Chuang's China Group disposed of certain properties in the Mainland China to Midas, its then associated company, and accordingly, a portion of the profit from such disposal had been deferred. Chuang's China would be responsible for 51% of the construction costs for the properties during the period from 14th December, 2001 to completion of the construction. In addition, Chuang's China executed a deed of indemnity dated 14th December, 2001 in favour of Midas, pursuant to which Chuang's China would indemnify Midas the portion of land appreciation and enterprise income taxes in the Mainland China, that may arise upon subsequent disposal of the properties by Midas, attributable to the excess of the consideration paid by Midas over the carrying value of the properties. The provisions represent the estimated liabilities of the Group under the above undertakings and indemnities to Midas. Certain of these properties were disposed of by Midas to third parties in 2005 and therefore the related deferred profit had been recognised (note 21) and the related provisions for the undertakings had been written back by Chuang's China.

38. COMMITMENTS

(a) Capital commitments

	Group	
	2007	2006
	HK\$'000	HK\$'000
Contracted but not provided for		
Property development expenditure	47,688	28,079
Authorised but not contracted for	–	–
	47,688	28,079

(b) Operating lease rental payable

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

	Group	
	2007	2006
	HK\$'000	HK\$'000
Within one year	4,623	5,846
Two to five years	492	4,899
	5,115	10,745

Of the above operating lease commitment payable, HK\$994,000 was payable to an associated company in 2006.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31st March, 2007

38. COMMITMENTS (Continued)

(c) Operating lease rental receivable

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

	Group	
	2007	2006
	HK\$'000	HK\$'000
Investment properties		
Within one year	55,552	62,077
Two to five years	45,738	38,267
	101,290	100,344
Properties for sale		
Within one year	246	511
Two to five years	–	30
	246	541
	101,536	100,885

39. FINANCIAL GUARANTEES

	Group		Company	
	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Guarantees for bank loans of subsidiaries and an associated company	–	–	993,027	1,163,209
Guarantees for mortgage bank loans to purchasers of properties of the Group	69,444	12,588	–	–
	69,444	12,588	993,027	1,163,209

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31st March, 2007

40. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT**(a) Reconciliation of operating profit to cash from operations**

	2007	2006
	HK\$'000	HK\$'000
Operating profit	274,867	279,760
Interest income	(38,678)	(22,171)
Dividend	(1,714)	(1,085)
Depreciation	16,660	15,698
Amortisation of leasehold land and land use rights	19,171	17,010
Change in fair value of investment properties	(200,710)	(194,936)
Impairment of goodwill	–	799
Gain on disposal of property, plant and equipment	–	(354)
Gain on disposal of investment properties	(27,372)	(1,688)
Loss on disposal of property, plant and equipment	399	–
Write off of available-for-sale financial assets	–	18
Negative goodwill	(48,248)	(5,167)
Deferred profit realised on disposal of properties	–	(6,025)
Write back of provisions for construction costs and tax liabilities undertakings	–	(12,395)
Operating (loss)/profit before working capital changes	(5,625)	69,464
Decrease/(increase) in loans and receivables	583	(10,614)
Decrease in properties for sale	89,303	226,636
(Increase)/decrease in inventories	(67,546)	1,422
Decrease/(increase) in other investments	64,363	(36,078)
Increase in debtors and prepayments	(121,445)	(7,118)
Increase/(decrease) in creditors and accruals	91,217	(11,369)
Changes in exchange rates	7,943	1,541
Cash from operations	58,793	233,884

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31st March, 2007

40. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (Continued)

(b) Analysis of changes in financing

	Amount receivable from minority interest HK\$'000	Loans from minority interests HK\$'000	Bank loans HK\$'000	Obligations under finance lease HK\$'000
At 31st March, 2005	(11,377)	54,672	1,058,147	131
Changes in exchange rates	–	118	1,399	–
Capital contribution from minority interests	–	(1,419)	–	–
Reclassify to current liabilities	–	(416)	–	–
Net cash (used in)/from financing activities	(861)	(681)	176,856	(131)
At 31st March, 2006	(12,238)	52,274	1,236,402	–
Changes in exchange rates	–	770	9,464	–
Impairment	2,521	–	–	–
Net cash from/(used in) financing activities	201	(201)	107,937	–
At 31st March, 2007	(9,516)	52,843	1,353,803	–

(c) Purchase of a subsidiary

	2007 HK\$'000	2006 HK\$'000
Net assets purchased		
Leasehold land and land use rights	–	12,540
Debtors and prepayments	–	1,271
Cash and bank balances	–	1
Creditors and accruals	–	(5)
Taxation payable	–	(2,791)
	–	11,016
Negative goodwill	–	(4,918)
Cash consideration	–	6,098
Cash and bank balances purchased	–	(1)
Net cash outflow in the purchase of a subsidiary	–	6,097

The subsidiary purchased in 2006 had no contribution and utilisation to the Group's cash flows from operating activities and investing activities.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31st March, 2007

40. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (Continued)

(d) Analysis of cash and cash equivalents

	2007 HK\$'000	2006 HK\$'000
Cash and bank balances	967,989	783,859
Bank deposits maturing more than three months from date of placement	(3,223)	(18,365)
	964,766	765,494

41. SUBSEQUENT EVENTS

On 11th May, 2007, the Company entered into a subscription agreement with Midas, a 44.7% owned associated company of the Company, to subscribe for a convertible note issued by Midas in the principal amount of HK\$49.5 million, which can be converted into ordinary shares of Midas at the price of HK\$0.45 per share. The subscription was completed in June 2007. Details of the subscription are set out in the circular to the shareholders of the Company dated 4th June, 2007.

On 11th May, 2007, Chuang's China, a listed subsidiary of the Company, entered into a conditional transfer agreement with Midas to dispose of the entire equity interests in, and shareholder's loan to Success Gain Investment Limited, a wholly-owned subsidiary of Chuang's China whose sole asset is the holding of a piece of industrial land in Dongguan, the Mainland China. The consideration of the transfer is the entire equity interests in, and shareholder's loan to Chuang's Development (Chengdu) Limited, a wholly-owned subsidiary of Midas whose sole asset is the holding of an investment property in Chengdu, the Mainland China, and RMB13 million in cash from Midas. Details of the transaction are set out in the circular to the shareholders of Chuang's China dated 4th June, 2007.

On 1st June, 2007, China Policy Limited ("China Policy"), a wholly-owned subsidiary of the Company, entered into an agreement with third parties to set up a new subsidiary for the purpose of undertaking a property development project in Vietnam, under which China Policy would contribute US\$15 million (approximately HK\$117 million), representing 70% of the issued capital of the new subsidiary. Details of the agreement are set out in the circular to the shareholders of the Company dated 21st June, 2007.

42. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on 13th July, 2007.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31st March, 2007

43. PRINCIPAL SUBSIDIARIES

Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective percentage held by Group		Principal activities
			2007	2006	
Artifful Limited	Hong Kong	100 shares of HK\$1 each	70.0	70.0	Property investment
# Changsha Chuang's Property Company Limited	The Mainland China	US\$10,000,000	61.5	–	Property development
# Chengdu Palace Development Company Limited	The Mainland China	RMB20,000,000	31.4	30.7	Property development
China Cyberworld Limited	Hong Kong	2 shares of HK\$1 each	61.5	60.1	Investment holding
China Inland Tours Development Limited	Hong Kong	2 shares of HK\$1 each	100.0	100.0	Property development and investment
China Policy Limited	British Virgin Islands/ Hong Kong	1 share of US\$1	100.0	100.0	Investment holding
Chinaculture.com Limited	British Virgin Islands/ Hong Kong	1 share of US\$1	61.5	60.1	Investment holding
Chuang's China Commercial Limited	British Virgin Islands/ Hong Kong	1 share of US\$1	61.5	60.1	Investment holding
Chuang's China Enterprises Limited	Hong Kong	458,310,965 shares of HK\$0.2 each	61.5	60.1	Securities trading and investment holding

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31st March, 2007

43. PRINCIPAL SUBSIDIARIES (Continued)

Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective percentage held by Group		Principal activities
			2007	2006	
* Chuang's China Investments Limited	Bermuda/ Hong Kong	1,280,549,612 (2006: 1,024,439,690) shares of HK\$0.05 each	61.5	60.1	Investment holding
Chuang's China Realty Limited	Bermuda/ Hong Kong	2,000,000 shares of HK\$0.05 each	61.5	60.1	Investment holding
Chuang's China Treasury Limited	Cayman Islands/ Hong Kong	1 share of US\$1	61.5	60.1	Investment holding
@ Chuang's Consortium Limited	Hong Kong	4,000 shares of HK\$0.25 each	100.0	100.0	Investment holding
Chuang's Corporate Services Limited	Hong Kong	2 shares of HK\$1 each	100.0	100.0	Property investment and securities trading
Chuang's Credit Limited	Hong Kong	10,300,000 shares of HK\$1 each	100.0	100.0	Money lending
Chuang's Development (China) Limited	Hong Kong	2 shares of HK\$10 each	61.5	60.1	Property development and investment
Chuang's Development (Dong Guan) Limited	Hong Kong	2 shares of HK\$1 each	61.5	60.1	Investment holding
Chuang's Development (Hunan) Limited	Hong Kong	2 shares of HK\$100 each	61.5	60.1	Investment holding

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31st March, 2007

43. PRINCIPAL SUBSIDIARIES (Continued)

Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective percentage held by Group		Principal activities
			2007	2006	
Chuang's Development (Nanning) Limited	Hong Kong	2 shares of HK\$1 each	61.5	60.1	Investment holding
Chuang's Finance & Investments Limited	Hong Kong	110,000 shares of HK\$10 each	100.0	100.0	Property development and investment, and securities trading
Chuang's Industrial (Holdings) Limited	Hong Kong	189,231,936 shares of HK\$1 each	100.0	100.0	Investment holding, hire of equipment and trading of merchandise
@ Chuang's International Limited	British Virgin Islands/ Hong Kong	10 shares of US\$1 each	100.0	100.0	Investment holding
Chuang's Properties Limited	Hong Kong	300,000,000 shares of HK\$1 each	100.0	100.0	Investment holding
Chuang's Real Estate Agency Limited	Hong Kong	2 shares of HK\$1 each	100.0	100.0	Property agency services
Cityprop Company Limited	Hong Kong	2 shares of HK\$1 each	100.0	100.0	Property investment
Distinguished Properties Limited	British Virgin Islands/ Hong Kong	1 share of US\$1	61.5	60.1	Investment holding

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31st March, 2007

43. PRINCIPAL SUBSIDIARIES (Continued)

Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective percentage held by Group		Principal activities
			2007	2006	
Double Wealthy Company Limited	Hong Kong	160 shares of HK\$1 each	61.5	60.1	Investment holding
Dragon Rich Investments Limited	Hong Kong	2 shares of HK\$1 each	61.5	60.1	Property investment
Easy Success Enterprises Limited	Hong Kong	2 shares of HK\$1 each	100.0	100.0	Property investment
Equity King Limited	Hong Kong	2 shares of HK\$1 each	100.0	100.0	Property investment and securities trading
Fanus Limited	British Virgin Islands/ Hong Kong	100 shares of US\$1 each	100.0	100.0	Investment holding
# Farmtec (Malaysia) Sdn. Bhd.	Malaysia	1,000,000 shares of MYR1 each	100.0	100.0	Property development
General Nominees Limited	Hong Kong	500 shares of HK\$10 each	100.0	100.0	Nominee and secretarial services
Gold Capital Profits Limited	British Virgin Islands/ Hong Kong	100 shares of US\$1 each	46.1	45.1	Investment holding
@ Gold Throne Finance Limited	British Virgin Islands/ Hong Kong	1 share of US\$1	100.0	60.1	Investment holding

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31st March, 2007

43. PRINCIPAL SUBSIDIARIES (Continued)

Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective percentage held by Group		Principal activities
			2007	2006	
# Guangzhou Panyu Chuang's Real Estate Development Company Limited	The Mainland China	RMB60,000,000	52.3	51.1	Property development and investment
# Hunan Han Ye Real Estate Development Company Limited	The Mainland China	RMB25,000,000	33.2	32.5	Property development and investment
# Ilham Kencana Sdn. Bhd.	Malaysia	10,000 shares of MYR1 each	100.0	100.0	Property development
Jannerson Limited	Hong Kong	5,000 shares of HK\$1 each	100.0	100.0	Property investment and securities trading
Koledo Company Limited	Hong Kong	2 shares of HK\$100 each 2 non-voting deferred shares of HK\$100 each	61.5	60.1	Property investment
Lambda Industrial Limited	Hong Kong	3,000,000 shares of HK\$1 each	100.0	100.0	Property development and investment
MD Limited	Hong Kong	1,000,000 shares of HK\$1 each	61.5	60.1	Project management

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31st March, 2007

43. PRINCIPAL SUBSIDIARIES (Continued)

Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective percentage held by Group		Principal activities
			2007	2006	
# Malview Sdn. Bhd.	Malaysia	5,000,000 shares of MYR1 each	100.0	100.0	Property investment
Mega Well Limited	Hong Kong	2 shares of HK\$1 each	100.0	100.0	Property investment and securities trading
Meloberg Limited	Hong Kong	2 shares of HK\$1 each	100.0	100.0	Property investment
Noble Century Investment Limited	Hong Kong	1,000,000 shares of HK\$1 each	36.9	36.1	Investment holding
On Profit Investment Limited	Hong Kong	2 shares of HK\$1 each	61.5	60.1	Property development and investment
@ Profit Stability Investments Limited	British Virgin Islands/ Hong Kong	1 share of US\$1	100.0	100.0	Investment holding
Rapid Grow Limited	Hong Kong	2 shares of HK\$1 each	100.0	100.0	Investment holding
Silver Chase Investment Limited	Hong Kong	2 shares of HK\$1 each	61.5	60.1	Property development and investment
Silver Dragon Investment Limited	Hong Kong	2 shares of HK\$1 each	61.5	60.1	Property development and investment

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31st March, 2007

43. PRINCIPAL SUBSIDIARIES (Continued)

Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective percentage held by Group		Principal activities
			2007	2006	
# Sintex Nylon and Cotton Products (Pte) Limited	Singapore	8,500 shares of S\$100 each	88.2	88.2	Manufacture and sale of bonded polyester fabrics and home finishing products
Success Gain Investment Limited	Hong Kong	2 shares of HK\$1 each	61.5	60.1	Property development and investment
Uniworld Property Management Limited	Hong Kong	2 shares of HK\$1 each	100.0	100.0	Property management
Winfred Investment Limited	Republic of Liberia/ Hong Kong	2 shares of no par value	100.0	100.0	Investment holding
Yuen Sang Hardware Company (1988) Limited	Hong Kong	1,000,000 shares of HK\$1 each	61.5	60.1	Manufacture and sale of watch components
Yuen Sang International Limited	Hong Kong	2 shares of HK\$1 each	100.0	100.0	Property development and securities trading
3build.com Limited	Hong Kong	2 shares of HK\$1 each	100.0	100.0	Property investment

* Listed in Hong Kong

@ Directly held by the Company

Not audited by PricewaterhouseCoopers

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31st March, 2007

44. PRINCIPAL ASSOCIATED COMPANIES

Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective percentage held by Group		Principal activities
			2007	2006	
# Dragon Pacific Development Limited	Hong Kong	10 shares of HK\$1 each	30.0	30.0	Property development
*# Midas International Holdings Limited	Cayman Islands/ Hong Kong	534,290,068 ordinary shares of HK\$0.10 each	44.7	26.9	Books printing, paper products printing and property investment
# Treasure Auctioneer International Limited	British Virgin Islands/ Hong Kong	1,000,000 shares of US\$1 each	15.4	15.0	Auction services
Yuen Sang Property Management Company Limited	Hong Kong	2 shares of HK\$1 each	50.0	50.0	Property management
*	Listed in Hong Kong				
#	Not audited by PricewaterhouseCoopers				

PARTICULARS OF PRINCIPAL PROPERTIES

The following list contains only properties held by the Group which are material to the Group as at 31st March, 2007 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%
Chuang's Hung Hom Plaza, 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	Commercial/Offices/ Car Parking Spaces	100.0%
5th, 15th-23rd Floors and Penthouse, Chuang's Enterprises Building, No. 382 Lockhart Road, Wanchai, 16745/46437th shares of and in S.B.S.S.1, S.B.R.P. and S.A.R.P. of I.L. No. 2618	Long lease	Offices	100.0%
Apartment B, 17th Floor, Apartment B, 18th Floor and Car Parking Spaces Nos. LG12 and LG15, Twin Brook, No. 43 Repulse Bay Road, 2/40th shares of and in R.B.L. No. 377	Long lease	Residential/ Car Parking Spaces	100.0%
Chuang's Tower, Nos. 30-32 Connaught Road Central, Central, M.L. Nos. 410, 375 and 376	Long lease	Commercial/Offices	61.5%

PARTICULARS OF PRINCIPAL PROPERTIES (Continued)

1. INVESTMENT PROPERTIES (Continued)

Location	Term	Usage	Group's interest
Malaysia Central Plaza, No. 34 Jalan Sultan Ismail, 50250 Kuala Lumpur, Lot No. 1221, Section 57, Kuala Lumpur, Federal Territory	Freehold	Commercial/Offices/ Car Parking Spaces	100.0%

2. BUILDINGS

Location	Term	Usage	Group's interest
Singapore 245 Jalan Ahmad Ibrahim, Jurong Town, Singapore 629144, Lots 508 and 715 of Mukim 6	Medium lease	Industrial	88.2%
The People's Republic of China Chuang's New City Administrative Centre Dongguan, Guangdong	Long lease	Office	61.5%

PARTICULARS OF PRINCIPAL PROPERTIES (Continued)

3. PROPERTIES FOR SALE

Location	Stage of completion	Expected completion date	Usage	The site and unsold gross floor area	Group's interest
Hong Kong					
Reading Place No. 5 St. Stephen's Lane, Mid-level, S.G., S.H. & S.I. of I.L. No. 609B	Completed	Completed	Residential	Site area – about 5,202 sq. ft. Unsold gross floor area – about 8,498 sq. ft.	100.0%
The Notting Hill No. 1 Tung Shan Terrace, R.P. of I.L. No. 2933	Completed	Completed	Residential	Site area – about 9,147 sq. ft. Unsold gross floor area – about 5,846 sq. ft.	70.0%
The People's Republic of China					
Gold Coast Phase II, Chuang's New City, Dongguan, Guangdong	Completed	Completed	Residential	Site area – about 30,242 sq. m. Unsold gross floor area – about 29,886 sq. m. and 370 car parking spaces	61.5%
Chuang's Garden Phases I, II and III, Chuang's New Town, Huizhou, Guangdong	Completed	Completed	Residential	Site area – about 16,400 sq. m. Unsold gross floor area – about 5,956 sq. m.	61.5%
Beverly Hills, Phase I, Changsha, Hunan	Construction works in progress	End of 2007	Residential/ Commercial	Site area – about 95,948 sq. m. Unsold gross floor area – over 70,000 sq. m.	33.2%

PARTICULARS OF PRINCIPAL PROPERTIES (Continued)

4. PROPERTIES FOR/UNDER DEVELOPMENT, LEASEHOLD LAND, LAND USE RIGHTS AND DEVELOPMENT RIGHTS

Location	Stage of completion	Expected completion date	Usage	Approximate site and gross floor area	Group's interest
Hong Kong					
Park Villa, No. 37 Island Road, Deep Water Bay, R.B.L. No. 599	Site formation and foundation works in progress	End of 2008	Residential	Site area – about 23,100 sq. ft. Gross floor area – about 26,000 sq. ft.	100.0%
No. 15 Gough Hill Road, The Peak, R.B.L. No. 723	Planning stage	N/A	Residential	Site area – about 18,469 sq. ft. Gross floor area – about 9,235 sq. ft.	100.0%
Malaysia					
Remaining development, Taman Sri Amber, Lot 2148 Pekan Setul, District of Seremban	Construction works commence soon	N/A	Residential/ Commercial	Site area – about 1,032,000 sq. ft. Gross floor area – about 596,000 sq. ft.	100.0%
The People's Republic of China					
Chuang's Le Papillon, Guangzhou, Guangdong	Site investigation works completed	Early 2009	Comprehensive development area	Site area – about 204,000 sq. m. Gross floor area – over 450,000 sq. m.	52.3%
Imperial Garden, Phase III, Chuang's New City, Dongguan, Guangdong	Site investigation works completed	Early 2009	Comprehensive development area	Site area – about 236,000 sq. m. Gross floor area – about 530,000 sq. m.	61.5%
Chuang's New Town, Huizhou, Guangdong	Planning stage	N/A	Comprehensive development area	Site area – about 66,000 sq. m. Gross floor area – about 144,000 sq. m.	61.5%
Beverly Hills, Changsha, Hunan	Planning stage	N/A	Comprehensive development area	Site area – about 900,000 sq. m. Gross floor area – about 1,530,000 sq. m.	33.2%
Xingsha Beverly Hills, Changsha, Hunan	Master Planning completed	Early 2009	Comprehensive development area	Site area – about 280,000 sq. m. Gross floor area – about 500,000 sq. m.	61.5%

SUMMARY OF RESULTS, ASSETS AND LIABILITIES

	2007	2006	Restated 2005	2004	2003
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover	1,544,566	798,314	500,405	404,405	289,650
Profit/(loss) attributable to equity holders	214,866	198,572	187,200	107,795	(301,788)
Earnings/(loss) per share (HK cents)	14.5	13.4	12.7	8.0	(22.7)
Total assets	5,962,654	5,489,215	5,079,299	4,989,898	4,906,438
Total liabilities	(2,104,541)	(1,843,710)	(1,658,343)	(1,523,958)	(1,603,929)
	3,858,113	3,645,505	3,420,956	3,465,940	3,302,509
Minority interests	(615,952)	(623,443)	(602,484)	(700,666)	(708,103)
Net assets attributable to equity holders	3,242,161	3,022,062	2,818,472	2,765,274	2,594,406

Note: The accounting policies were changed in 2006 and the figures prior to 2005 have not 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 Thursday, 30th August, 2007 at 11:30 a.m. for the following purposes:

1. To receive and consider the audited financial statements and the reports of the Directors and the auditors for the year ended 31st March, 2007.
2. To declare a final dividend.
3. To re-elect retiring Directors as Directors of the Company and to authorise the board of Directors to fix the remuneration of the Directors.
4. To re-appoint auditors and to authorise the board of Directors to fix their remuneration.
5. To consider and, if thought fit, pass with or without amendments the following resolutions as ordinary resolutions:

Ordinary Resolutions

- (1) **"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
 - (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."

NOTICE OF ANNUAL GENERAL MEETING *(Continued)*

(2) **“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 authorise 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 or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of Shares or rights to subscribe or otherwise acquire Shares in the capital 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

NOTICE OF ANNUAL GENERAL MEETING (Continued)

- (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 recognised regulatory body or any stock exchange in, any territory outside Hong Kong.”

- (3) “**THAT** subject to the passing of Resolutions numbered 5(1) and 5(2), 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(2) 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(1) set out in the notice convening this Meeting), provided that such amount of securities so repurchased shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company at the date of the ordinary resolution approving the said general mandate to repurchase Shares.”

- 6. To transact any other business.

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

Hong Kong, 30th July, 2007

Notes:

1. Any member entitled to attend and vote at the meeting 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 meeting or any adjournment thereof.
3. The Board of Directors has recommended a final scrip dividend (with a cash option) of 1.0 HK cent per share.
4. The register of members of the Company will be closed from Friday, 24th August, 2007 to Thursday, 30th August, 2007, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the final dividend, all transfers, accompanied by the relevant share certificates, must be lodged for registration with the Company's share registrars in Hong Kong, Standard Registrars Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, by no later than 4:00 p.m. on Thursday, 23rd August, 2007.
5. Concerning the Resolutions numbered 3, 5(1), 5(2) and 5(3) 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 2007 Annual Report.

Chuang's Consortium International Limited
25th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong